



The Sustainable Growth in AEC

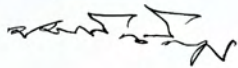
TOA Paint (Thailand) Public Company Limited
Annual Report 2018



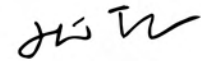
TOA
Loft

“Create your style by TOA LOFT”

MESSAGE FROM THE BOARD OF DIRECTORS



(Mr. Prachak Tangkaravakoon)
Chairman of the Board



(Mr. Jatuphat Tangkaravakoon)
Chief Executive Officer

Dear Shareholders,

In 2018, the Board of Directors, in joint consideration with the management team, reviewed the TOA vision, mission, strategy, and business direction. In order to ensure the business plans and financial goals to be implemented in line with the objectives, the Board closely monitored the administration and performance carried out by the management team along with providing helpful opinions, overseeing the corporate operations in compliance with applicable laws or regulations for the best interest of the Company and its shareholders.

With the efforts to enhance the corporate governance for the growth in corporate value, TOA received the assessment result as 4 star on the level of “very good” under the Corporate Governance Report of Thai Listed Companies 2018 carried out by Thai Institute of Directors (IOD), and received a score of 96% for the quality evaluation of the 2018 Annual General Meeting of Shareholders by Thai Investors Association. Last year, on July 1, 2018, also marked the TOA’s recognition in being selected to become part of the SET50 Index after TOA listed its common shares on the Stock Exchange of Thailand on October 10, 2017. This is a proof of TOA’s success that the Board strengthens and adheres to the good corporate governance to be aligned with the guidance of the Stock Exchange of Thailand, and

the Securities and Exchange Commission to build and maintain the confidence of TOA’s shareholders, investors, and all related parties.

Regarding TOA’s goals and strategies in 2019, it is to undertake a series of strategic steps to accelerate sustainable growth in the ASEAN Economic Community (AEC) by establishing the new production plants in Indonesia, Myanmar, and Cambodia in order to reinforce sales expansion and market share in those 3 countries where the plants are expected to go into commercial operation in 2019. In addition, TOA ensures the effective cost management, nurtures and adopts technology to enhance its domestic and abroad business proficiency in which the Board believes that such goals and plans are important to strengthen revenue growth and deliver ongoing profit efficiency.

On behalf of the Board, I would like to express heartfelt appreciation to our customers, business partners, business alliance, and all employees for their ongoing support over the past year. We assure that TOA enhances its business efficiency and at the same time to respond to the socio-economic changes to deliver sustainable value creation for the nation, shareholders, and related parties.



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VISION

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

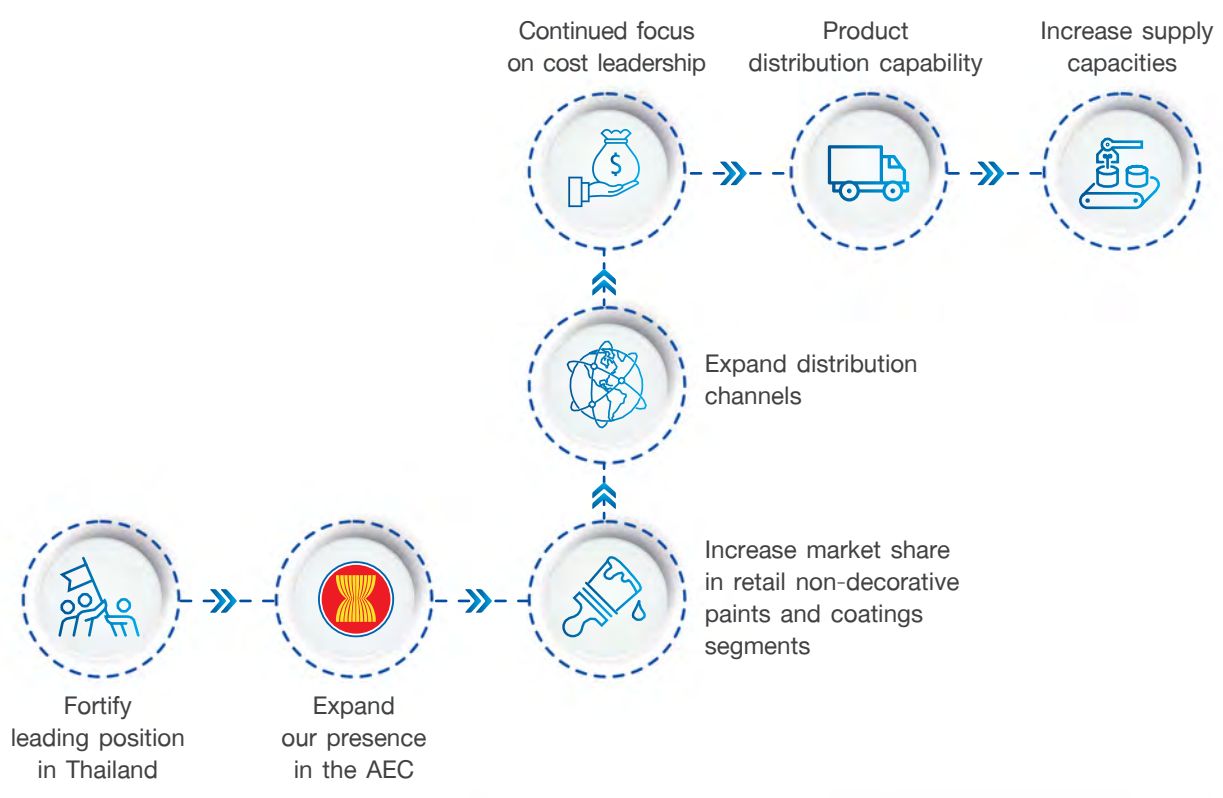
GOAL

“We aim to be **the market leader in the paint and coating industry in the AEC** and successfully capitalize on the high potential growth of the region’s markets”



The Sustainable Growth in AEC

GROWTH STRATEGY





BOOST-UP THAILAND



PREMIUMISATION

Concentrate growth in premium of decorative paint and coating products through higher quality of products together with product innovation that respond to end-user needs through our strong distribution channels.



CUSTOMISATION

Consumer motivation with our commitment to developing new innovative paint and coating products that meet both functional benefits and emotional benefits through our auto tinting machines and other services such as TOA Home Painting Service by Experts, Color Tone Designing Service, etc.



ADVANCE SOLUTIONS

Accelerate the sales growth in the non-decorative paint and coating products through proactive strategy to meet the customer needs in the one stop solution service coupled with paints and coating products.



GOOD COLLABORATIVE PARTNERSHIPS

More engagement with business partners to enhance greater and more effective partnerships for sharing resource, information, and knowledge with the technology support.

BUILD FOUNDATION IN AEC



1 VIETNAM

- Establish to become top #3 player in paints and coatings
- Build up to be the top brand of Standard for Painter in the market
- Focus on good brand perception, CSR & Project References



2 INDONESIA

- Achieve brand recognition from wholesale and modern trade distribution
- Improve customer satisfaction (before, during, and after purchase)
- Strengthen customer relationship (B2B)



CONTINUOUS IMPROVEMENT OF BRAND AWARENESS

Focus on brand recognition and leverage our business experience in paints and coatings in Thailand to accelerate expansion into each country in the AEC through due diligence and possible scenarios.



LOCAL PRODUCTION

Having built 3 foundations of production in the AEC, Indonesia, Cambodia, and Myanmar to respond to the increasing demand for paints and coatings, resulting in cost-reduction, widespread distribution channels to take advantage of growing demand.



DISTRIBUTION CHANNELS

Fortify the distribution channels with our strength in higher quality of the paint and coating segment coupled with non-decorative paint and coating segment, reinforce the widespread distribution of auto tinting machines across the network.



DIGITAL TRANSFORMATIONS

Develop the information tools to support and enhance the efficiency of internal administration together with accurate and precise analysis of the customer needs, resulting in raising our ability to gain competitive advantage and generate more income, and effective management of products and cash flow.



3 MYANMAR

- Focus on wholesale and retail distribution to increase brand recognition
- Target project sector (both small and large projects)



4 LAOS

Focus on wholesale and retail distribution to increase brand recognition



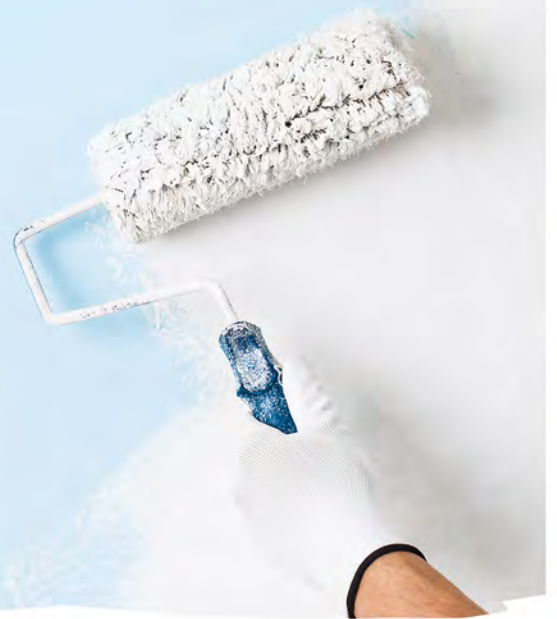
5 CAMBODIA

Target project sector (both small and large projects)



6 MALAYSIA

Build up sales team in Malaysia to support direct sales of decorative products



QUARTER 2/2019

Started the COD of new plant in Indonesia to take advantage of the strong market growth in Indonesia in Quarter 2/2019



QUARTER 3/2019

The new Myanmar plant under construction, will commence COD in Quarter 3/2019



QUARTER 4/2019

The new Cambodia plant under construction, will commence COD in Quarter 4/2019

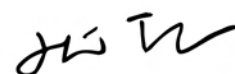
EXECUTIVE COMMITTEE REPORT

Dear Shareholders,

The Executive Committee has performed its duties as assigned by the Board of Directors, and complied with the Charter of the Executive Committee as follows;

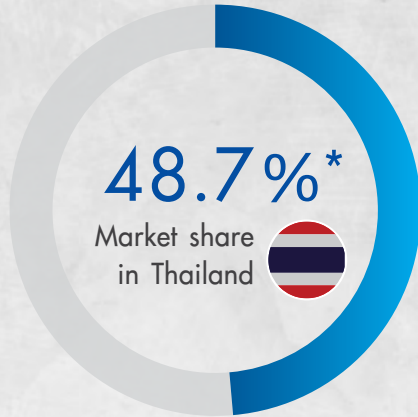
1. Considered and determined policies, business strategy, goals, operation plans, financial goals, and annual budget of the Company and its subsidiaries in consideration of business factors appropriately in order to present to the Board of Directors for approval,
2. Oversaw, verified, and monitored the business operations of the Company in accordance with the policies, business strategy, goals, business plans, financial goals, and budget of the Company, which was approved by the Board of Directors to ensure the business efficiency suitable for the business condition,
3. Studied the possibility of investing in new projects, monitored the progress and performance of the investment projects of each business unit, reported the performance with problems or obstacles that occurred, and provided solutions to the Board of Directors for acknowledgement,
4. Considered and expressed suggestions or opinions to the Board of Directors in relation to the proposed projects or any transactions relating to the Company's business operations,
5. Considered and approved the day-to-day business transactions of the Company in accordance with the investment or budget approved by the Board of Directors. Such amount for each transaction was in accordance with the delegation of authority approved by the Board of Directors, but not exceeded the approved annual budget. This also included entering into any related contracts.

In 2018, the Executive Committee convened 6 meetings, as well as attended sub-meetings to provide suggestions to the management team on a regular basis in order to foster and drive the business growth to achieve TOA's goals.

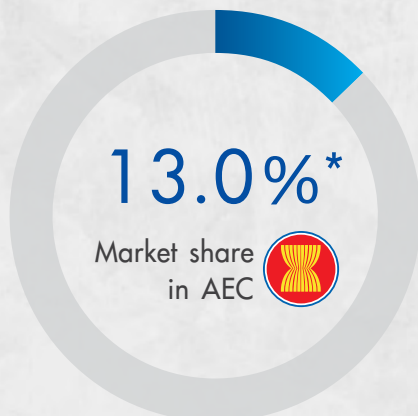


(Mr. Jatuphat Tangkaravakoon)
Chairman of the Executive Committee

OPERATIONAL HIGHLIGHTS



Retail decorative paints and coatings market share in Thailand



Retail decorative paints and coatings market share in AEC

* Source : 2016 data from marketing research by Frost & Sullivan

No. Brand Thailand **1**

- No.1 Brand Thailand 2018 (6th consecutive year)
- Thailand's Most Admired Brand 2018 (7th consecutive year)



6,969

Retail Dealers in Thailand



2,484

Retail Dealers in AEC



4,428

Auto Tinting Machines in Thailand



2,153

Auto Tinting Machines in AEC



Successful track record of product innovation



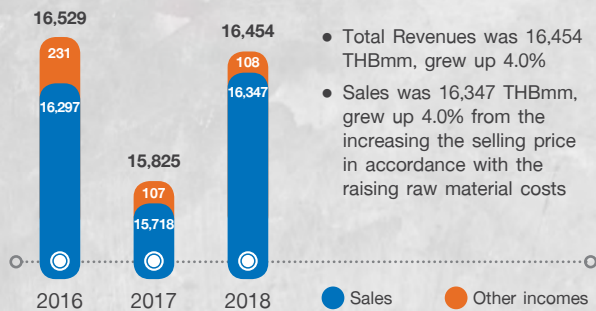
State of the art production process

- 3 operating plants in Thailand
- 5 operating plants in AEC

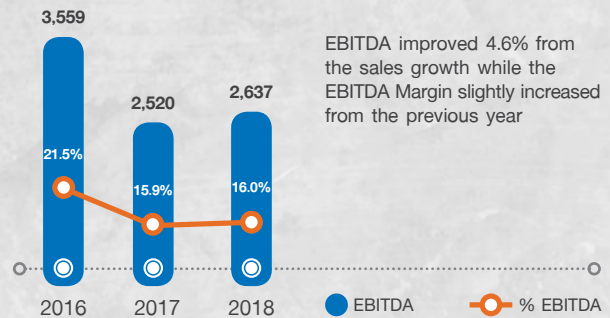
FINANCIAL HIGHLIGHTS

Revenues

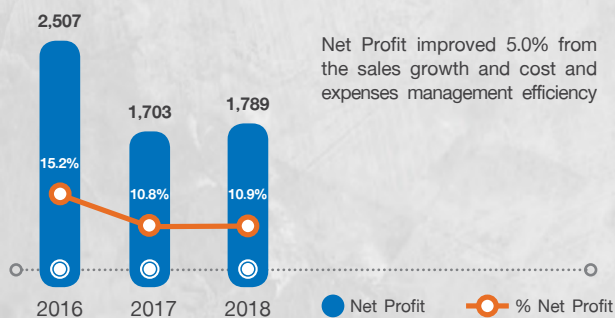
(THBmm)



EBITDA (THBmm) & EBITDA Margin (%)

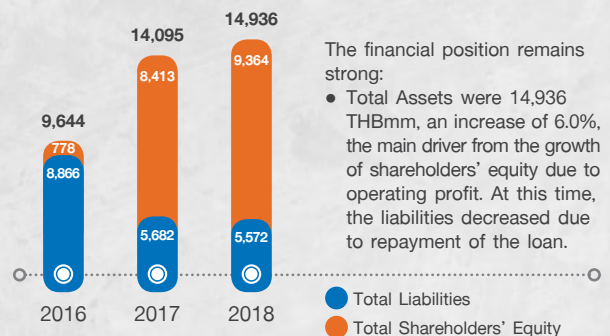


Net Profit (THBmm) & Net Profit Margin (%)



Financial Position

(THBmm)



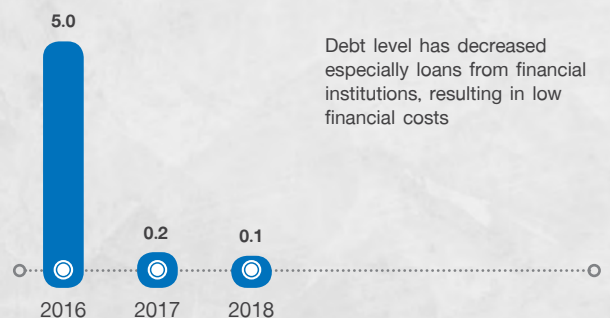
Cash Cycle

(days)



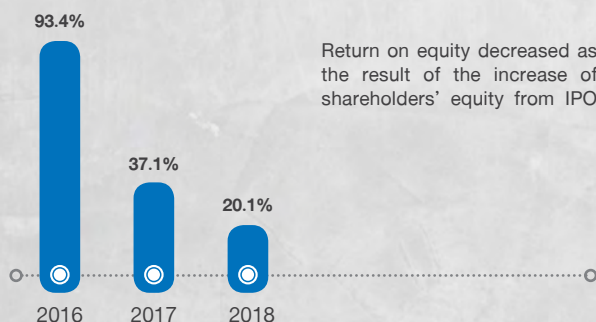
Interest Coverage Ratio

(times)



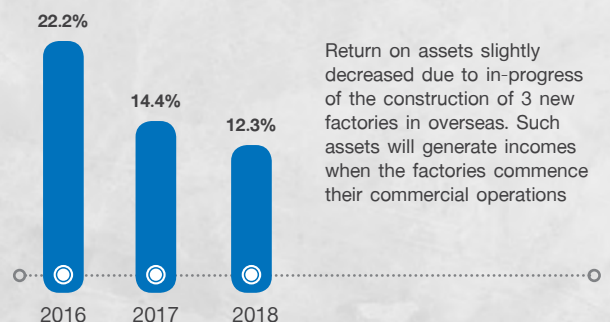
Return on Equity

(%)



Return on Assets

(%)



Financial Ratios

Consolidated Financial Statements for the year ended 31 December		2016	2017	2018
Liquidity Ratios				
Current Ratio	times	0.9	2.2	2.3
Quick Ratio	times	0.6	1.7	1.8
Cash Flow Liquidity Ratio	times	0.3	0.3	0.4
Accounts Receivable Turnover	times	5.3	5.3	5.4
Average Collection Period	days	68	67	67
Inventory Turnover	times	10.9	10.9	10.5
Inventory Days	days	33	33	34
Accounts Payable Turnover	times	3.5	3.5	3.5
Accounts Payable Days	days	104	102	102
Cash Cycle	days	-3	-2	-1
Profitability Ratios				
Gross Profit Margin	%	38.1	34.1	33.9
Operating Profit Margin (%)	%	18.3	13.2	13.4
Non-Operating Profit Margin (%)	%	1.4	0.7	0.7
Cash Flow to Income Ratio (%)	%	92.3	87.0	91.3
Net Profit Margin (%)	%	15.2	10.8	10.9
Return on Equity (%)	%	93.4	37.1	20.1
Efficiency Ratios				
Return on Total Assets	%	22.2	14.4	12.3
Return on Fixed Assets	%	151.5	105.3	100.5
Total Assets Turnover	times	1.5	1.3	1.1
Financial Policy Ratios				
Total Liabilities to Equity Ratio	times	11.4	0.7	0.6
Interest Coverage Ratio	times	39.7	30.3	98.0
Debt Service Coverage Ratio	times	0.4	0.2	1.0
Dividend Payout Ratio	%	260.2 ⁽¹⁾	87.9 ⁽¹⁾	39.7
Interest-bearing debt to equity ratio	times	5.0	0.2	0.1

Note : ⁽¹⁾ Dividend ratio of 2016 and 2017 (partial) were the dividend payment carried out before the Company is a listed company for initial public offering of its shares into the Stock Exchange of Thailand.

HISTORY AND KEY MILESTONES



Business began, importing paints from Japan.

1964

- TOA Paint (Thailand) Co., Ltd. "TOA" was incorporated.
- We were the first paint manufacturer to successfully introduce emulsion paint with lead, mercury and heavy metal-free formulations in Thailand.



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

1977

1972

Established the First Production Plant in Samrong.



1979

We were the first paint manufacturer in Thailand and Southeast Asia to successfully replace the less durable polyvinyl acetate ("PVAc") paint with 100% pure acrylic paint using technology under brand "SuperShield".

2001

1998

Our first production plant located in Vietnam commenced operations.



1989

We built the Bangna Plant, our second production plant at Bangna-Trad Road.





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

2013



2007

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

2004

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



2017

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



2016

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

2018

- Established TOA Coating (Cambodia) Co., Ltd. which the Company hold 100% of its shares for accelerating business expansion in Phnom Penh Special Economic Zone (PPSEZ) in Cambodia.
- TOA securities have been selected and added to SET50, effective from July 1, 2018.



AWARDS AND RECOGNITION



1. Recognition & Trust

- 1.1 TOA was awarded “**Thailand Capital Market Deal 2017**” by IFR Asia, for successfully trading IPO stocks into a blockbuster fundraising 12,000 Million Baht, and receiving great feedback from domestic and foreign investors.
- 1.2 **Thailand’s Most Admired Brand 2018**, TOA has been recognized as the most trusted brand for 7 consecutive years by BrandAge Magazine, In 2018, TOA was awarded the most honored brand 2018 “Hall of Fame” in construction materials/interior paint/exterior paint industry.
- 1.3 TOA also received the award **Thailand’s Most Admired Company 2018** for 4 consecutive years by Marketeer Magazine for construction materials category.
- 1.4 **No.1 Brand Thailand 2018** by Marketeer Magazine, TOA was awarded the most popular brand with high quality among consumers for building paint category (6 consecutive years).

- 1.5 Energy efficiency of label no. 5 standard for decorative paint and coating products by the Ministry of Energy for the year 2018 (3 consecutive years).

2. Labor Relations & Welfare

- 2.1 **Outstanding Labor Relations and Labor Welfare Award 2018** for Bangna Plant and Samrong Plant (2 consecutive years), organized by Department of Labor Protection and Welfare, Ministry of Labor.
- 2.2 **Prevention and Solution to Drugs Problems in the Workplace Award 2018 (Mor Yor Sor)** for 3 consecutive years, organized by Department of Labor Protection and Welfare, Ministry of Labor.



3. Safety, Occupational Health, Environment, and Corporate Social Responsibility

- 3.1 **Outstanding Safety, Occupational Health, Environment in the Workplace** for Diamond Award in the event of Thailand Labor Management Excellence Award 2018 for Bangna Plant (5 consecutive years), organized by Department of Labor Protection and Welfare, Ministry of Labor.
- 3.2 **Outstanding Safety, Occupational Health, Environment in the Workplace** for Gold Award in the event of Thailand Labor Management Excellence Award 2018 for Samrong Plant (3 consecutive years), organized by Department of Labor Protection and Welfare, Ministry of Labor.
- 3.3 **Zero Accident Campaign Award in 2018**, Silver Award for Bangna Plant, organized by Thailand Institute of Occupational Safety and Health.
- 3.4 **Zero Accident Campaign Award in 2018**, Bronze Award for Samrong Plant, organized by Thailand Institute of Occupational Safety and Health.
- 3.5 **Environmental Governance Award in 2018** by Ministry of Industry.
- 3.6 **CSR-DIW Continuous Award 2018 for Bangna Plant** (5 consecutive years), organized by Department of Industrial Works, Ministry of Industry.
- 3.7 **CSR-DIW Continuous Award 2018 for Samrong Plant** (4 consecutive years), organized by Department of Industrial Works, Ministry of Industry.

BOARD OF DIRECTORS



1 **Mr. Prachak Tangkaravakoon**
Chairman of the Board
Member of the Executive Committee



2 **Mrs. La-or Tangkaravakoon**
Vice Chairman of the Board
Member of the Executive Committee



3 **Mr. Jatuphat Tangkaravakoon**
Director
Chairman of the Executive Committee
Member of the Nomination and Remuneration



4 **Mr. Vonnarat Tangkaravakoon**
Director
Member of the Executive Committee



5 **Mr. Nattavuth Tangkaravakoon**
Director



6 **Mrs. Busatree Wanglee**
Director
Member of the Executive Committee



7 **Mrs. Prisana Praharnkhasuk**
Independent Director
Chairman of the Audit Committee
Member of the Nomination and Remuneration Committee



8 **Mrs. Chanatip Weerasubpong**
Independent Director
Member of the Audit Committee



9 **Mr. Veerasak Kositpaisal**
Independent Director
Member of the Audit Committee
Chairman of the Nomination and Remuneration Committee

MANAGEMENT TEAM



1 **Mr. Jatuphat Tangkaravakoon**
Chief Executive Officer



2 **Mrs. Busatree Wanglee**
Executive Vice President, Office of Chief Executive Officer

3 **Mr. Prakorn Makjumroen**
Member of the Executive Committee President
Acting Managing Director Thailand & Laos (Senior Vice President)
Acting Chief Marketing Officer (Senior Vice President)
Acting Chief Operations Officer (Senior Vice President)



4 **Miss Suporn Lelatasatorn**
Executive Vice President, Resin Division

5 **Miss Taweeporn Patanakitraung**
Member of the Executive Committee
Chief Financial Officer
Vice President, Finance and Account Division
Person Supervising Accounting

GROUP STRUCTURE

In May, 2018, the Company incorporated TOA Coating (Cambodia) Co., Ltd. in order to expand its business in Phnom Penh Special Economic Zone (PPSEZ), in Cambodia. As of December 31, 2018, the Company had 15 subsidiaries as the following shareholding structure;



- Notes :**
- (1) The remaining 25.0% of registered capital is held by PT Budilestari Sentosa, the Company's joint venture partner. PT Budilestari Sentosa is not a related juristic person under the definition in the Notifications of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transactions.
 - (2) The remaining 1.0% of registered capital is held by Mr. Jatuphat Tangkaravakoon, one of the Company's directors and shareholders.
 - (3) The remaining 35.0% of registered capital is held by Mantanakanok Company Limited, MK Company Limited and Ms. Thet Nu Aung, the Company's joint venture partners. Mantanakanok Company Limited, MK Company Limited and Ms. Thet Nu Aung are not related persons under the definition in the Notifications of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transactions.
 - (4) The remaining 1.0% of registered capital is held by Mr. Jatuphat Tangkaravakoon, one of the Company's directors and shareholders.
 - (5) The remaining 35.0% of registered capital is held by Mr. Sok Hout, the Company's joint venture partner. Mr. Sok Hout is not a related person under the definition in the Notifications of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transactions.

Details of Subsidiaries

Company	Location	Type of Business
Captain Coating Co., Ltd.	31/2 Moo 3, Debaratana Road, Bangsaothong, Bangsaothong, Samutprakan 10570	Manufacture and distribution of decorative paint and coating products and chemicals
British Paints Co., Ltd.	31/2 Moo 3, Debaratana Road, Bangsaothong, Bangsaothong, Samutprakan 10570	Distribution of decorative paint and coating products
Professional PC Service Co., Ltd.	31/2 Moo 3, Debaratana Road, Bangsaothong, Bangsaothong, Samutprakan 10570	Provision of product consultant services for decorative paint and coating products and chemicals
Imagica Co., Ltd.	31/2 Moo 3, Bangna-Trad, Bangsaothong, Bangsaothong, Samutprakan 10570	Trading of architectural paints
TOA Paint (Vietnam) Co., Ltd.	Lot L2.3, Road No. 2, Tan Dong Hiep A Industrial Park, Tan Dong Hiep Ward, Di An Town, Binh Duong, Vietnam	Manufacture, import and distribution of decorative paint and coating products and chemicals
TOA Paint (Laos) Co., Ltd.	Unit 6, Ban Nahai, Hatxaifong District, Vientiane, Capital Vientiane, Laos	Manufacture and distribution of decorative and non-decorative paint and coating products
TOA Paint Products Sdn. Bhd.	PT Lot 63802, Jalan Telok Gong, Telok Gong, 42000 Port Klang, Selangor Darul Ehsan, Malaysia	Manufacture and distribution of decorative paint and coating products and chemicals
TOA Coating Sdn. Bhd.	4-2 Jalan 30/70A Desa Sri Hartamas 50480 Kuala Lumpur, Malaysia	Import and distribution of decorative paint and coating products and chemicals
PT TOA Paint Indonesia	APL Office Tower 17 th Floor, Unit T5 JL.S.Parman Kav 28, Kecamatan Grogol Petamburan, Kulurahan Tanjung Duren Selatan 11470, Jakarta, Indonesia	Import and distribution of decorative and non-decorative paint and coating products
PT TOA Coating Indonesia	Kawasan Industri Millenium Blok F1, Desa Peusar, Kecamatan Panongan, Kabupaten Tangerang, Provinsi Banten, Indonesia	Manufacture and distribution of decorative and non-decorative paint and coating products
TOA Paint (Myanmar) Co., Ltd.	No. 120, Mahawgani Street, Shwepyitha Industrial Zone (1), Yangon, Myanmar	Manufacture and distribution of decorative and non-decorative paint and coating products
TOA Coating (Myanmar) Co., Ltd.	No. C-21, Class A Area, Thilawa Special Economic Zone, Myanmar	Manufacture and distribution of decorative and non-decorative paint and coating products
TOA Skim Coat (Cambodia) Co., Ltd.	No. B36, Street National Road No.3, Phorm Sre Chom Rov, Sangkat Chom Chao, Khan Por Sen Chey, Phnom Penh, Cambodia	Manufacture and distribution of skim coat products
TOA Paint (Cambodia) Co., Ltd.	No. 12E, Street National No.3, Sangkat Chom Chao, Khan Por Sen Chey, Phnom Penh, Cambodia	Manufacture and distribution of decorative and non-decorative paint and coating products
TOA Coating (Cambodia) Co., Ltd.	Lot No. P2-088, in Bueng Thom 3 Village, Sangkat Beung Thom, Khan Por Senchey, Phnom Penh, Cambodia	Manufacture and distribution of decorative and non-decorative paint and coating products

SECURITIES AND SHAREHOLDERS

1. Registered Capital and Paid-up Capital

TOA is a listed company on the Stock Exchange of Thailand with the registered and paid-up capital THB 2,029,000,000 divided into 2,029,000,000 ordinary shares with the par value of THB 1.0.

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

2. Shareholders

(A) Top 10 major shareholders as of December 28, 2018

Shareholders	No. of Shares	% Shares
1. TOA Group Holding Co., Ltd.	608,400,000	30.0
2. Mr. Vonnarat Tangkaravakoon	182,600,000	9.0
3. Mr. Jatuphat Tangkaravakoon	182,600,000	9.0
4. Mr. Nattavuth Tangkaravakoon	182,600,000	9.0
5. Mrs. Busatree Wanglee	182,600,000	9.0
6. Mr. Prachak Tangkaravakoon	91,300,000	4.5
7. Mrs. Laor Tangkaravakoon	91,300,000	4.5
8. MORGAN STANLEY & CO. INTERNATIONAL PLC	68,682,100	3.4
9. Bualuang Long Term Equity Fund	48,299,400	2.4
10. Bualuang Top Ten Fund	34,397,500	1.7

Source : Thailand Securities Depository Company Limited

Shareholders of TOA Group Holding Co., Ltd.

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

(B) The major shareholders who have de facto control to influence the policy determination, management or business operation of the Company as of December 28, 2018;

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

(C) Transfer Restrictions

The Company's ordinary shares can be transferred without restriction, except in the case that such transfer results in the proportion of foreign shareholders to exceed 49% of the total number of shares sold or 994,210,000 shares. Any transfer that makes proportion of shares held by foreign shareholders exceeding such limit, the Company has the right to repeal the registration for share transfer.

3. Issuance of other securities

The Company has not issued other securities.

4. Dividend Policy of the Company and Subsidiaries

(1) Dividend Policy of the Company

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

The Company has a policy to pay dividends at the rate of not less than 40% of the Company's net profit on the separate financial statements after deducting corporate income tax and other reserve funds as required by laws and as determined by the Company for each year. The Board of Directors may also, for the interest of the shareholders, take into consideration of other factors in paying dividends such as the operating performance and financial position of the Company, reserve funds for future investments, and repayment requirements of loans, or working capital requirements, and whether a dividend payment will have a material impact on the normal business operations of the Company, as deemed suitable and appropriate by the Board of Directors.

(2) Dividend Payment Policy of the Subsidiaries

The board of directors of subsidiaries may consider annual dividend payment subject to the approval of the subsidiaries' shareholders at an annual general meeting. From time to time, the board of directors of subsidiaries may declare interim dividends when the board of directors of subsidiaries determines that the subsidiaries have sufficient net profits to do so. Such payment of interim dividends must be reported in the next meeting of the subsidiaries' shareholders.

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

The Company paid the interim dividend derived from the net profit on the separate financial statements from the operating performance of the 6 months ended June 30, 2018, at the rate of THB 0.21 per share, totaling THB 426.09 million. The dividend was paid to the shareholders on September 13, 2018.

The Board of Directors' Meeting No. 2/2019 on February 27, 2019 considered and proposed at the annual general meeting of shareholders to approve the annual dividend payment derived from the net profit on the separate financial statements from the operating performance of the second half of 2018, at the rate of THB 0.18 per share, totaling THB 365.22 million. The dividend will be paid to the shareholders on May 17, 2019.

The Company's dividend payment is as below:

Year	Interim dividend	Final dividend	Total dividend	Dividend payout ratio on the Company's separate financial statements after deducting legal reserves
2017 ¹	-	0.14	0.14	40.4 %
2018	0.21	0.18 ²	0.39	41.5 %

Remark :

1. In 2017, it is only for dividend payment after the common shares of the Company was traded on the Stock Exchange of Thailand on October 10, 2017, by paying dividend derived from the net profit on the separate financial statements from the operating performance of the second half of 2017.
2. Annual dividend in 2018 is in the process of receiving an approval at the Annual General Meeting of Shareholders in 2019.



Greenovation

Decorative Paint and Coating Products



Premium



Medium to Economy



Other Decorative Paints

Non-Decorative Paint and Coating Products



Construction Chemicals



Heavy Duty Coatings



Other Non-decorative Paints





OUR BUSINESS

NATURE OF BUSINESS

1. Business Overview and Revenue Structure

The Company manufactures and sells a full range (in terms of price and usage) of decorative and non-decorative paint and coating products to professionals and “Buy It Yourself” or “BIY” customers in the Southeast Asia and other countries.

A breakdown of the Company’s sales indicates that the majority of sales are derived from the manufacture and distribution of decorative paint and coating products. The revenue structure is summarized below:

	Year ended December 31					
	2016		2017		2018	
	THB million	%	THB million	%	THB million	%
Decorative Paint and Coating Products	11,330.5	69.5	10,809.8	68.8	11,180.5	68.4
Non-Decorative Paint and Coating Products	4,459.6	27.4	4,358.3	27.7	4,582.9	28.0
Other Business Products ⁽¹⁾	507.2	3.1	549.6	3.5	583.2	3.6
Total	16,297.3	100.0	15,717.7	100.0	16,346.6	100.0

Remark : (1) “Other Business Products” comprise sales of certain products to the divested companies and related companies, such as raw materials and semi-finished materials.

2. Business Operation in Each Product Line or Business Group

2.1 Type of Product or Service

2.1.1 Business information by type of products

(1) Decorative Paint and Coating Products

The Company classifies its decorative paint and coating products into three main categories: premium grade paints and coatings, medium to economy grade paints and coatings, and other decorative products based on a combination of the character, quality, functionality and price of the decorative paints and coatings. This enables the Company to provide its customers with a full range of decorative paint and coating products to choose from, including the products produced and distributed by Captain Coating Co., Ltd. and products distributed by British Paints Co., Ltd.

The Company produces and distributes decorative paint topcoats (both emulsion paints and enamel paints), sealers or primers, including high-quality anti-rust primers.

- **The decorative paint topcoats** are for interior and exterior use, and are used as the top most coating to enhance the aesthetics of homes and buildings by adding colors, decorative texture, and the desired level of gloss. The main difference between interior and exterior decorative paints is the type of binder used. Interior paints typically contain binders that are rigid to increase their washability, enabling the coating to better withstand cleaning that is more common with interior surfaces. Exterior paints typically contain binders that better withstand temperature changes, exposure to moist outdoor conditions and the sun’s UV rays. The binder is a core ingredient that affects a paint’s quality, particularly its durability and ability to retain color film, and is typically the key

indicator that differentiates the grade of a paint, for example, premium grade paints are made with top quality binders. In addition, the amount and type of binders used to produce decorative paints will have an effect on the quality and finishing sheen of such paints. The Company's decorative paints are a popular choice for walls and ceilings as they have low odor and fast drying properties, and are easy to apply on concrete, cement and brick surfaces.

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

To enhance the value of the Company's decorative products and provide customers decorative paint and coating products with the ability to create paint colors they need, but not available from the catalog, the Company provides customized TOA Color World Solution Services; that is, Auto Tinting Machine that can create more than 10,000 different color shade variations with a high level of accuracy

in 3 minutes, while maintaining its quality the same as the production quality standards of its plants. The Auto Tinting Machines help respond quickly and efficiently to changes in design trends and consumer preferences.

(A) Premium Grade Products

The Company's premium paint and coating products are of a higher quality as compared to normal decorative paint and coating products, and are formulated with certain main characteristics such as ease of application, good surface coverage, color choices and long-term durability, enabling the Company to charge premium level prices. Such premium products are manufactured using technologies that provide value-added features by magnifying the desirable qualities of paints and coatings in response to customer needs, including increased durability, elasticity which is suitable for surface cracks, enhanced washability, heat reflection and protection, low odor and VOCs, and moisture resistance. The innovative premium products have been developed under the concept "Greenovation" for high quality and eco-friendly products to end users and environment. This is regarded as a key strategy for the decorative paint and coating products. The Company positions the brand SuperShield as best-in-class decorative paint and coating products to cater to customers looking for latest available technology and innovation. The premium products are marketed as high performance decorative paint and coating products to cater to professional users.

(B) Medium to Economy Grade Products

The Company's medium to economy decorative paint and coating products are produced using standard raw materials. Therefore, these standard raw materials are more economically priced as compared to the raw materials used in the production of the premium decorative paint and coating products. Such medium to economy decorative paint and coating products have a different formula from the premium grade products as they are designed to meet customer demand for products at lower prices. As a result, the Company is able to reach a wider market beyond the market for the premium products. Medium grade paints and coatings are positioned as entry-level products targeting first-time end users who prefer a more cost-efficient solution. The Company has invested in the creation of a brand to assist these customers in familiarizing themselves with its brand and making decisions to purchase. Such end users include, first-time homeowners, for example, newlyweds, who tend to have tighter budgets and therefore select paints with a five to seven-year durability from a popular brand but at a more affordable price than premium grade paints. In addition, medium grade paints are also targeted at the state sector as its medium grade products meet the Thai Industrial Standards, enabling to use for state sector's projects. Such economy grade paints and coatings are positioned as a customer retention tool for customers, including painters, who may be looking to purchase a quality product at a relatively reasonable price.

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

(C) Other Decorative Paint Products

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

(2) Non-Decorative Paint and Coating Products

The Company categorizes the non-decorative paint and coating products into the construction chemicals products, heavy duty coating products, and other non-decorative paint products as follows;

(A) Construction Chemicals Products

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

(B) Heavy-Duty Coating Products

The Company produces and markets heavy duty coatings under the brand "HeavyGuard" for application on various surfaces, such as steel and concrete, factory buildings and floors, as well as for use as small fishing boats, tank and pipe coatings.

The heavy duty coating products are primarily topcoats or primers, and typically applied to surfaces which have to withstand heavy loads, high impact and exposure to corrosion or extreme conditions. Such heavy duty coatings minimize cracks or deterioration of surfaces which may otherwise often necessitate costly repairs.

(C) Other Non-Decorative Paint Products

Other non-decorative paint consists of wood paint and coatings, hardware, power tools, “Shell” brand products, “Chaindrite” brand products, special paint and Auto Tinting Machines.

Special paint gives surfaces different finishing patterns or effects decorating stones, sand surface, metal surface, shiny surface, wallpapers, etc., which are different from general decorative paints, suitable for both exterior and interior application.

The Company produces and distributes special paint under the TOA special paint, and “SuperShield” brand. In addition to the special paint produced and distributed by the Company and its overseas subsidiaries, British Paints Co., Ltd. also distributes special paint under the “Fractalis” brand.



MARKETING AND COMPETITION

1. Distribution Channels

The Company sells its various products through the extensive distribution network as follows;

(1) Retail Dealers

In the Company's retail distribution channel, retail dealers, including paint and hardware stores and home maintenance stores mostly located in Thailand, purchase its products, and then sell its products to professionals (e.g. painters and decorators), or "Buy-It-Yourself" or BIY retail customers. The retail dealer distribution network in Thailand includes approximately 6,969 retail dealer shops covering 77 provinces and approximately 803 districts throughout Thailand. Moreover, TOA Color World Solution Services are available through certain retail dealers that have the Auto Tinting Machines. As at December 31, 2018, there were 4,428 and 2,153 Auto Tinting Machines in Thailand and the other AEC countries, respectively. The Company does not own or franchise any retail dealers, and retail dealers generally distribute its products on a non-exclusive basis.

The Company's sales division oversees the retail distribution network at the regional and national levels, and directly manages customer relationships. The Company also arranges for product consultants to provide advice to end user customers directly at the stores.

The table below shows a breakdown by geography of the approximate number of retail dealers in the AEC that purchase its products as at December 31, 2018;

Country	Retail Dealers
Thailand	6,969
Vietnam	1,053
Others ⁽¹⁾	1,431
Approximate number of retail dealers in the AEC	9,453

Remark : (1) "Others" comprise retail dealers in Laos, Malaysia, Indonesia Myanmar and Cambodia.

The Company believes that its widespread distribution network in Thailand is one of the key strength enabling it to engage in mass market sales, and provide the customers with accessibility to the products.

(2) Modern Trade

The modern trade distribution channel includes integrated construction material and home building and home improvement chain stores such as HomePro, Thai Watsadu, Global House, Mega Home and Boonthavorn in Thailand, [HomePro in Thailand and Malaysia](#), [Global House in Thailand and Cambodia](#), [Asia Center and Pro 1 in Myanmar](#), and [Mitra 10 and Depo Bagunan in Indonesia](#).

The Company also has a specialized team tasked with managing sales and marketing for such key modern trade distributors, providing product consultants for the modern trade distributors to provide advice to consumers directly.

(3) Other Channels

In addition, the Company also distributes its products through other channels consisting of projects, exports, and distribution to business group under the reorganized structure and related companies, including:

- The project distribution channel generally involves direct distribution to customers for on-site application or via contractors. The Company has supplied property developers and real estate companies such as [Sansiri](#), [Land & Houses](#), [Q House](#), [Property Perfect](#) and [Golden Land Property Development](#) in Thailand, [Cowell Development](#), [Tamara Land](#), [SpringHill Group](#) and [AKR Land](#) in Indonesia, [Hoang Anh Gia Lai](#), [Unicons Group](#), [FLC Land](#), [Nova Land](#), [Hoa Binh](#) in Vietnam, and [Borey Lim Cheang Hak](#) and [Daun Penh Land](#) in Cambodia, with decorative and non-decorative products that they require for their projects.

The Company's products have also been used by contractors for public projects in Thailand, Laos and Myanmar.

- The exports distribution channel involves the wholesale export of the Company's products from Thailand to wholesalers and retail dealers in the other 7 countries within the AEC (except Thailand), namely, Malaysia, Singapore, Brunei, the Philippines, Cambodia, Laos and Myanmar, as well as to other countries outside the AEC. The export distribution channels have to be developed and strengthened to respond to technology trends and changing customer behaviors.
- To remain in-step with technological advances and changing consumer behavior, the Company is in the preliminary stages of testing a platform for an e-commerce distribution channel that is expected to offer on-demand services to end user customers who make direct online purchases from the Company. The customers will receive the products they ordered from one of the retail dealers that is located within close proximity to such end user. Thus, the Company plans to leverage on its wide distribution network to provide end user customers with easy accessibility to the products. The Company currently has an online ordering system for retail dealers to place their orders. However, this online system does not allow for online payment. In this regard, the Company plans to set up an online payment system that will provide retail dealers with the option to make an online payment when they place their orders.

2. Sales and Marketing

(1) Marketing Activities

The Company believes that its strong brand recognition and reputation have been instrumental to the success in a long term, regarded as No.1 Brand Thailand among consumers for decision-making in buying its products. The Company carries on marketing activities and services through the integrated marketing communication: IMC as follows:

- Advertising media includes television, free television channels, cable television channels, and digital television channels (most important marketing channel for mass market penetration), print media (daily newspaper and marketing magazines), radio (target group), out of home advertising, and so on. The 2018 marketing campaigns conducted by using advertising media are as follows:
 - Marketing campaign under the brand "Supershield" for decorative paint and coating products, advertised by Mr. Kan Kantathavorn,
 - Marketing campaign under the brand "4 Seasons" for excellent resistant to tropical weather conditions,
 - Marketing campaign under the brand "TOA PU Waterproof" for construction chemicals,
 - Marketing campaign under the brand "SuperShield Duraclean A Plus" for superior washability and scrub resistance, advertised by Mr. Udom Taepanich (Note).
- Online Media includes advertising, public relations through main social media marketing activities such as website, Facebook, Youtube, Line Official, Search Engine Optimization or "SEO" to be used for the best interest, Key Opinion Leader or "KOL", or Influencer Marketing, and so on.

- Point of sale advertising includes displays in front of shops across Thailand, decorating group of products in retail dealers and modern trade.
- Product consultant or PC as a representative of each brand to provide advices to end users.
- Public relations through mass media by using integrated public relations tools such as press conference, PR news, scoop, news release, media relations activities, TV scoop, public relations through news agencies' website, mass and social media.
- Out of home marketing activities includes new product launch, product training to certain groups of customers, exhibitions, etc.
- Retain and build up customer loyalty using a reward scheme which includes giving the retail dealers tour incentives if they achieve a certain level of sales. Moreover, the customers may be invited to an event for special celebrations held for new product launches, as well as anniversary celebrations for products and the Company.
- Engaged in corporate social responsibility ("CSR") activities such as charity through the donation of paint and designation for public interest, educational supports, activities for society and nearby community, and so on.

(2) Company's Customers

The Company has a diversified customer base. As of the date of this report, no single customer

contributed, by percentage, over 5.0% of the Company's sales for the years ended December 31, 2016, 2017 and 2018. The top three customers accounted for 11.3%, 12.3% and 12.9 % of the sales for the years ended December 31, 2016, 2017 and 2018, respectively.

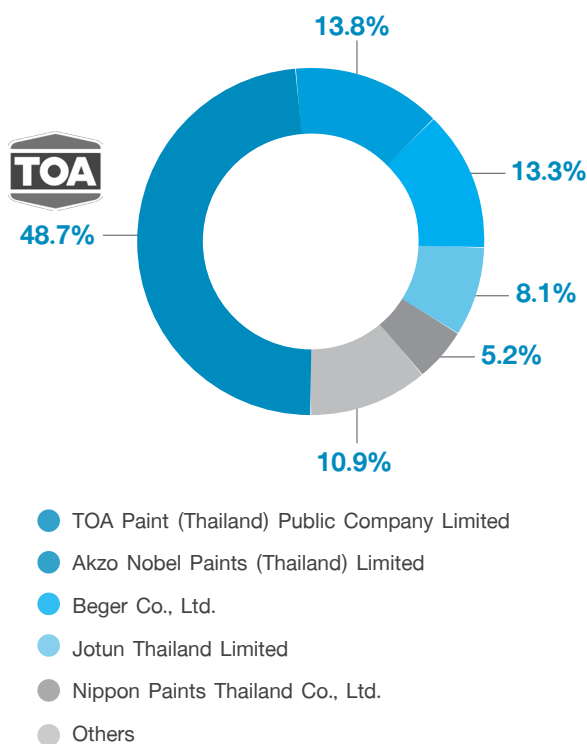
Depending on the product, the type of customer and payment record, the Company typically provides credit terms of approximately 30 to 90 days to its customers. The Company does not offer credit terms for exports, and does not sell any of its products on a consignment basis.

The Company's customer relationship philosophy is to be an honest and respectful business partner in working with our distribution channel partners to develop sales growth and sustainability. Moreover, the Company also provides its customers with training to educate them about products and applications.

3. Competition

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

Market share approximately for decorative paint and coatings in Thailand in 2016



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

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

Although the Company’s products may be in direct competition with certain products produced by global paint and coating manufacturers, the Company believes that it has a competitive advantage by focusing on distributing products through its widespread retail distribution network, which offers the end user customers easy access to its products

throughout the country. As a result, the majority of the Company’s sales are derived from mass market sales through its retail distribution channels in Thailand. In contrast, the Company believes global paint and coating manufacturers tend to focus on wholesales in Thailand because they do not have an on the ground network that is as wide-reaching as compared to the Company’s.

4. Competitive Strengths

The Company believes the following factors are its competitive strengths:

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

The Company believes that its market position and over 50 years of experience the founders of TOA have in manufacturing paints and coatings in Thailand have resulted in strong brand recognition and customer loyalty.

In addition, the Company also believes its strong brand recognition as a choice for suppliers of decorative paint and coating products, as well as non-decorative paint and coating products for large-scale projects in Thailand and AEC. Its products have been used for building projects, including:

- Siam Paragon, Suvarnabhumi International Airport, the Marukathaywan Palace, Energy Complex (“EnCo”) and the Chedi Phukhao Thong in Thailand;
- Dai Nam Van Hien, Vinpearl Da Nang Resort and Villas, Le Meridien Hotel Havana Hotel, D-Capial, Xuan Mai, and Bana Hill in Vietnam;
- Diplomat apartment housing along the Mekong River, the National Library, the National Convention Center, the Central Police Office, and the Ministry of Public Health Office in Laos;

- Yadanar Aye Yar Won, Swe Daw City, Sulae Center Point, Twin Centro, and Chatrium Hotel Yangon in Myanmar;
- PNN TV Station, Royal Phnom Penh Hospital and Borey Vimean Phnom Penh in Cambodia.

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

The Company has effectively leveraged its expertise in paint and coating products and modern research and product development capabilities to develop a diversified portfolio of products. This wide product range enables the Company to cater to a broad customer base that includes professionals and “Buy It Yourself” or “BIY” retail customers, while maximizing the full range of its existing technologies and manufacturing capabilities.

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

As at December 31, 2018, the Company has approximately 6,969 retail dealer shops covering 77 provinces and approximately 803 districts throughout Thailand. The Company believes that this widespread distribution network in Thailand is one of its key strengths to take advantage of long-term growth trends in the Thai market, engage in mass market sales and extend the accessibility of the wide range of products to end user customers across Thailand.

In addition to its retail distribution channels, there are also modern trade distribution channels comprising distributors such as home building and home improvement chain stores. The Company expects the modern trade will be a sizeable driver of sales growth in the AEC in the future.

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

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

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

The Company has automated certain processes such as the filling process in the production plants to improve production efficiency and consistency in quality. Production processes for water-based paints at Bangna Plant are integrated by ABB software, a control system for paint manufacturing. Using the ABB software to automate the control of our product formulae, mixing of raw materials, filling machines and slurry processes. A closed raw material loading system is used to minimize chemical emissions and contaminations and a pigging system is used for the transfer of raw materials and pipe cleaning.

Using the pigging system for pipe cleaning reduces our water usage by approximately 50%. In the regard of high quality control, the Company has received various award recognition in national level including Bangna Plant, Samrong Plant, and Vietnam Plant that was awarded for the international quality standards.

To maintain the quality standards and continuity of our product supply, the Company procures raw materials from reputable and reliable suppliers. The Company has strong, long-standing relationships with its key suppliers and maintain multiple supplier relationships for its primary raw materials in order to minimize supply disruptions and obtain competitive pricing. The management team conducts periodic meetings with the key suppliers, to discuss and exchange information relating to new technology, global trends in the coatings industry and market information and to discuss the possibility of potential opportunities for collaboration.

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

The Company has a strong track record of innovation and product development underpinned by a dedicated research and development team. The research and development team focuses on developing new products, utilizing new technologies in production and enhancing and improving its existing products to meet changing consumer preferences and domestic climate conditions, keep pace with technological advances, and maintain our competitiveness. The research and development team is responsible for developing new product formulae, by looking for cost-effective alternatives for the Company's main raw materials, and maintaining the quality of products.

The Company was the first decorative paint and coating manufacturer to successfully introduce emulsion paint with lead and mercury-free formulations in Thailand in 1977, the first decorative paint and coating manufacturer in Thailand and Southeast Asia to successfully implement **"Acrylic Technology"** from the United States in 1979

and the first in Thailand to produce interior decorative paint with Microban technology specifically designed with anti-bacterial resistant properties in 2002. The Company's recent innovative products include TOA Note & Clean, an anti-graffiti coating launched in 2015 and TOA Eco Metal Primer, a high-performance and an environmentally-friendly metal primer launched in 2016 that has been manufactured in accordance with the material selection standard for LEED compliance.

The Company believes its innovative products and services are ubiquitous and serve as the industry standard in Thailand's decorative paint industry. For example, it believes that the industry standard of exterior paint generally recognized in the decorative paint market in Thailand since 1979 is a maximum warranty of 10 years of durability. In 2013, in collaboration with E. I. DuPont De Nemours and Company (which subsequently became The Chemours Company TT, LLC), the Company improved its SuperShield brand exterior paint and developed a new iteration with acrylic resin and titanium technology, extending the maximum warranty from 10 years to 15 years. The durability of SuperShield paint has been certified by the Thailand Institute of Scientific and Technological Research ("TISTR") using ASTM testing standards, and has undergone outdoor weathering testing by an independent laboratory in the United States. As at the date of this document, the Company is not aware of other exterior decorative paint and coating brands in Thailand which are able to provide a similar 15 year durability warranty.

Thus, the Company has been focusing attention on producing and distributing green and innovative products that are safe for health and the environment in response to consumer demands, in line with the standards for decorative paint and coating products that are safe for consumer health and the environment.

In 2018, the Company had launched its innovative products; TOA Hydro Quick: multi-purposed water-based primer, TOA Loft: proper for difference at new interior style, TOA Shield-1 Nano Thaitone: collection of Thai colors more than 160 shades of colors for the designers and consumers who love Thai styles. The Company also developed the special mini size of auto tinting machines with efficiency for decorative paint and coatings and industrial paint and coatings (X-Smart and X-Protint) to expand customer base for retail dealers, which helps distribution easily access to each group of customers in each region of Thailand.

(7) Experienced management team and workforce

The Company's management team, individually has experience in the paint and coating industry. Several of key management works for the Company more than 20 years and have built up extensive managerial experience within the Company and technical knowledge in the industry.

The Company's long, successful history demonstrates the management team's ability to grow and expand the business build its brand identity, establish a wide distribution network and nurture customer loyalty, while steadily navigating through various economic, political, health and environmental situations. The Company believes that the market experience and knowledge of the management team and the business relationships they have developed with key suppliers and customers will enhance the future growth and development.

The Company is committed to developing its employees, providing training opportunities, including management programs comprising information management systems. The Company also encourages teamwork, creative thinking, and open communication among the employees, actively promote and foster an inclusive environment in which all the employees can make a valuable contribution and reach their full potential. In addition, The Company conducts extensive employee training and development programs to develop successors for top management positions. Such practices help to create a company culture where employees have a sense of belonging and strong company loyalty.



INDUSTRY PROSPECTS AND OUTLOOK¹

1. The Paint and Coating Industry in Thailand

The retail market for decorative paints and coatings in Thailand increased from approximately THB13,727.2 million in 2011 to approximately THB19,201.3 million in 2016 driven by construction activities, repainting, retail spending and changing consumer preferences. Frost & Sullivan expects the retail market for decorative paints and coatings in Thailand to reach approximately THB24,603.2 million in 2021 on the back of increased repainting activities, higher demand for premium paint and coating products, and greater consumer purchasing power. The retail market for non-decorative paints and coatings (wood coatings, waterproofing and protective coatings combined) increased from approximately THB4,780.0 million in 2011 to approximately THB6,376.9 million in 2016 primarily driven by greater retail spending and urbanization. Frost & Sullivan forecasts the retail market for non-decorative paints and coatings in Thailand to reach approximately THB8,852.7 million by 2021 due to increasing consumer awareness, robust tourism activity and shorter renovation cycles for furniture and industrialization.

The paint and coating industry is a direct beneficiary of the growth in construction and improvements in macro-economic indicators in the country. The retail paint and coating industry, which is a significant channel of sales for the manufacturers, is likely to see increased off-take as consumers become more aware of the choices offered to them. This segment is also expected to see moderate

to high-growth between 2017 and 2021, driven by an increased demand for new housing and repainting, government incentives and rising retail spending to name a few. Increasing disposable income is also expected to result in greater discretionary spending including a preference for premium paint and coating products which is likely to open up newer markets for existing paint and coating manufacturers. Large manufacturers with expansive retail dealer reach are likely to be better equipped to capture changing consumer preferences and translate them into product features thereby enabling them to stay current in changing times. This in-turn will give them an edge over other manufacturers who may not have the ability to innovate and adapt. Additionally, growth in modern trade channel is likely to result in a greater Buy-It-Yourself (“BIY”) market as consumers have access to a wider variety of choices giving them greater control over decision-making which was erstwhile the forte of the painters. The non-decorative paint and coating retail segment, in particular, is likely to benefit from a continued increase in tourism resulting in new demand and constant interior-upkeeps by the hospitality sector in the country. Repainting activities which is a key driver to the paint and coating sales is likely to continue to account for over three-fourths of the paint and coating industry between 2017 and 2021. Renovation of buildings, both residential and commercial, repainting of vehicles using premium paints as a reflection of status symbol, maintenance activities in the protective industry and small and large factories are all expected to be key contributors of repainting demand between 2017 and 2021 driving the Thailand retail paint and coating industry back on its growth trajectory.

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

2. Brief Overview of the South-East Asia Non-Decorative Paints and Coating Market

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

The decorative paints and coatings market in Indonesia, Malaysia, Myanmar, Cambodia, and Laos is in line with increasing rate of urbanization, economic reform, expenditure for infrastructure, and rising individual income. Thus the decorative paints and coatings market in the SEA is forecast to record a higher CAGR of approximately 7.7% between 2016 and 2021, growing from approximately USD 1,224.0 million in 2016 to approximately USD1,772.4 million by 2021.

The SEA protective wood coating segment is driven by exports of locally made wooden furniture as well as low production and labor cost relative to its Western counterparts. Vietnam and Indonesia are among the leading markets for protective wood coatings in SEA. Indonesia is the second largest protective wood coating market in SEA, also driven by furniture exports. With abundant natural resources,

the government of Indonesia plans to boost its promotion of wooden furniture businesses at international fairs and exhibitions. The export-oriented market for wooden furniture is expected to fuel demand for protective wood coatings as the industry has a goal to increase exports from approximately US\$2.7 billion in 2013 to approximately US\$5.0 billion by 2020². The protective wood coating market in Malaysia and Thailand is affected by lower-priced imported furniture from neighboring countries, such as China and Vietnam, limiting the demand for protective wood coating.

The concrete protective coatings market in Indonesia is likely to expand over the next few years owing to increased FDI and significant investments in developing transport, energy and utilities infrastructure totaling approximately US\$90.0 billion³ by 2018. Malaysia's concrete protective coatings market is driven by investments in developing transport infrastructure, such as roads and railways and energy and utilities infrastructure, especially refineries and petrochemical complexes. Investments in developing transport and energy and utilities infrastructure totaling approximately to US\$8.0 billion⁴ by 2018 are expected to propel the Malaysian concrete protective coating market.

Remark : 2 <http://kusanandarlaw.blogspot.in/2015/12/the-furniture-industry-still-fells.html>
3 Central Bureau of Statistics Indonesia
4 Malaysia Economic Prospect, BMI

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

The outlook for the waterproofing market in Malaysia is expected to be positive due to the rapid development of commercial and residential buildings supported by the government's plan to increase infrastructure spending.

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



RISK FACTORS

Risk Management

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

TOA Paint (Thailand) Public Company Limited has been aware of the significance of risk management towards organizational operation. The Risk Management and Business Continuity Working Group has been appointed under the good governance in order to execute and control risk management. The working group determines the risk management policy in each year, and then passes on to relevant business unit for further compliance to ensure that the risk management

is implemented systematically and led to the same direction. In addition, the working group also lays down rules, regulations, and procedures of risk management to cover the entire organizational activities. Besides, it also regulates audit, performance assessment, and performance reporting to the Board of Directors, and discloses the significant information to related parties on a regular basis.

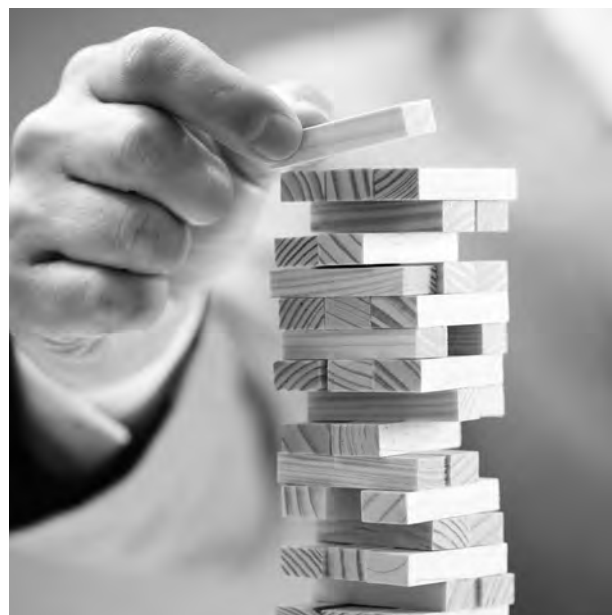
The Company emphasizes the continual practice of the organizational management and the improvement of risk management for higher operational effectiveness, with the consideration of both internal and external factors that keep changing all the time.

Risk Management Framework

The Company has put the risk management in place all over the organization in compliance with the international standards. The Board of Directors, management and all employees have implemented it. The risk management process has been designed to be able to identify possible events that might affect the organization and to be able to manage risk appetite for reasonable assurance of achieving organizational objectives. The risk management framework consists of the following principles;

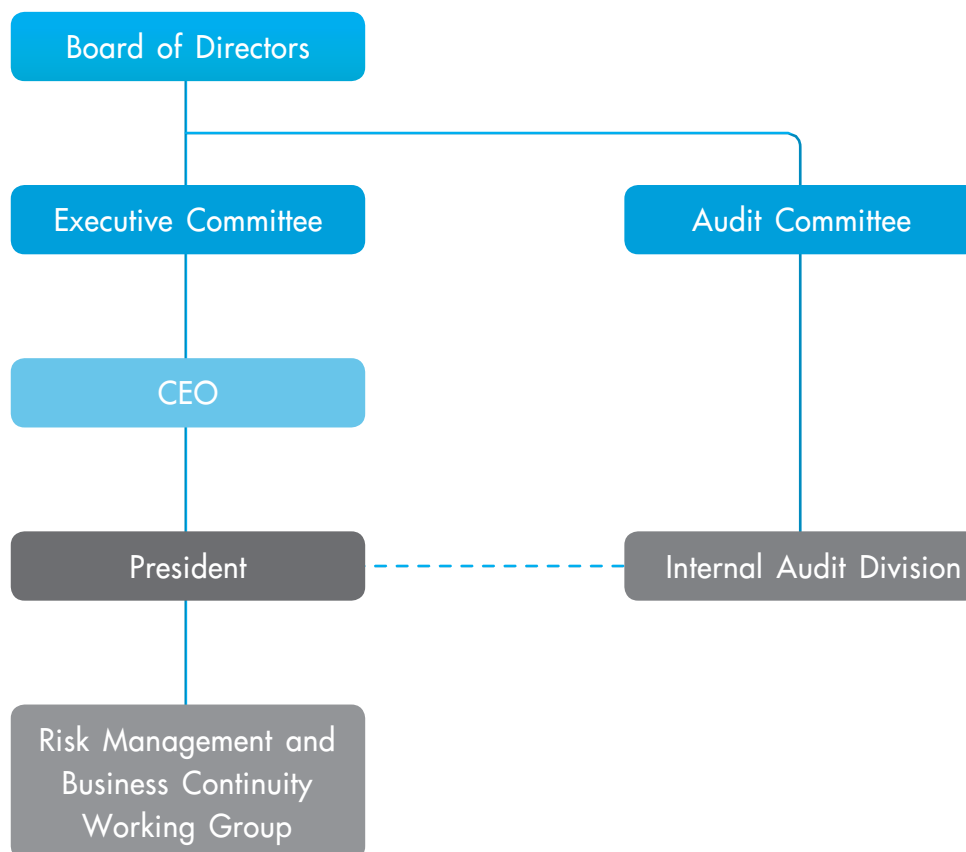
1. Strategy Formulation

The Company has determined clear objectives and levels of risk appetite for risk management so as to ensure the same goal-oriented direction.



2. Risk Management Structure and Responsibilities

The Company's risk management structure is shown as below;



Risk Management Responsibilities

Board of Directors

The Board of Directors is responsible for monitoring the enterprise-wide risk management as a whole.

Audit Committee

The Audit Committee is responsible for considering and verifying the effectiveness of the internal control, monitoring the risk management results, as well as evaluating the risk management outcomes implemented by the Risk Management and Business Continuity Working Group.

Risk Management and Business Continuity Working Group

To achieve the business goals of organizational risk management control as expected and to build confidence as well as reliability towards the Company's business, the Risk Management and Business Continuity Working Group, chaired by the President, has been appointed consisting of the top management in each division. In addition, the risk management policy formulation must be approved by the Chief Executive Officer, and the Executive Committee.

3. Organizational Risk Management Process

The Company has set the risk management process to ensure the systematic steps and procedures and the entire operations leading to the same direction. The core process of the organizational risk management consists of 8 steps as below;

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

Risk management process implemented by the Board of Directors requires the effective corporate communication tools concerning the continual risk assessment and control, risk management progress, monitoring the tendency of potential risks, and uncommon situations so as to make sure that;

- 1) Risk owners regularly and properly monitor, assess situations, analyze, and manage risks under the scope of their responsibilities,
- 2) Any risks that engender significant impact on achieving the corporate objectives are reported about the risk management progress. Risk tendency towards the management in charge and the Risk Management and Business Continuity Working Group grounded

on the internal control system is adequate, appropriate, effective, and suitable for actions taken in order to prevent or mitigate potential risks. The internal control must be regularly developed as well to be consistent with changing circumstances and risks,

- 3) Risk Management and Business Continuity Working Group coordinates with the management in charge of risk management to report to the working group about the risk status and risk management process in a meeting for acknowledgement/further consideration,
- 4) Risk Management and Business Continuity Working Group must analyze/monitor any changes in both internal and external circumstances, including potential emerging risks, which is needed to review and prioritize the risk management. Moreover, the analysis might be brought for overall risk management review as well,
- 5) Risk Management and Business Continuity Working Group must summarize the risk management progress in line with the work plan to the Chief Executive Officer, Executive Committee, and the Board of Directors.



3 Risks from IT system failures

1. Ensure the Business Continuity

The Company uses the business management software called ERP SAP to support the information and connect the operations of major activities all together to ensure the accurate, fast, transparent, and highly reliable performance, and it began to develop in 2010. The system is one of the main applications in business such as purchasing management system, sale management system, inventory management system, planning and production system, and financial and accounting management system, etc.

Risk Mitigation Actions:

(1) If any failure or down time happens to the system owing to whatever reason, this will cause the risk to the business continuously, including delay and inconvenience in operation, and lose the sell opportunity that means the income of the Company. Therefore, the Company implements the reserve system “SAP Disaster Recovery Site” (SAP DR-Site) to identify the potential risks for the business continuity. In case of emergency that may damage the main system, no matter what causes are, the SAP DR-Site embraces the following capabilities and features; in case of an error on the main system, the system will operate on behalf of the main system instantly or within 30 minutes.

- (2) SAP DR-Site contains similar or equivalent data to the main system all the time. Users can be sure that important data in the system will not be destroyed or damaged.
- (3) In case of emergency that employees in charge cannot neither access nor operate at the head office, SAP DR-Site can be accessed and used everywhere. Users can be sure that the business operation will not cease.
- (4) The Company plans to expand business overseas based on the application of ERP SAP system as the same standard throughout the region where its affiliates are located. The system is expected to be completely implemented within 2020. Additionally, SAP DR-Site as a reserve system is provided across the region to avoid the risk on the business continuity.

2. Cyber Security

Risk Mitigation Actions:

The Company has defined the access security based on the Active Directory, and ensures the effective virus detection system together with keeping up to date the most recent virus threats.



4. Risk from the lack of key personnel

The Company emphasizes the significance of human resources; therefore, several actions are executed to drive the success of human resource development, recruitment, and retention strategy. The risk from the lack of key personnel is based on the following core principles;

1. First: the Company has defined the succession management in order to enhance the individual competency for new successors in the position of the Chief Executive Officer, President, and management levels. The assessment of individual potential and performance is defined through the nomination process, together with planning the successor individual development and career growth to move up the higher position. In this regard, the successors must possess the qualifications, capability, potential, skills, and experience of their fields, including receiving the transferred knowledge and experience with the support of job rotation both domestic and abroad. In addition, the successors need training courses relating to executive development for the readiness to serve a higher position in the future.
2. Second: regarding the employment and recruitment, the Company puts emphasis on taking care of its employees in every process, starting from recruiting candidates with suitable knowledge and expertise under appropriate recruitment and employment policy. The career path for its employees is also the Company's commitment. Last but not least, the employee attraction and retention has set by means of participating in benchmarking research of peer companies' remuneration and welfares to find out the results that are used for internal adjustment in relation to salary structure policy, and compensation reflecting the individual performance to stay competitive in the job market.







GOVERNANCE AND SUSTAINABILITY DEVELOPMENT

NOMINATION AND REMUNERATION COMMITTEE REPORT

Dear Shareholders,

The Nomination and Remuneration Committee has duly performed its duties as assigned by the Board of Directors, and as specified in the charter of the Nomination and Remuneration Committee as follows;

- Considering the nomination policy and criteria, and reviewing the remuneration policy and criteria, including benefits for the Directors, Chief Executive Officer, and President,
- Selecting qualified candidates to serve as a Director, Chief Executive Officer, and President to be proposed to the Board of Directors' and/or shareholders' meeting for election and appointment,
- Considering and proposing the annual remuneration for the Directors, allocating budgets for annual salary increase for the Chief Executive Officer and President, as well as determining the aggregate amount of annual bonus for the Company's employees and management.

In 2018, the Committee held 6 meetings. Details of meeting attendance are as follows:

Name	Position	Attendance / Number of Meeting
Mr. Veerasak Kositpaisal	Chairman of the Nomination and Remuneration Committee	6 / 6
Mrs. Prisana Praharnkhasuk	Member of the Nomination and Remuneration Committee	6 / 6
Mr. Jatuphat Tangkaravakoon	Member of the Nomination and Remuneration Committee	6 / 6

The performance highlights in 2018 are as follows;

1. Nominated and selected qualified candidates in replacement of the directors whose terms of office have come to an end. The candidates must not possess characteristics prohibited by laws, with consideration of competencies, experiences, skills, based on the board skills matrix, to achieve the objectives of the Company. Furthermore, the Company granted the minority shareholders an opportunity to nominate candidates to serve as directors during December 22, 2017 – January 16, 2018 through the Company's website. However, there was no shareholder proposing any candidates to be selected as directors of the Company,
2. Nominated and selected candidates for top-management positions in consideration of qualifications, knowledge, capabilities, and experiences related to the Company's business,
3. Evaluated the annual performance of the Chief Executive Officer and President, allocated budgets for 2018 salary increase, including determination of the aggregate amount of annual bonus for the employees and management for the year 2018 to be proposed to the Board of Directors' meeting,
4. Provided advices related to the human resource management and succession planning for the top management.

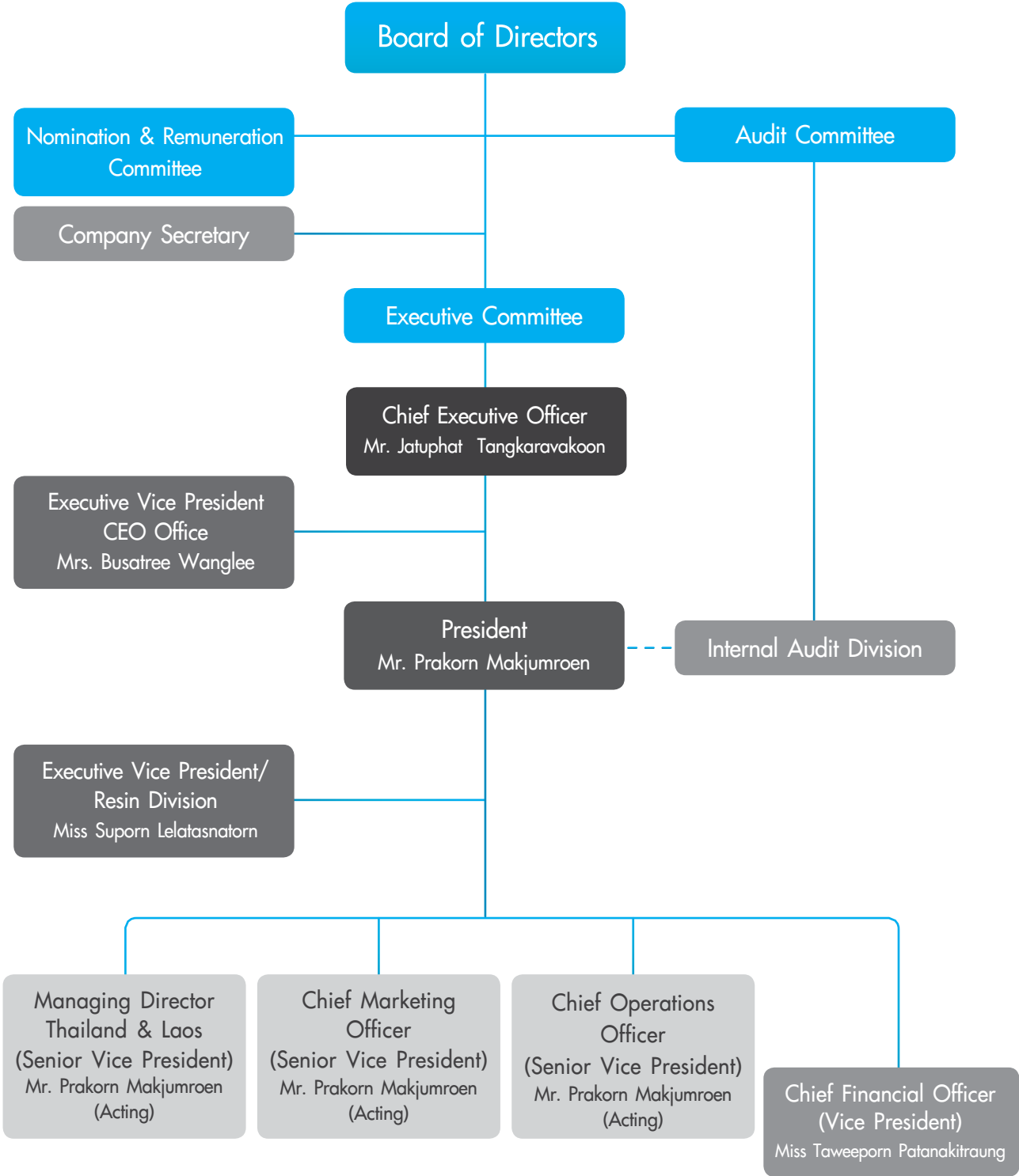


(Mr. Veerasak Kositpaisal)

Chairman of the Nomination and Remuneration Committee

MANAGEMENT STRUCTURE

Management Structure of the Company as of February 1, 2019



1. Board of Directors

1.1 Board of Directors

As of February 1, 2019, the Board of Directors consisted of 9 directors, including 2 executive directors presented the entire board as 22.22%, 7 non-executive directors presented as 77.78%, and 3 independent directors presented as 33.33% which is in compliance with the composition of the Board of Directors regarding the regulations specified by the Securities and Exchange Commission which states that the Board of Directors must consist of at least 1/3 of the entire board, but must not less than 3 independent directors as follows:

Name	Position	Remark
1. Mr. Prachak Tangkaravakoon ⁽¹⁾	Chairman of the Board / Member of the Executive Committee	Director who is not a member of the executive management team
2. Mrs. La-or Tangkaravakoon	Vice Chairman of the Board / Member of the Executive Committee	Director who is not a member of the executive management team
3. Mr. Vonnarat Tangkaravakoon	Director / Member of the Executive Committee	Director who is not a member of the executive management team
4. Mr. Jatuphat Tangkaravakoon	Director/ Chairman of the Executive Committee / Member of the Nomination and Remuneration Committee	Executive Director
5. Mr. Nattavuth Tangkaravakoon	Director	Director who is not a member of the executive management team
6. Mrs. Busatree Wanglee	Director/ Member of the Executive Committee	Executive Director
7. Mrs. Prisana Praharnkhasuk	Independent Director/ Chairman of the Audit Committee / Member of the Nomination and Remuneration Committee	Director who is not a member of the executive management team
8. Mrs. Chantip Weerasubpong	Independent Director/ Member of the Audit Committee	Director who is not a member of the executive management team
9. Mr. Veerasak Kositpaisal	Independent Director/ Member of the Audit Committee / Chairman of the Nomination and Remuneration Committee	Director who is not a member of the executive management team

Remark : (1) Mr.Prachak Tangkaravakoon, Chairman of the Board of Directors, is not an independent director. As such, the Company has appointed an independent director, namely, Mr. Veerasak Kositpaisal, to participate in designating the board meeting agenda to be in compliance with the Corporate Governance Code for listed companies 2017. Additionally, the Board of Directors' Meeting No. 5/2017 on May 12, 2017 resolved to amend the Charter of the Board of Directors, requiring at least 2 independent directors to be present and vote for an agenda in which non-independent director is the interested person.

More details about qualifications and experiences of 9 directors above are disclosed in "Details of Directors, Management, Controlling Persons, and Company Secretary".

1.2 Authorized Signatory Directors of TOA

The authorized directors who sign on behalf of the Company are any two of Mr. Vonnarat Tangkaravakoon, Mr. Jatuphat Tangkaravakoon, Mr. Nattavuth Tangkaravakoon, and Mrs. Busatree Wanglee, who jointly sign with the Company's seal affixed.

2. Audit Committee

The Audit Committee consists of 3 independent directors with qualifications as specified by the Capital Market Supervisory Board and the Stock Exchange of Thailand. The members of Audit Committee are as follows:

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

Remark : (1) members of the Audit Committee who have sufficient knowledge and experience to review the reliability of the Company's financial statements.

Miss Chulaluk Suwannikkakul is a secretary to the Audit Committee.

3. Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of 3 members as follows:

Name	Position
1. Mr. Veerasak Kositpaisal	Chairman of the Nomination and Remuneration Committee (independent director)
2. Mrs. Prisana Praharnkhasuk	Member of the Nomination and Remuneration Committee (independent director)
3. Mr. Jatuphat Tangkaravakoon	Member of the Nomination and Remuneration Committee

Mr. Suteepan Sunthornkajit is a secretary to the Nomination and Remuneration Committee.



4. Executive Committee

As of February 1, 2019, the Executive Committee consisted of 7 members. The tenure of such committee is not defined. The members of Executive Committee are as follows:

Name	Position
1. Mr. Jatuphat Tangkaravakoon	Chairman of the Executive Committee
2. Mr. Prachak Tangkaravakoon	Member of the Executive Committee
3. Mrs. La-or Tangkaravakoon	Member of the Executive Committee
4. Mr. Vonnarat Tangkaravakoon	Member of the Executive Committee
5. Mrs. Busatree Wanglee	Member of the Executive Committee
6. Mr. Prakorn Makjumroen ⁽¹⁾	Member of the Executive Committee
7. Ms. Taweeporn Patanakitraung ⁽²⁾	Member of the Executive Committee

Remark : (1) He is appointed as a member of Executive Committee as a result of the position of President in accordance with the resolution of the Board of Directors' Meeting No. 1/2019 on January 22, 2019.
(2) She is appointed as a member of Executive Committee as a result of the position of Chief Financial Officer, and Vice President, Finance and Accounting Division, in accordance with the resolution of the Board of Directors' Meeting No. 2/2017 on March 9, 2017.

5. Management Team

As of February 1, 2019, the Management Team, executive levels under the definitions as stipulated in the notification of the Securities and Exchange Commission, consisted of 5 members as follows:

Name	Position
1. Mr. Jatuphat Tangkaravakoon	Chief Executive Officer
2. Mrs. Busatree Wanglee	Executive Vice President, Office of Chief Executive Officer
3. Mr. Prakorn Makjumroen	President, Acting Managing Director Thailand & Laos (Senior Vice President), Acting Chief Marketing Officer (Senior Vice President), Acting Chief Operations Officer (Senior Vice President)
4. Miss Suporn Lelatasatorn	Executive Vice President, Resin Division
5. Miss Taweeporn Patanakitraung	Chief Financial Officer, Vice President, Finance and Account Division, and the person supervising accounting

Thus, Miss Taweeporn Patanakitraung, Chief Financial Officer, and Vice President in Finance and Account Division, is appointed to have responsibility in supervising and monitoring the Company's accounting. Details of qualifications and experiences of Miss Taweeporn Patanakitraung are disclosed in **"Details of Directors, Management, Controlling Persons, and Company Secretary"**.

6. Company Secretary

The Board of Directors' Meeting No. 6/2018 on July 23, 2018 resolved to approve the appointment of Miss Srikanlaya Pensri as the Company Secretary in replacement of Weerawong, Chinnavat & Partners Ltd., which is effective from August 1, 2018 onwards.

Scope of Duties, Authority, and Responsibilities of the Company Secretary

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

1. Provide basic advice to the directors and executives that are in compliance with the Company's Articles of Association and regulatory requirements, monitor the direction and accuracy of policy implementation, and report significant legal and regulatory changes to the directors and management;
2. Monitor and supervise the disclosure of related information in accordance with the notification and regulations of the SET, SEC, and Capital Market Supervisory Board;
3. Prepare and maintain the following important documents:
 - (A) Registration of Directors;
 - (B) Notice of the Board of Directors' meeting and minutes of the Board of Directors' meeting;
 - (C) Notice of shareholders' meeting and minutes of shareholders' meeting;
 - (D) Company's annual report.
4. Maintain reports of interests submitted by directors or management, and send a copy of said reports to the Chairman of the Board of Directors, and the Chairman of Audit Committee within 7 business days, since the date the company secretary receives the report;
5. Monitor and ensure that the shareholders' and the Board of Directors' meetings are in compliance with the Company's Articles of Association, regulatory requirements and practices, and follow up on the shareholders' and the Board of Directors' resolutions; and
6. Supervise activities of the Board of Directors, and perform miscellaneous tasks as prescribed by laws and/or the Capital Market Supervisory Board, and/or as assigned by the Board of Directors.

7. Remuneration of the Directors and Management

7.1 Remuneration amount

(A) Remuneration of the Board of Directors, and sub-committees

The Annual General Meeting of Shareholders 2018 held on April 24, 2018, a resolution approved the remuneration of directors for the year 2018 as follows:

Board/ Committees	Monthly remuneration (Baht/Person)	Meeting allowance (Baht/Time/Person) (only for attendees)
Board of Directors		
• Chairman	200,000	40,000
• Vice Chairman	150,000	35,000
• Director	50,000	30,000
Sub-committees		
1. Executive Committee		
• Chairman	100,000	40,000
• Member	50,000	30,000

Board/ Committees	Monthly remuneration (Baht/Person)	Meeting allowance (Baht/Time/Person) (only for attendees)
2. Sub-Committees		
(other than the Executive Committee)		
• Chairman of sub-committee	-	35,000
• Member of sub-committee	-	30,000

(1) Remuneration for the period of January 1 – December 31, 2018

The total remuneration paid to 9 directors during the period of January 1, 2018 to December 31, 2018 was THB 15.87 million, which was for monthly remuneration and meeting allowance as to be paid for directors only (no other benefits), with following details:

Name	Position	Board of Directors (THB)	Audit Committee (THB)	Nomination and Remuneration Committee (THB)	Executive Committee (THB)	Directors' total remuneration (THB)
1. Mr. Prachak Tangkaravakoon	Chairman of the Board / Member of Executive Committee	2,720,000	-	-	780,000	3,500,000
2. Mrs. La-or Tangkaravakoon	Vice Chairman / Member of Executive Committee	1,870,000	-	-	780,000	2,650,000
3. Mr. Jatuphat Tangkaravakoon	Director / Chairman of Executive Committee / Member of Nomination and Remuneration Committee	840,000	-	180,000	1,440,000	2,460,000
4. Mr. Vonnarat Tangkaravakoon	Director / Member of Executive Committee	750,000	-	-	780,000	1,530,000
5. Mr. Nattavuth Tangkaravakoon	Director	780,000	-	-	-	780,000
6. Mrs. Busatree Wanglee	Director / Executive Director	780,000	-	-	780,000	1,560,000
7. Mrs. Prisana Praharnkhasuk	Director / Independent Director / Chairman of Audit Committee / Member of Nomination and Remuneration Committee	840,000	175,000	180,000	-	1,195,000
8. Mrs. Chanatip Weerasubpong	Director / Independent Director / Member of Audit Committee	840,000	150,000	-	-	990,000
9. Mr. Veerasak Kositpaisal	Director / Independent Director / Member of Audit Committee / Chairman of Nomination and Remuneration Committee	840,000	150,000	210,000	-	1,200,000

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

The Chairman of the Board of Directors receives the amount of other expenses for the management of the Company. The amount of such other expenses has been approved by the Board of Directors in compliance with the relevant regulations. The expense evidence must be signed by the President or Vice President in Finance and Account Division, who are not the related persons to the Chairman of the Board.

(C) Remuneration of the Management

The Company has determined the remuneration policy for the Chief Executive Officer, President, and management according to the criteria and policy that the Nomination and Remuneration Committee formulated. The Board of Directors will consider the remuneration for the Chief Executive Officer, and President for both short-term and long-term on the consideration of business performance, operating results of the Company whether such performances achieve in line with the policy and objectives in each year or not. Such performances will also be compared with peer industries. As for the consideration of the long-term remuneration, it will be based on the vision and strategy linked to the clear implementation plan, the ability to develop, improve the efficiency of operation, and provide solutions to problems in a timely manner. The Corporate KPIs is formulated based on the Balanced Scorecard together with the performance evaluation conducted by the Board of Directors.

In 2018, the Company paid the remuneration to 18² persons, totaling THB 69.28 million. Such remuneration included monthly remuneration and bonus.

7.2 Other Remuneration

From January 1, 2018 to December 31, 2018, the Company had paid the remuneration to 18² persons who possess the management position, totaling THB 6.87 million. Such remuneration included social security fund, provident fund, car rental expenses, gasoline expenses, telephone bill, and life insurance.

8. Employees and Human Resource Development

8.1 General Information

There were 4,728, 4,838 and 4,940 full time employees and management as at December 31, 2016, 2017 and 2018 respectively.

The number of employees by functions, as at December 31, 2016, 2017 and 2018 as follows:

Job Function	Number of employees by functions at December 31		
	2016	2017	2018
Operations	2,217	2,211	2,121
Commercial	2,151	2,266	2,472
Support	360	361	347
Total	4,728	4,838	4,940

Remark : ² Remuneration paid to 18 persons included the remuneration of the management as defined by the SEC who were assigned for job rotation, declared their resignation and retirement, and were out of the high-ranking executive level as defined by the SEC due to the reorganization during the year 2018.

8.2 Personnel Remuneration

The Company recognizes the importance of being equipped with the management and employees for a long term to ensure the efficiency in competitive markets. The Board of Directors believes that the Company's ongoing success depends on various factors such as the support and dedication of its management-level personnel. The Company has put in place human resource strategies, which includes competitive compensation, fit-for-purpose recruitment, and succession planning.

The employee attraction policy is formulated in the form of remuneration and career paths through setting vision and business direction of the Company, and then communicating them to other divisions. The Company has supervised and monitored the implementation to achieve the goals and strategies. In order to ensure the achievement, the Corporate KPIs based on the Balanced Scorecard is formulated consisting of financial performance and non-financial performance such as stakeholder satisfaction, development of the internal process, and people engagement, and so on.

As at December 31, 2016, 2017 and 2018, the Company paid total remuneration to the employees (excluding the management) including salary, bonus, overtime pay, provident fund, and other remuneration totaling THB 1,812.8 million, THB 2,052.9 million, and THB 2,139.2 million respectively.



8.3 Provident Fund

In 2011, the Company and its subsidiaries jointly established a provident fund with employees in accordance with the Provident Fund Act B.E. 2530 (1987), including any amendments thereto. Both employees and the Company and its subsidiaries contribute to the monthly fund at the rate of 3% to 5% of the employee's basic salary. For the years ended December 31, 2016, 2017 and 2018, the Company and its subsidiaries contributed THB 30.0 million, THB 34.7 million, and THB 39.7 million respectively. The provident fund is separated from the Company's and its subsidiaries' other assets. The provident fund is managed by an authorised fund manager. The employees will receive the provident fund in case of termination of employment according to the fund regulations.

8.4 Major labor dispute in the last 3 years (2016 - 2018)

The Company had not been involved with any significant labor dispute that would impact its business, financial position, and operating results. The Company was not aware of any circumstance that would give rise to any labor dispute that may significantly and adversely impact the financial position and business of the Company.

8.5 Labor Unions

Some employees of the Company belong to the Colors and Chemicals Labor Union of Thailand. In Thailand, employers with more than 50 employees must arrange for the establishment of a welfare committee at a workplace, comprising at least 5 representatives. Thus, the Company and Captain Coating Co., Ltd. have established a welfare committee at their sites.

Some employees of TOA Paint (Vietnam) Co., Ltd. belong to the Grassroots Trade Union. TOA Paint (Vietnam) Co., Ltd. and the Grassroots Trade Union have entered into a collective labor agreement dated March 10, 2016 for a period term of 3 years. Such collective labor agreement has been registered with the Binh Duong Industrial Zones Authority.

8.6 Human Resource Development Policy

The Company has made efforts to enhance employees' skills and competencies by providing trainings on a regular basis. To this end, the Company engages its employees in conferences and trainings for them to acquire, develop and enhance relevant skills and competencies in line with the Company's objectives. Training sessions cover occupational health, safety, technical skills, and others.

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

More details about the policy implementation are disclosed in "Sustainability Development Report".



CORPORATE GOVERNANCE

Corporate Governance Policy

The Company has adhered to and complied with the good corporate governance in operating business applying to the directors, management, and employees. Moreover, the good corporate governance is regarded as a key factor in enhancing the Company's overall success as the organization's responsibility towards society. Regarding the Board of Directors' Meeting No. 8/2018 on November 12, 2018, the new corporate governance policy has been approved in compliance with the Corporate Governance Code for listed companies 2017 by the Securities and Exchange Commission (**SEC**) determining the practice principles for listed companies' board of directors to apply to ensure good performance and returns for the long-term sustainable value creation.

Thus, the corporate governance policy contains practice principles for the Board of Directors in conducting the leadership roles and responsibilities. There are 8 principles disclosed in Heading "**Implementation of the 2017 Corporate Governance Code for Listed Companies**".

Board of Directors and Sub-Committees

The Company's board structure consists of the Board of Directors and 3 sub-committees; that is, (1) Audit Committee, (2) Nomination and Remuneration Committee and (3) Executive Committee.

The names of the Board of Directors and the authorized directors who sign on behalf of TOA are disclosed in "Management Structure".



1. Board of Directors

The Board of Directors has an important role in monitoring corporate governance for the best interest of the Company. The board composition consists of directors with diverse qualifications, skills, experiences, specific capabilities. The Board of Directors sets vision and performs its leadership roles and duties with honesty, due care, can exercise objective and independent judgment towards the management, take the best interest of the Company into account, respect the fairness and be responsible for the shareholders and all stakeholders. Moreover, the Board of Directors must ensure that the Company operates business with systematic procedures in compliance with laws and ethics.

1. Board of Directors' Composition

- 1) The Board of Directors must comprise at least 5 directors and not less than half of the total number of directors must be resident in the Kingdom of Thailand including the composition of independent directors must not less than 1/3 of the entire board and at least 3 independent directors in compliance with the regulation of the Securities and Exchange Commission.
- 2) The Chairman and Chief Executive Officer are not the same person. Separation of their roles and responsibilities is clearly defined.
- 3) In case the Chairman is not an independent director, the Board of Directors shall appoint a designated independent director to participate in setting the board meeting agenda in compliance with the good corporate governance. In case approval of an agenda that a non-independent director may lead to the conflict of interests, there must be at least 2 independent directors to present and vote at the meeting.
- 4) The Board of Directors appoints a company secretary for performing his/her duties including coordination in compliance with the board resolution. Moreover, the company secretary should receive ongoing training and education relevant to performing his/her duties or laws and accounting.
- 5) The board composition must consist of directors with diversified backgrounds: gender, age experience, skills, profession, and specific capability such as accounting and finance, organization management and human resources, risk management, crisis management, Company's business model, international marketing, defining vision and strategies and necessary knowledge towards the Company in 3-5 years ahead, for performing duties in order to ensure that the Company runs business to achieve the objectives and creates sustainable growth. Thus, there must be at least 3 directors who know the Company's industry or nature, and at least 1 director or 1/3 of such number must be non-executive director including at least 1 director who possesses knowledge on accounting and finance.

2. Qualifications of Directors

- 1) The Board of Directors must not have prohibited characteristics under the requirements by the Limited Public Company Act B.E. 2535 (as amended), the Securities and Exchange Act B.E. 2535 (as amended) as well as notifications, Articles of Association and/or relevant regulations.
- 2) The Board of Directors comprises qualified directors with knowledge and experience from diversified professions: relevant business, accounting, and finance.
- 3) The Board of Directors is able to consider and exercise independent judgement towards the management and any group with interest. Thus, all directors must submit a report of conducting business or being a director or an executive in other company to the Chairman and Chairman of the Audit Committee.
- 4) The Board of Directors can allocate sufficient time to discharge its duties and responsibilities effectively.
- 5) The directors or top management of the Company have never been staff or partners or had any relationship with the audit firm during the past two years.

- 6) The number of listed companies that the directors can serve as directors should not exceed 5 listed companies in order to allocate their sufficient time and perform their duties and director roles effectively.

3. Roles, Duties, and Responsibilities

Regarding the Board of Directors' Meeting No. 1/2019 on January 22, 2019, the roles, duties, and responsibilities of the Board of Directors was reviewed and amended as follows;

- 1) Perform duties in compliance with laws, objectives, the Company's Articles of Association, and Board of Directors' and shareholders' resolutions with accountability, prudence, and integrity.
- 2) Consider providing details and endorse vision, business strategy, business direction, business policy, goal, guideline, operating plan, and budget of the Company and its subsidiary companies as prepared by the Executive Committee and the management.
- 3) Supervision of management and performance of the Executive Committee, Chief Executive Officer, President, the management, or any persons assigned to perform such duties in order to comply with the vision, mission, business strategy, business direction, business policy, goals, approaches, operational plans and budget formulated by the Board of Directors.
- 4) Monitor the operating results of the Company and its subsidiary companies regularly in order to meet with the operating plan and budget of the Company.
- 5) Ensure that the Company and its subsidiary companies apply appropriate and efficient accounting system, as well as establish the internal control system and the internal audit system can be evaluated efficiently and sufficiently. To provide a proper assessment process of the Company of internal control system and subsidiaries as usually.
- 6) Ensure that the balance sheet and profit and loss statement are made available at the end of the fiscal year of the Company, and sign to certify the said financial statements for further proposal to shareholders for consideration and approval in the Annual General Meeting of Shareholders.

- 7) Consider and endorse the selection and nomination of the auditor, as well as consider appropriate remuneration as proposed by the Audit Committee for further proposal to shareholders for consideration and approval in the Annual General Meeting of Shareholders.
- 8) Establish the written corporate governance policy in line with the good corporate governance principles by the Stock Exchange of Thailand, the Securities and Exchange Commission and grant an approval of as well as foster such policy into practice efficiently for retaining and keeping the high standards of the Company's good corporate governance, including to ensure that the Company is accountable to all concerned parties equally, by reviewing such policy at least once a year.
- 9) Establish the business ethics based on honesty, trustworthy, transparency, good corporate governance principles, and good social ethics, which is approved by the Board of Directors. Thus, the directors, management, employees must comply with such business ethics strictly as well as communicate it for well understanding via email and notice board. The standard operating procedures are also defined in order to control the operation, organizational implementation including monitor such compliance.
- 10) The Board of Directors determines the Risk Management Policy covering overall the organization by means of establishing the Risk Management and Business Continuity Working Group to comply with and report its performance to the Audit Committee on a regular basis. Moreover, the risk system or assessment of risk management should be reviewed at least once a year and disclose it on the annual report as well as whenever a risk level changes together with prioritize the early warning signs and irregularity.
- 11) The Board of Directors determines the explicit measures for whistleblowers or stakeholders via the Company's website or directly to the Company on its whistleblowing channels. This may appoint designated persons; that is, the internal audit head and/or the secretary of the Audit Committee to report such matter to the Company's independent directors or

member of the Audit Committee in order to investigate the issues in line with the procedures and then report to the Board of Directors.

- 12) Consider and appoint persons possessing desirable qualifications and having no prohibited characteristics as stipulated in the Public Limited Company Act B.E. 2535 (including the amendments), the Securities and Exchange Act B.E. 2535 (including the amendments), as well as the announcements, rules, and/or related regulations to take up the directorship in case of vacancy in the Board of Directors for other reasons than retirement by rotation. Consider and endorse the appointment of directors to replace those who retire by rotation, as well as determine the directors' remuneration for further proposal in the shareholders' meeting for consideration and approval.
- 13) Establish sub-committees as well as Audit Committee, Executive Committee or any other sub-committees, and formulate the roles and responsibilities of such committees in order to assist and support the Board of Directors in the discharge of its responsibilities including determine remuneration of the sub-committees subject to the budget proposed by the management (not exceed the total amount approved by the shareholders).
- 14) Consider and appoint the Chief Executive Officer, Executive Vice President in the Office of Chief Executive Officer, President, and Company Secretary, as well as determine the remuneration for the Chief Executive Officer, Executive Vice President in the Office of Chief Executive Officer, and President including set the aggregate amount for the annual bonus of employees and the management of the Company.
- 15) Consider and approve the financial expenditure in investment, other operations, loans or credits from a financial institution, as well as serving as a guarantor, for business-as-usual operations of the Company or subsidiaries, including companies in the Group; without financial limit, under the Company's regulations or rules with relevance to the Stock Exchange of Thailand and the Capital Market Supervisory Board.
- 16) Consider the conflicts of interest with due care in consideration of approval on a related

transaction between the Company, its subsidiaries, and associate companies with a related person as specified by the Securities and Exchange Act B.E. 2535 (including the amendments) as well as regulations pertaining to the Stock Exchange of Thailand and Capital Market Supervisory Board, and approve the criteria about trade agreement under the general commercial terms to enter into a transaction between the Company and its subsidiaries with a related director, management, or relevant party. In order to determine the scope of authority to enter into such transaction, it is subject to the applicable laws and relevant regulations. Such transaction shall be considered and screened by the Audit Committee prior to further proposal at the Board of Directors' and/or shareholders' meeting depending on the transaction nature and size in line with the notification of the Capital Market Supervisory Board. Thus, directors or management of the Company who may cause conflicts of interest or be involved in shall not participate in making decisions in such transaction.

- 17) Provide appropriate channels of communication for each group of shareholders, and supervise the disclosure of information in order to ensure correctness, clearness, transparency, and credibility in line with the Company's disclosure of information and relevant regulations.
- 18) Appoint an individual to serve as a director of the subsidiaries, or associate companies at least in proportion to shareholding in subsidiaries. Scope, authority and responsibilities of the appointed directors and management are clearly set as well as determine the scope of authority for exercising discretion to vote in the subsidiaries' board meeting or associate companies upon important matters which require an prior approval of the Company's Board of Directors in order to exercise the management control in accordance with the Company's policy, and ensure that all transactions are conducted legally, including disclosure of information upon financial status, performance, related transactions, as well as significant acquisition or disposition of assets accurately.

- 19) Consider and approve the interim dividend payment.
- 20) Determine and/or change the authorized signatories of Company's directors.
- 21) Seek professional opinions from external organizations if necessary so as to contribute to making proper decisions.
- 22) Monitor the Company's corporate performance to run efficiently, and protect any interests related to all stakeholders.
- 23) Arrange the annual general meeting of shareholders (AGM) every year within 4 months after the end of the Company's fiscal year.
- 24) Hold the Board of Directors' meeting at least once every three months.
- 25) Prepare the Board of Directors' annual report, and be responsible for preparing and disclosing the financial statements of the Company and its subsidiaries to demonstrate the financial status and performance of the Company, and subsidiaries in the previous year and further proposal at a shareholders' meeting for consideration and approval.
- 26) Assess the overall performance of the Board of Directors, including individual performance assessment to consider and review the performance, problems, and obstacle in each year to ensure future application of the assessment result for development and improvement in various aspect of operations.
- 27) Monitor and oversee the management and operation of the Company and subsidiaries in alignment with the Company's policy, securities and exchange laws, including announcement, regulations and other criteria related to the Capital Market Supervisory Board, the Securities and Exchange Commission, and the Stock Exchange of Thailand such as a related transaction, a significant acquisition or disposition of assets, as long as there is no infringement with other laws. Moreover, there must be an appropriate and sufficient internal control system, and an internal audit system.
- 28) Review the Board of Directors' charter at least once a year.

2. Sub-Committees

The Board of Directors may establish 3 sub-committees; the Audit Committee, the Nomination and Remuneration Committee, and the Executive Committee, in order to focus on a particular task or area which supports the Board of Directors' performance. Such sub-committees have responsibilities for screening and reviewing other particular matters. The Board of Directors considers and appoints the members of sub-committees or determines scope of duties, authority, and responsibilities including other issues relating to the sub-committees as deem appropriate by the Board of Directors. On a yearly basis, the Board of Directors considers and reviews the charter of sub-committees.

2.1 Audit Committee

The Audit Committee is regarded as the important part of the good corporate governance mechanism in order to support the Board of Directors in overseeing and monitor the quality and reliability of financial system, audit system, internal control system, as well as the Company's financial reporting procedures.

1. Composition

The Audit Committee must consist of at least 3 directors and all of them are independent directors who can exercise their independent judgement as well as read and understand the basic financial statements, which is a necessary duty to perform as a member of the Audit Committee. There must be at least 1 person with knowledge and experience in accounting or financial management in line with the regulation of the Stock Exchange of Thailand.

The names of the Audit Committee are disclosed in "**Management Structure**".

2. Tenure

The Audit Committee serves a term of 3 years since the appointment date or the tenure of director of the Company. The retiring members of the Audit Committee shall be re-elected at the Board of Directors' or the shareholders' meeting as deemed appropriate. In case of vacancy for the member of the Audit Committee due to other reasons aside from retirement by rotation,

the Board of Directors' or the shareholders' meeting shall appoint a qualified person with complete requirement to be a member of the Audit Committee in order to replace the vacant position as specified by laws or related regulations not later than 3 months as of the date of incomplete composition of the Audit Committee. Such replacement member shall hold office only for the remaining term of office of the member whom he/she replaces.

The Audit Committee considers and appoints the head of the internal audit department in order to serve as the secretary to the Audit Committee, and to provide support to the Audit Committee in meeting appointment, and other assignment by the Audit Committee.

3. Roles, Duties and Responsibilities of the Audit Committee

- 1) Review the Company's financial reports to ensure the accuracy and sufficiency of financial reports in accordance with the relevant financial reporting standards, and to cooperate with the external auditor and the management in preparing quarterly and annual financial reports. The Audit Committee may also suggest the auditor to review or audit any transaction which is deemed important and necessary during the auditing process of the Company.
 - 2) Review the internal control and internal audit system to ensure that such systems are appropriate, sufficient and efficient.
 - 3) Consider the independence of the internal audit department by its performance and responsibilities for developing and reviewing the efficiency of the risk management and internal control, as well as approve the appointment, transfer, and dismissal of the head of the internal audit department or other related department in charge of internal audit.
 - 4) Has the authority to access to all level of information of the Company, including inviting executives, management, department heads, employees, or other relevant parties to the meeting for clarifying information.
- This includes distributing and sharing related information in accordance to the duties subject to the scope of authority as assigned by the Board of Directors.
- 5) Consider and approve the annual budget, manpower and resources required for the internal audit department's duties and approve the annual internal audit plan including any material changes to such plan as well as ensure that the duties and assignment of the internal audit department are in accordance with the approved annual internal audit plan and the International Standards for the Professional Practice of International Auditing, evaluate the quality of the internal audit department's performance annually, and participate in the meeting with the head or management of the internal audit department to discuss important matters at least once a year.
 - 6) Ensure that the Company complies with the securities and exchange laws and the Capital Market Supervisory Board or laws relating to the Company's business.
 - 7) Consider, select, nominate, and dismiss an independent person to serve as an auditor of the Company, and propose the auditor's remuneration in consideration of reliability, sufficient resources, quantity of auditing work of the audit firm, and experience of the auditor to be assigned for audit of the Company, as well as attend in a meeting with the auditor in the absence of the management at least once a year.
 - 8) Consider related party transactions, or any transactions that may lead to conflicts of interest, and ensure that such transactions are proceeded in compliance with laws and regulations pertaining to the Stock Exchange of Thailand, and the Capital Market Supervisory Board, which is reasonable and for the best interest of the Company and shareholders.
 - 9) Review the accuracy of references and self-assessment relating to the anti-corruption of the organization by the Private Sector Collective Action Coalition Against Corruption.

- 10) Prepare a report of the corporate governance performance by the Audit Committee and disclose in the Company's annual report signed by Chairman of the Audit Committee. Such report contains the following information;
- Opinion about accuracy and completeness to ensure the reliability of the Company's financial report,
 - Opinion about adequacy of the Company's the internal control system,
 - Opinion about compliance with the laws pertaining to the securities and exchange laws, regulations of the Stock Exchange of Thailand or other laws relevant to the Company's business,
 - Opinion about the appropriateness of the auditor,
 - Opinion about the transactions that may cause the conflicts of interest,
 - Opinion about the adequacy of the risk management system and the internal control,
 - Number of the Audit Committee's meeting and the meeting attendance of each member,
 - Overall opinion or observation that the Audit Committee performs duties subject to the charter; and
 - Other matters that shareholders and investors should know under the scope of duties and responsibilities as assigned by the Board of Directors.
- 11) Review and monitor the risk management performance, as well as assess the performance of the working group in risk management. There must be at least one executive director in the working group.
- 12) Review and propose the amendment of the Audit Committee's charter as deemed appropriate at least once a year.
- 13) Review the operating performance in the previous year by preparing the report and presenting to the Board of Directors at least once a year.
- 14) Seek the independent opinions in other profession when deemed necessary in order to provide opinions or suggestion within the scope of duties fitting to the Company's budget.

- 15) Carry out other duties as assigned by the Board of Directors with the consent of the Audit Committee.

The Board of Directors has the authority to modify, change, define, and set qualifications of the independent directors, including the Audit Committee's charter in order to maintain consistency to the regulations of SEC, SET, Capital Market Supervisory Board, and/or other related laws.

4. Reporting

- (1) Report the performance of the Audit Committee to the Board of Directors on at least quarterly basis.
- (2) In performing duties, the Audit Committee has found or suspected that any transaction or act may cause material impact on the Company's financial position and operation, the Audit Committee is required to report to the Board of Directors for a timely rectification. Such transactions and acts may include:
 1. Any transaction that may cause conflicts of interest,
 2. Fraud or irregularity or defect in relation to the internal control system,
 3. Violation against the Securities and Exchange Act, regulations of the Stock Exchange of Thailand, Securities and Exchange Commission, or Capital Market Supervisory Board, or relevant laws pertaining to the Company's business.

If the Audit Committee discovers that the Board of Directors or the management do not carry out to improve such aforementioned acts with unreasonable cause, any one member of the committee may report that matter to the SEC or SET.

2.2 Nomination and Remuneration Committee

1. Composition

- 1) The Nomination and Remuneration Committee shall consist of not less than 3 members and most of the members are independent directors (more than 50%).

- 2) Chairman of the Nomination and Remuneration Committee must be an independent director.

The names of the Nomination and Remuneration Committee are disclosed in “**Management Structure**”.

2. Tenure

- 1) The tenure of the Nomination and Remuneration Committee is 3 years since the appointment date.
- 2) A Member of the Nomination and Remuneration Committee whose tenure has ended may be re-appointed as deemed appropriate by the Board of Directors.

3. Roles, Duties, and Responsibility of Nomination and Remuneration Committee

Regarding the Board of Directors’ Meeting No. 1/2019 on January 22, 2019, the roles, duties, and responsibilities of the Nomination and Remuneration Committee was reviewed and amended as follows;

- 1) Consider the nomination policy and criteria for a qualified person suitable for the position of Director, Chief Executive Officer, Executive Vice President in the Office of Chief Executive Officer, and President, including select and nominate a qualified person, as well as nominate retired persons to be reinstated into such positions. Such nomination shall be proposed to the Board of Directors, and/or at a shareholders’ meeting for considering the appointment.
- 2) Consider and review the policy and criteria relating to the remuneration and benefits of the Company’s Directors, Chief Executive Officer, and President.
- 3) Provide suggestions to the Board of Directors in order to consider and approve the following issues;
 - Nomination of the Chief Executive Officer, Executive Vice President at the Office of Chief Executive Officer, and President, including determination of the remuneration and benefits of such management,

- Remuneration and benefits of the directors, which is proposed to the Board of Directors for consideration and approval prior to the shareholders’ meeting for further approval,
- Total amount of the annual bonus for the Company’s employees and management,
- Annual salary increment for the Chief Executive Officer, Executive Vice President at the Office of Chief Executive Officer, and President,
- Goal determination, and annual indicators for the employees and management.

- 4) Consider and approve the succession plan review, and monitor the implementation in order to further inform the Board of Directors.
- 5) Provide suggestions upon the human resource management.
- 6) Review the Charter of the Nomination and Remuneration Committee at least once a year.

2.3 Executive Committee

As of February 1, 2019, the Executive Committee consisted of 7 members whose names are disclosed in “Management Structure”.

Roles, Duties and Responsibilities of Executive Committee

Regarding the Board of Directors’ Meeting No. 1/2019 on January 22, 2019, the roles, duties, and responsibilities of the Executive Committee was reviewed and amended as follows;

- (1) Consider and determine a policy, business strategy, goal, operation plan, financial goal, and annual budget of the Company and its subsidiaries in consideration of business factors appropriately in order to present to the Board of Directors for approval. In case of changes, the Executive Committee shall consider the expenditure of the approved budget for proper management in any situations.
- (2) Oversee, verify, and monitor the business operations of the Company in accordance with the policies, business strategies, goals, business plans, financial goals, and budget of the Company, which is approved by the Board of Directors in an efficient

- and effective manner and suitable for the business condition. In addition, the Executive Committee has the responsibility to advise and provide suggestions relating to the management to the top management.
- (3) Study the possibility of investing in new projects and have the authority to consider and approve the investment or joint venture with an individual, entity, or other organization that the Executive Committee deems appropriate in order to operate in line with the Company's objectives. This includes consideration and approval of expenditure for such investment, entering into a legal contract, and/or any operations related to the matter until it reaches the set financial limit and/or applicable laws and regulations, and/or the Company's Articles of Association.
 - (4) Monitor the progress and performance of the investment projects of each business unit, and report the performance with problems or obstacles that may arise, and provide a solution or improvement to the Board of Directors for acknowledgement.
 - (5) Examine and advise the dividend payment policy of the Company, and report it to the Board of Directors.
 - (6) Consider and make suggestions or opinions to the Board of Directors in relation to the proposed projects or any transactions relating to the Company's business operations. This includes considerations for fundraising when necessary, and when exceeding the financial limit and/or the applicable laws, related regulations, or the Company's Articles of Association which requires the approval of the shareholders and/or the Board of Directors.
 - (7) Consider and approve to enter into financial transactions with financial institutions to open accounts for loans, credits, pawns, guarantor and others, including purchasing-selling, and registration of land title. This follows the objectives of benefiting the Company's business operations, including entering into legal contracts, making proposals, contact, or legal actions, with the governmental agency; which grant multiple rights to the Company and/or operations related to such matter, until reaching the set financial limit, and/or the related laws, regulations, or the Company's Articles of Association. Thus, the Executive Committee has the authority to approve the budget approved by the Board of Director not exceeding 50,000,000 Baht. In case of no budget and/or a failure to adhere to the budget approved by the Board of Directors, the Executive Committee has the autonomous authority to approve not exceeding 15,000,000 Baht each time.
 - (8) Consider and approve rules, regulations, management policies, and business operations of the Company or any actions which bind the Company.
 - (9) Appoint and/or assign the executive directors or any other person(s) to perform duties under the scope of the Executive Committee's authority, and within the period as considered appropriate by the Executive Committee. In this regard, the Executive Committee may revoke, withdraw, or amend the designated authority.
 - (10) Invite executives, management, or employees to attend the Executive Committee's meeting, or provide relevant information to be considered in the Executive Committee's meeting.
 - (11) Have any authority or responsibilities as assigned, or according to policies granted by the Board of Directors on a case-by-case basis.
 - (12) Seek a counsel or any other person to provide independent opinions or suggestions when necessary.
 - (13) Report to the Board of Directors all actions taken by the Executive Committee under its scope of authority, and responsibilities on a regular basis, including any other matters as deemed necessary and appropriate to be presented to the Board of Directors for acknowledgment.
 - (14) Consider and approve the work-related policies and scope of responsibility of the management in order to ensure that all acts taken by the management are conducted in a systematic manner.

- (15) Consider and approve the day-to-day operations of the Company, including the entering into any agreements in the ordinary course of business, in accordance with the investment or budget approved by the Board of Directors. Such amount for each transaction must be in accordance with the delegation of authority approved by the Board of Directors, but not exceed the annual budget approved by the Board of Directors. This also includes entering into any related contracts.

2.4 Management Team

As of February 1, 2019, the Management Team, executive levels under the definitions as defined by the SEC, consisted of 5 members whose names are disclosed in **“Management Structure”**.

Nomination and Appointment of Directors and Top Management

Criteria and guidelines for the nomination and appointment of directors are disclosed in **“Implementation of the 2017 Corporate Governance Code for Listed Companies”**, in heading **“Principle 3: Strengthen Board Effectiveness”**, sub-heading 3.1 - 3.3. Moreover, criteria and guidelines for the nomination and appointment of top management are disclosed in **“Principle 4: Ensure Effective Management and People Management”**, sub-heading 4.1.

Supervision of Subsidiaries and Associate Companies

The Company determines the guidelines and policy on supervision of subsidiaries and associate companies disclosed with details in **“Implementation of the 2017 Corporate Governance Code for Listed Companies”**, heading **“Principle 3: Strengthen Board Effectiveness”**, sub-heading 3.6.

Control of Internal Information

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

- (1) The Company ensures that the directors and management are informed of their duty to prepare and submit a report regarding the securities and derivatives of the Company they hold, and those of their related persons; that is, spouse or reputed spouse, minor child, and any juristic person in which the directors and management, their spouse, or reputed spouse, and minor child hold shares more than 30% of the total voting rights, to the SEC in compliance with Section 59, and the penal provision under Section 275 of the Securities and Exchange Act. The above-mentioned persons also have the duty to report their acquisition or disposal of the securities of the Company in compliance with Section 246, and the penal provision under Section 298 of the Securities and Exchange Act.
- (2) The Company requires that the directors and management prepare and submit a report regarding the securities and derivatives (under the Section 59) of the Company they hold, and those of their related persons; that is, spouse, or reputed spouse, minor child, and any juristic person in which the directors and management, their spouse, or reputed spouse, and minor child hold shares more than 30% of the total voting rights, filling the securities holding form, to the company secretary prior to submitting to the SEC every time any changes occur. In every 6 months, the company secretary prepares a summary of the securities holding and changes of securities holding to report to the Board of Directors for acknowledgement.

- (3) The Company requires that the directors, management, and employees holding an management position at the division manager level and above in the Finance and Account Division, and all relevant persons who are assumed to know or possess inside information under the Securities and Exchange Act, or are aware of material inside information that will affect the price or value of the securities, be prohibited from trading, making trade offers to trade the securities, derivatives, and convertibles which depends upon the value of the underlying stock of the Company, soliciting others to trade or make trade offers to trade the securities of the Company (whether directly or indirectly), during the period prior to the disclosure of the Company's financial statements or information relating to its financial position and status to the public, or the embargo period, being the one month period prior to and including the date on which the Company discloses the operating and financial performance on a quarterly and annual basis. The Company shall inform the directors and executives by a notice in writing to suspend trading of the Company's securities at least one month prior to the disclosure of the information to the public, and to wait at least 24 hours after the information disclosed to the public to resume trading. Directors and management are prohibited from disclosing any material inside information to third parties.
- (4) The Company prohibits the directors, management, and employees of the Company and its subsidiaries, as well as other persons who are assumed to know or possess inside information under the Securities and Exchange Act (the "Insiders") from using, whether directly or indirectly, the inside information of the Company and its subsidiaries, which has or may have an impact on the price of the Company's securities and which has not yet been disclosed to the public but was made known to them ("Non-Public Information"), for making trade offers to trade the securities, derivatives, and convertibles which depends upon the value of the underlying stock of the Company, or soliciting others to trade or make trade offers to trade the securities of the Company (whether directly or indirectly). This prohibition shall apply regardless of whether such act is taken for an Insider's personal gain or for the benefit of others. Insiders shall not disclose any Non-Public Information for the purpose of having third parties commit the same acts, regardless of whether or not they gain benefits in return.
- (5) The Company imposes on current and former directors, management, and employees of the Company and its subsidiaries to maintain confidentiality of all secrets and/or inside information of the Company, its subsidiaries, its business partners and their subsidiaries, which they have known in the course of their performing duties. The secrets and/or inside information of the Company, its subsidiaries, and its business partners and their subsidiaries shall not be used for the benefit of other companies, and third parties even if the disclosure thereof will not have an adverse impact on the Company, its subsidiaries, or its business partners and their subsidiaries.
- (6) The directors, management, and employees of the Company and its subsidiaries shall not abuse their authority in the Company and its subsidiaries or use the any inside knowledge or other information which was made known to them or which they have come to know in the course of their performing duties for the Company and/or its subsidiaries, and which has not been disclosed to the public, to illegally seek benefits, or disclose such inside knowledge or other information to third parties for their personal gain or for the benefit of others, whether directly or indirectly, regardless of whether or not they gain benefits in return.
- (7) The Company imposes on the directors, management, and employees of the Company and its subsidiaries a duty to comply with the guidelines for the use of inside information prescribed by the Securities and Exchange Act and all other relevant rules and regulations.
- (8) Disciplinary measures have been established and disciplinary action including written warnings, deduction of wages, suspension of work without pay, or termination of employment will be taken against management and relevant employees who use inside information in order to seek personal gain. The type of disciplinary action warranted shall be based on the nature and seriousness of the prohibited act.

Remuneration for Auditors

At the end of fiscal year ended December 31, 2017 and 2018, the Company paid for the audit fees to the auditors, EY Office Limited in Thailand, EY Office Limited in Vietnam, and other audit firms in other countries. The detailed audit fees and non-audit fees are shown as below:

	2017	2018
1. EY Office Limited in Thailand EY Office Limited in Vietnam		
- Audit Fees	5,543,694.0	5,270,616.0
- Non-Audit Fees	217,965.0	303,108.6
2. Other Audit Firms		
- Audit Fees	1,125,238.2	1,158,096.0
- Non-Audit Fees	-	-
Total Audit Fees	6,668,932.2	6,428,712.0
Non-Audit Fees	217,965.0	303,108.6

Thus, EY Office Limited in Thailand, EY Office Limited in Vietnam, and other audit firms in other countries are the auditors, but not the directors, staff, employees, or hold any other positions in the Company as stated in Section 121 of the Public Limited Companies Act B.E. 2535 (1992), and do not have a relationship or interest with the Company, subsidiaries, management, major shareholders, or related persons. The auditors are independent and endorsed by the Securities and Exchange Commission. Moreover, the Company does not use other professional services from such audit firms and auditors.

In addition, the directors and management of the Company have never been employees, or partners, or had any relationship with EY Office Limited in Thailand, EY Office Limited in Vietnam, and other audit firms in other countries during the past two years.

Implementation of the 2017 Corporate Governance Code for Listed Companies

The Board of Directors fosters the importance of good corporate governance. Therefore, the Board of Directors has reviewed the application to the principles of Corporate Governance Code for listed companies 2017 by the Securities and Exchange Commission (SEC) or CG Code. The CG Code based on the Stock Exchange of Thailand's Principles of Good Corporate Governance for Listed Companies includes relevant regulatory requirements for revision to cover the guidelines or changes along with current international standards and trends to ensure the management efficiency, honesty, absence of fraud and corruption, transparency, and auditability in order to build confidence among the Company's shareholders, investors, stakeholders, society, all relevant parties, and enhance the sustainable growth.

Thus, the corporate governance policy determines the principles for the Board of Directors as an organizational

leadership to comply with properly, regarded as the key duty for all directors, management, and employees for adherence to and compliance with the following 8 principles;

Principle 1 Establish Clear Leadership Role and Responsibilities of the Board

The Board of Directors focuses on and recognizes the importance of the roles and responsibilities of organizational leadership to protect benefit of the Company's shareholders and stakeholders. In overseeing the Company, the Board of Directors determines business strategy and objectives both in the present and in a long term, defining auditing process, and monitoring the business operation with transparency in order to create sustainable value.

Principle 1.1 The Board of Directors defines the Company's vision and mission for the directors, management, and employees to recognize the same goals, which have been reviewed on a yearly basis, and also determines the engagement guidelines.

Principle 1.2 The Board of Directors exercises its leadership to achieve sustainable value creation, and pursue the following governance outcomes:

1. Competitiveness and performance with long-term perspective,
2. Ethical and responsible business towards shareholders and stakeholders as well as fair customer service,
3. Good corporate citizenship for environmental development or minimizing environmental impact,
4. Corporate resilience.

Principle 1.3 The Board of Directors ensures that all directors and management perform their responsibilities in compliance with the required responsibilities, duty of care and duty of loyalty, and that the Company operates in accordance with applicable laws, Articles of Association and resolution of shareholders' meeting.

1. Ensure that directors and management perform their duties with responsibility, due care and loyalty, and comply with laws, regulations, and relevant regulatory requirements;
 - 1.1 In performing duty with due care under the scope of responsibility in the position, knowledge, capability, and experience:
 - 1.1.1 decision has been made with honest belief and reasonable ground that it is for the best interest of the Company,
 - 1.1.2 decision has been made in reliance of information honestly believed to be sufficient, and
 - 1.1.3 decision has been made without one's interest, whether directly or indirectly, in such matter.
 - 1.2 In performing duty with loyalty, directors and management shall:
 - 1.2.1 act in good faith for the best interest of the Company,
 - 1.2.2 act with proper purpose and,
 - 1.2.3 not act in significant conflicts with the interest of the Company.
2. The Board of Directors is responsible for the implementation of adequate systems and controls to ensure that the Company complies with applicable laws, Articles of Association, resolution of shareholders' meeting including policies, material approval procedures

such as investment, related party transaction, acquisition/disposal of assets, and dividend payment etc.

Principle 1.4 The Board of Directors demonstrates a thorough understanding of the division of roles and responsibilities. The Board of Directors clearly defines the roles and responsibilities of Chief Executive Officer and management, and monitor their proper performance of duties.

1. The Board of Directors has established the charter of each committee, Chief Executive Officer and President that clearly sets out the roles and responsibilities referring to the duties of directors. The Board of Directors shall at least annually review the charters.
2. The Board of Directors demonstrates a thorough understanding of the division of roles and responsibilities and is responsible and accountable for the overall affairs of the Company: matters for which the Board of Directors has primary responsibility: matters involving shared responsibility of the Board of Directors and management: and matters that the Board of Directors should delegate or not get involved with by means of providing written directions to management that clearly set out management's responsibilities including monitor the management's duties and assignment.

Throughout the years, the Board of Directors has an important duty to give direction for the Company's business operation, has monitored the management's implementation, determined the good corporate governance policy, code of conduct, and anti-corruption policy, including applicable laws or relevant regulations. The Board of Directors also oversees the corporate operations for the best interest of the Company and its shareholders, and ensures that the Company runs its business in line with legal requirements.

Regarding the Board of Directors' Meeting No. 1/2019 on January 22, 2019, the charter of the Board of Directors, sub-committees, roles, duties and responsibilities of the Chief Executive Officer, and President have been reviewed and amended for guidelines to perform their duties in accordance with current situation or changes, and the good corporate governance principles.

In 2018, the Company did not commit any severe violation against stipulations of the Securities and Exchange Commission and the Stock Exchange of Thailand, and did not corrupt any act or violation against ethics. There was no non-executive director who resigned due to any issues of governance-related concern. In addition,

the Company did not lose credibility due to the Board of Directors' failure in monitoring the business.

Principle 2 Define Objectives that Promote Sustainable Value Creation

Principle 2.1 The Board of Directors defines or oversees the objectives that promote sustainable value creation and governance outcomes towards the Company, customers, stakeholders, and society as a framework for the operation of the Company.

Principle 2.2 The Board of Directors ensures that the Company's objectives, goals, medium-term and/or annual strategies are consistent with the key objectives and goals, while utilizing innovation and technology properly and securely.

1. The Board of Directors ensures that the Company's annual strategies and plans as well as medium-term strategies for 3 - 5 years correlate and align with the Company's key objectives and goals, while considering the business environment, opportunities, and risk appetite. Moreover, the Board of Directors ensures that such strategies and plans are regularly reviewed and updated as appropriate.
2. The Board of Directors ensures that the Company's strategies and plans take into account all relevant factors influencing stakeholders and value chain by means of clearly defining stakeholder engagement procedures and channels, identifying stakeholders in both internal and external groups relating to the business operation, identifying and prioritizing stakeholder concerns and expectations in order to consider and take action on their level of importance and potential impact on the stakeholder engagement in value co-creation.
3. The Board of Directors promotes the innovation and the use of technology to enhance competitiveness, respond to stakeholder concerns and expectations based on the Company's strategies.
4. The Board of Directors defines the Company's financial and non-financial goals that are suitable for the Company's business environment and capability with the risk concerns taken into account, which does not cause the Company to engage in illegal or unethical conduct.
5. The Board of Directors fosters the effective communication of the Company's objectives and goals linking to strategies and plans throughout the organization.
6. The Board of Directors ensures the proper resource allocation and effective systems and controls,

as well as monitor the implementation of the Company's annual strategies and plans.

Over 50 years, the Company and corporate group are committed to developing new products creatively, and use high technology for the high quality products that are eco-friendly to users and environment (Greenovation). Thus, the Company defines strategies and goals for business operation in order to achieve its vision, as well as reviews them reflecting the business environment properly. The Board of Directors ensures that the management reports their operating performance and progress to the Executive Committee, and Board of Directors for acknowledgement and providing helpful opinions to the management, especially relating to the financial goals and plans to be implemented in line with the objectives.

Principle 3 Strengthen Effective Board of Directors

Principle 3.1 The Board of Directors is responsible for determining and reviewing the board structure, in terms of size, composition, and the proportion of independent directors, so as to ensure its leadership role in achieving the Company's objectives.

1. The Board of Directors establishes a board skills matrix to ensure that the Board of Directors consists of directors with appropriate and necessary qualifications, knowledge, skills, experience, character traits, with an appropriate gender and age balance and diversity to achieve the objectives and goals of the Company and respond to stakeholder expectations.
2. The proper number of directors must comprise at least 5 directors but not more than 12 directors. The majority of the Board of Directors are non-executive directors who exercise objective and independent judgement. Moreover, the number and qualifications of the independent directors are in accordance with the regulations specified by the Securities and Exchange Commission and the Stock Exchange of Thailand. Furthermore, the Board of Directors ensures that the independent directors and the entire board can fulfil its role and responsibilities efficiently and in the best interest of the Company while exercising objective and independent judgement.
3. The Board of Directors explicitly discloses the policies and details relating to the board composition, including directors' information such as shareholding percentage, years of service as directors, and directors' position in other listed companies in the Company's annual report and on its website.

Principle 3.2 The Board of Directors should select an appropriate person as the Chairman, and ensures that the board composition serves the best interest of the Company, enabling the Board of Directors to make its decisions as a result of exercising independent judgement on corporate affairs.

1. In case the Chairman is not an independent director, the Board of Directors shall appoint a designated independent director to participate in setting the board meeting agenda.
2. The Board of Directors clearly separates the roles and responsibilities of the positions of the Chairman and Chief Executive Officer.
3. The Board of Directors establishes the policy that the tenure of an independent director should not exceed a cumulative term of 9 years from the first day of service in order to actually perform duty to exercise independent judgement.
4. The Board of Directors appoints the sub-committees to consider specific matters, to screen information, and to recommend action for board approval; however, the Board of Directors remains accountable for all decisions and actions.
5. The Board of Directors monitors the disclosure of the roles and responsibilities of the Board of Directors and all sub-committees, the number of meetings, the number of directors participating in meetings in the previous year, and the Board of Directors' and all sub-committees' performance.

Principle 3.3 The Board of Directors should ensure that the policy and procedures for the selection and nomination of directors are clear and transparent resulting in the desired composition of the Board of Directors.

1. The Board of Directors establishes the Nomination and Remuneration Committee. The majority of its members and the Chairman are independent directors.
2. The Nomination and Remuneration Committee sets the nomination criteria and process. Upon proposal to and approval by the Board of Directors, a candidate's profile is presented to the shareholders' meeting for election and appointment as a director. If the Nomination and Remuneration Committee nominates current directors, their performance should be considered.
3. In case the Board of Directors appoints any person as a consultant to the Nomination and Remuneration Committee, relevant information about that consultant shall be disclosed in the annual report, including information about independence and conflicts of interest.

Guidelines

The Board of Directors has approved the written charters/roles and responsibilities of the Board of Directors, sub-committees, Chairman, Chief Executive Officer and President.

Thus, the charter/roles, duties and responsibilities of the Board of Directors, and sub-committees are disclosed in "Board of Directors and Sub-Committees".

Nomination and Appointment of Directors and Top Management

(1) Independent Directors

- 1) All of the independent directors of the Company is qualified in line with Notification of the Capital Market Supervisory Board No. Tor Jor. 39/2559 Re: Application for Approval and Granting of Approval for Offering of Newly Issued Shares (including the amendments), and regulations of the Securities and Exchange Commission, and the Stock Exchange of Thailand:
 - Holding no more than 1.0 percent of the total voting shares of the Company, parent company, subsidiary, associate company, major shareholder or controlling person of the Company, including shares held by the connected persons of such independent director;
 - Not being or having been an executive director, employee, staff, advisor earning regular monthly salary or the controlling person of the Company, its parent company, subsidiary, associate company, same-level subsidiary, major shareholder or controlling person, unless the foregoing status has ended for at least 2 years.
 - Not being a person who is related by blood or legal registration as father, mother, spouse, sibling and child, including spouse of child, other directors, management, major shareholders, controlling person or person to be nominated as director, management or controlling person of the Company or its subsidiary;
 - Not having or having had a business relationship with the Company, its parent company, subsidiary, associate company, major shareholder or controlling person in a manner that may interfere with independent discretion, which includes not being or having been a significant shareholder or the controlling person of any person having a business

relationship with the Company, its parent company, subsidiary, associate company, major shareholder or controlling person, unless such foregoing relationships have ended for at least 2 years.

The business relationship shall include normal business transactions, rental or lease of real estate, transactions related to assets or services or granting or receipt of financial assistance through receiving or extending loan, guarantee, providing assets as collateral, and any other similar actions, which result in the Company or the counter party being subject to indebtedness payable to the other party in an amount starting from three percent of the net tangible assets of the Company or from twenty million baht or more, whichever amount is lower. In this regard, the calculation of such indebtedness shall be in accordance with the method for calculating the value of related party transactions under the Notification of the Capital Market Supervisory Board Re: Rules on Execution of Related Party Transactions, *mutatis mutandis*. In any case, the consideration of such indebtedness shall include the indebtedness incurred during the period of one year to the date of establishing the business relationship with the related person;

- Not being or having been an auditor of the Company, its parent company, subsidiary, associate company, majority shareholder, or controlling person, and not being a significant shareholder, controlling person, or partner of the audit firm which employs the auditor of the Company, its parent company, subsidiary, associate company, majority shareholder, or controlling person, unless the foregoing relationship has ended for not less than 2 years;
- Not being or having been a provider of professional services, which includes serving as a legal advisor or financial advisor being paid with a service fee of more than 2 million baht per year by the Company, its parent company, subsidiary, associated company, majority shareholder, or controlling person, and not being a significant shareholder, controlling person, or partner of such provider of professional services, unless the foregoing relationship has ended for not less than 2 years;
- Not being a director who is appointed as the

representative of directors of the Company, major shareholder, or shareholder who is a connected person of a majority shareholder;

- Not undertaking any business of the same nature and in significant competition with the business of the Company or its subsidiary, or not being a significant partner in a partnership, or an executive director, employee, staff, advisor earning regular monthly salary, or holding more than one percent of the voting shares of another company that undertakes a business of the same nature and in significant competition with the business of the Company or its subsidiary;
 - Not having any other characteristics that cause the inability to express independent opinions on the business operation of the Company;
 - Do not be a director delegated from the Board of Directors to make decision of the Company, its parent company, subsidiary, associated company, same-level subsidiary, majority shareholder, or controlling person and;
 - Do not be a director of the parent company, subsidiary, or same-level subsidiary of listed company.
- 2) Be independent from the management and major shareholders of the Company, and there is no independent director holding position more than 5 listed companies.
 - 3) Independent directors should have the tenure not exceeding a cumulative term of 9 years from the first day of such appointment.

(2) Nomination and Termination of Directors

1) Nomination

- The Nomination and Remuneration Committee shall consider the nomination criteria with the board diversity. The Board Skills Matrix is established to define the required director qualifications in line with the Company's business strategies. The committee shall select a qualified person to be proposed to serve as a director in consideration of proper qualifications, skills, and experiences suitable for the benefit of the Company. In this regard, a professional search firm or director pool may be applied to select a qualified person a necessary and appropriate.
- The Company offers its minor shareholders the opportunity to propose a proper person with profile for considering as a director via the Company's website at www.toagroup.com

or the company secretary's email at companysecretary@toagroup.com. The Company also discloses the proposing procedures equipped with the proposing form on the Company's website. Thus, a person proposed to be a director shall submit a notification of confirmation within December 31 of every year. Then, the company secretary shall collect such information in order to propose at the Nomination and Remuneration Committee's meeting to screen and scrutinize proposed persons for the proper ones.

- The Nomination and Remuneration Committee shall propose the qualified person's name and profile together with receiving an approval of the Board of Directors in order to present such agenda in the general shareholders' meeting for election and appointment as a director.

2) Appointment of Directors

- Shareholders' Resolution to Appoint Directors
A director shall be appointed in replacement of a director whose office term ended and/or a new director shall be appointed in compliance with the following criteria and procedures of the Company's Articles of Association;
 - (1) Each shareholder shall have one share for one vote;
 - (2) Each shareholder may exercise all the votes he or she has under (1) to elect one or several persons as director or directors, but the shareholder cannot appropriate his or her votes to any person in any number as the shareholder desires;
 - (3) Persons who receive the highest votes arranged in order from higher to lower in a number equal to that of the number of directors to be appointed are elected to be the directors of the Company in that meeting. In the event of a tie at a lower place, which would make the number of directors greater than that required, the Chairman of the meeting should have a casting vote.
- Election of Directors in case of Director Vacancy other than the End of Office Term
The Board of Directors shall on the next board meeting appoint a qualified person, not having prohibited qualities under the laws pertaining to Public Limited Company Act

and the Securities and Exchange Act to be a new director, except if such office term remaining is less than two (2) months. The replacement director shall hold the office only for the remainder of the office term of the director whom he/she replaces. In this regard, the resolution of the Board of Directors must be approved by the votes of not less than three-fourths (3/4) of the number of the remaining directors.

3) Tenure and Termination

The Company's directors hold office for three years. At the general shareholders' meeting, one-third (1/3) of the directors, or, if the number of directors cannot be divided exactly into three (3) parts, the number of directors nearest to one-third (1/3) shall vacate office. A vacating director may be eligible for re-election.

Apart from vacating at the end of his/her office term, a director shall vacate office upon

- (1) death,
- (2) resignation; (effective on the date when the resignation letter reaches the Company),
- (3) lack of qualifications or disqualifications under the laws, regulations, notification pertaining to applicable laws or the Company's Articles of Association,
- (4) removal prior to the expiration of his/her office term pursuant to a resolution passed at the shareholders' meeting by a vote of not less than three-fourths (3/4) of the number of shareholders attending the meeting and having the right to vote and the shares held by them shall, in aggregate, be not less than one half of the number of shares held by the shareholders attending the meeting and having the right to vote.
- (5) removal pursuant to a court order.

Combination or Separation of Positions

The Company determines a policy to separate the roles and responsibilities of the Chairman of the Board of Directors from the Chief Executive Officer, and President, three of them have to be knowledgeable and capable, be equipped with suitable experiences and qualifications and must not be the same person in order to create a clear balance of power.

1. Roles, Duties, and Responsibilities of Chairman

- 1) The Chairman or other assigned person convenes the Board of Directors' meeting. The notice must be given to the directors at least 7 days (5 business days) prior to the meeting date.

- 2) Perform duties in determining the meeting agenda with the Chief Executive Officer and President to oversee the material matter to be proposed in the agenda meeting of the Board of Directors. In case the Chairman is not an independent director, the Board of Directors shall appoint a designated independent director to participate in setting the board meeting agenda in compliance with the good corporate governance principles.
- 3) Be the Chairman at the Board of Directors' meeting, and have a casting vote.
- 4) Control the meeting efficiently, allocate sufficient time for the management to propose topics, support and give the directors an opportunity to discuss and exercise their independent opinions, control discussion of issues, and declare a resolution in the meeting.
- 5) Encourage the directors to perform their duties in line with the scope of roles, duties, and responsibilities of the Board of Directors, applicable laws as well as the good corporate governance principles such as abstention and absence from the meeting in case of consideration on an agenda pertaining to a director who may cause a conflict of interest.
- 6) Oversee and ensure that the Board of Directors carries out its duties efficiently to achieve the Company's objectives.
- 7) Inform the Board of Directors of any important information.
- 8) Encourage the directors to attend the shareholders' meeting, and perform duties as the Chairman of the shareholders' meeting in order to monitor the meeting efficiently including answer to questions of the shareholders.
- 9) Ensure that all directors contribute to the Company's ethical culture and good corporate governance.
- 10) Promote a culture of openness and debate through ensuring constructive relations between the executive directors and non-executive directors, and between the Board of Directors and the management.

2. Roles, Duties, and Responsibilities of Chief Executive Officer

- 1) Work jointly with the Executive Committee to govern, ensure the determination of vision, business direction, policies, business strategies, goals, operation plan, and annual budget plan of the Company and its subsidiaries in order

- to propose to the Executive Committee and/or Board of Director for further approval.
- 2) Communicate the vision, business direction, policies, and business strategies of the Company, which is approved by the Board of Directors to the top management of the Company in order to implement them as a framework for work plan and business management plan in each unit.
 - 3) Oversee and ensure that the Company's business operations are in accordance with the plans, as well as applicable laws, regulations, and rules required by other relevant parties, and the Company's Articles of Association. This shall lead to the set outcomes for both financial and non-financial performances.
 - 4) Review the Company's performance report and business operation plans.
 - 5) Approve the expenditures, including any remunerations under the budget, work plan, or operational framework as approved by the Executive Committee and/or the Board of Directors, and also comply with the authority granted.
 - 6) Ensure that the Company has an appropriate internal control system in alignment with the guidelines provided by the Audit Committee and/or the Board of Directors.
 - 7) Ensure that the Company has an appropriate risk management and control system in alignment with the guidelines provided by the Audit Committee and/or the Board of Directors.
 - 8) Seek a business opportunity and new investment related to the main business of the Company and its subsidiaries in order to generate income to the Company.
 - 9) Monitor the Company's overall human resources management.
 - 10) Approve and appoint a consultant of other professions as deemed necessary to the business operations, and to be in compliance with the notifications of the Securities and Exchange Commission and the Stock Exchange of Thailand.
 - 11) Be a representative of the Company in conducting the corporate public relations, particularly in creating relation networks and good image of the organization both nationally and internationally.
 - 12) Be a representative of the Company in communication with the shareholders.
 - 13) Support the Board of Directors to provide proper communication channels for the shareholders in a consistent manner, and disclose information with standard and transparency.

- 14) Have the authority to grant a power of attorney and/or assign any person to be in charge in some actions by granting the power and/or assigning which is subject to the scope of power in the letter of power of attorney and/or the regulations, disciplines or orders determined by the Board of Directors and/or sub-committees and/or the Chief Executive Officer and/or the Company.

Thus, in granting the power and responsibilities of the Chief Executive Officer or a person given the authority by the Chief Executive Officer, it is not included with using such authority for approving any transactions involved with oneself or any persons who may cause the conflicts of interest, (according to the notifications of the Securities and Exchange Commission and/or the Capital Market Supervisory Board and/or the Stock Exchange of Thailand and/or relevant parties), causing the Chief Executive Officer or any person to have the interest or may have the conflicts of interest in otherwise manners with the Company and its subsidiaries. This is excepted for the transactions which are conducted in line with the policies and criteria approved by the shareholder meeting or the Board of Directors, and such transactions is considered as ordinary business and general business conditions in compliance with the notifications of the Securities and Exchange Commission and/or the Capital Market Supervisory Board and/or the Stock Exchange of Thailand and/or relevant parties.

- 15) Carry out other duties as assigned by the Board of Directors and/or sub-committees under the Company's regulations and Articles of Association, securities and exchange laws, as well as notifications, regulations and other criteria pertaining to the Capital Market Supervisory Board, the Securities and Exchange Commission, and the Stock Exchange of Thailand.

3. Roles, Duties, and Responsibilities of the President

- 1) Determine vision, business direction, policies, business strategies, goals, operation plans, and annual budget plan of the Company and its subsidiaries as proposed by the management, including define the structure and authority of management in order to present to the Chief Executive Officer and/or the Executive Committee and/or the Board of Directors for further approval.

- 2) Oversee, monitor, and implement and/or conduct day-to-day operations in line with the policies, work plans, and annual budget plan as approved by the Board of Directors.
- 3) Have the authority to manage the Company's business in line with the objectives, Articles of Association, policies, regulations, rules, orders, budget as approved by the Board of Directors, the shareholder resolution, and/or the Board of Directors' resolution, and/or the Executive Committee's resolution. This includes verifying and assessing the Company's operating performance to be in accordance with the policies, and reporting the managerial performance, as well as the progress to the Chief Executive Officer, Executive Committee, Audit Committee or Board of Directors as the case may be.
- 4) Consider and approve a person to serve as acting vice president in each business unit of the Company in case of the vacancy until the appointment of a vice president.
- 5) Have the authority to conduct and present as a representative of the Company towards the relevant third parties, and such action is for the benefit of the Company.
- 6) Consider and approve the operation plan of each unit of the Company, and consider and approve the proposal from other units of the Company, which exceeds the authority limit of any units. This includes considering and approving to enter into the general business transactions of the Company subject to the investment or budget approved by the Board of Directors. In this regard, the total amount of each transaction is in accordance with the delegation of authority approved by the Board of Directors, but not exceeding the annual budget approved by the Board of Directors, including entering into relevant legal contracts.
- 7) Prepare the operating performance report and operation plans of the Company and its subsidiaries to further present them to the Board of Directors on a quarterly basis.
- 8) Have the authority to define orders, regulations, notifications, and memo to ensure the compliance with policies and benefits of the Company, and to monitor the working disciplines within the organization.
- 9) Delegate an executive-level employee of the Company to have authority to take responsibilities for matter(s) as deemed appropriate.

- 10) Appoint a consultant of other profession as deemed necessary to the Company's business operations, and to comply with the notifications of the Securities and Exchange Commission, and the Stock Exchange of Thailand.
- 11) Have authority, roles, and responsibilities for the management of the subsidiaries and other departments of the Company.
- 12) Determine regulations, criteria, guidelines, rules for the organizational structure of the positions in the department level and below department level, including appoint, employ, rotate, determine salary, compensation and bonus, terminate an employment at the level below the President.
- 13) Have the authority to grant a power of attorney and/or assign any person to be in charge in some actions by granting the power and/or assigning which is subject to the scope of power in the letter of power of attorney and/or the regulations, disciplines or orders determined by the Board of Directors and/or sub-committees and/or the Chief Executive Officer and/or the Company.

Thus, in granting the power and responsibilities of the President or a person given the authority by the President, it is not included with using such authority for approving any transactions involved with oneself or any persons who may cause the conflicts of interest, (according to the notifications of the Securities and Exchange Commission and/or the Capital Market Supervisory Board and/or the Stock Exchange of Thailand and/or relevant parties), causing the President or any person to have the interest or may have the conflict of interest in otherwise manners with the Company and its subsidiaries. This is excepted for the transactions which are conducted in line with the policies and criteria approved by the shareholder meeting or the Board of Directors, and such transactions are considered as ordinary business and general business conditions in compliance with the notifications of the Securities and Exchange Commission and/or the Capital Market Supervisory Board and/or the Stock Exchange of Thailand and/or relevant parties.

- 14) Responsible for other assignments given by the Board of Directors and/or sub-committees and/or the Chief Executive Officer under the regulations and the Company's Articles of Association, securities and exchange laws,

including the relevant regulations and criteria determined by the Capital Market Supervisory Board, the Securities and Exchange Commission, and the Stock Exchange of Thailand.

Principle 3.4 When proposing director remuneration to the shareholders' meeting for approval, the Board of Directors should consider whether the remuneration structure is appropriate for the directors' respective roles and responsibilities, linked to their individual and performance, and provide incentives for the Board of Directors to lead the Company in meeting its objectives, both in the short and long term.

Guidelines

1. Remuneration for Directors

- 1) The Company defines the remuneration policy for the directors comparable to industry level, reflecting the experience, obligations, scope of work, accountability and responsibilities, and contribution of each director. Directors who have additional roles and responsibilities, such as a member of a sub-committee, should be entitled to additional remuneration as appropriate. Thus, the Nomination and Remuneration Committee shall consider the remuneration of directors and propose to the Board of Directors for approval prior to the general meeting of shareholders for further approval in each year.
- 2) The remuneration of the directors should be consistent with the Company's strategies and long-term objectives, and reflect the experience, obligations, scope of work, and responsibilities. The members of the sub-committees should be entitled to proper additional remuneration according to the Company's performance and, comparable to industry practice.
- 3) The Board of Directors shall disclose the directors' remuneration policy and criteria including the pay components and level received from the Company and its subsidiaries.

2. Remuneration for Management

- 1) The remuneration is set for the Chief Executive Officer, President, and top management in accordance with the criteria and policy determined by the Board of Directors, and for the best interest of the Company. Such remuneration level such as salary, bonus, and incentives shall be linked to their individual performance, and the shareholders' benefit shall be taken into account.

- 2) The Nomination and Remuneration Committee assesses the performance of the Chief Executive Officer and President for considering the determination of the remuneration of the Chief Executive Officer and President by means of the concrete assessment criteria and process, which is systematically set in advance with the Chief Executive Officer and President, reflecting the financial performance, performance meeting the Company's objectives, long-term strategies, development of the management, etc. In this regard, the performance shall be presented to the Board of Directors for approval, the Chairman or Chairman of the Nomination and Remuneration Committee shall inform the results to the Chief Executive Officer for acknowledgment.

Thus, the details of directors' and management's remuneration in 2018 are disclosed in "**Management Structure**", sub-heading "**Remuneration of the Directors and Management**".

Principle 3.5 The Board of Directors should ensure that all directors are properly accountable for their duties, responsibilities, and allocate sufficient time to discharge their duties and responsibilities effectively.

1. The Board of Directors should ensure that the Company's policies prohibit and prevent a director from creating a conflict of interest with the Company both directly and indirectly in other companies, including by using the Company's information or opportunities for his or her own benefit. In this regard, this must be informed to the shareholders as appropriate.
2. The Board of Directors should encourage each director to attend not less than 75 percent of the total numbers of the board meetings in the whole financial reporting year.

Guidelines

The Board of Directors determines the guidelines pertaining to the meeting of the Board of Directors, and sub-committees as follows;

1. Board of Directors

1.1 Meeting

- According to the Company's Articles of Association, the Board of Directors shall convene meetings at least once every 3 months at the province where the head office of the Company is located or nearby province or other location. The meeting day, time, and venue are considered by the Chairman, and the special meeting shall be hold if necessary.

In order to ensure the board meeting held on a consistent manner, and the large numbers of directors' meeting attendance, the Company shall send its directors the whole-year schedule of the Board of Directors' meetings for the next year prior to the year end of each year. The board meetings are determined at least 6 meetings a year.

- The Company shall hold a meeting where the non-executive directors have the opportunity to discuss on the managerial affair, as necessary, in the absence of the management, and shall report such results to the Chief Executive Officer.

1.2 Meeting Agenda

At every meeting, the company secretary, the Chief Executive Officer, and President discuss to propose a meeting agenda to the Chairman and the designated independent director to participate in setting such agenda in order to set the meeting agenda in advance. Thus, the notice with relevant document shall be sent to the directors at least 7 days (5 business days) prior to the meeting date to provide the directors sufficient time to consider the content of the meeting agenda, or able to request more information or document. In case of an urgent issue considered as to protect the right and benefit of the Company, there may be other way to call for a meeting, and send the meeting document to the directors less than seven (7) days.

- ##### **1.3 Summon of the Board of Directors' Meeting**
- The Chairman shall call for the Board of Directors' meeting, or two (2) or more directors may request to convene a meeting, the Chairman shall define the meeting date within fourteen (14) days since the date of receipt of request.

1.4 Attendance, Quorum, and Voting

- According to the Company's Articles of Association pertaining to a board meeting, not less than one-half of the total number of directors must be present to constitute a quorum. However, in order to encourage the directors to participate in considering and voting at the meeting, the Company determines not less than two-thirds of the total number of the entire directors (the numbers of directors who are present and attend the meeting are counted; however, a director who is involved with an agenda that may cause a conflict of interest has no right to vote on such agenda).
- The Chairman presides at the Board of Directors'

meeting. In case the Chairman is not present at the meeting, or cannot perform his or her duties, the Vice-Chairman shall be the chairperson of the meeting. If the Vice-Chairman is not present or cannot perform his or her duties, the directors present at the meeting shall elect one of the directors to be the chairperson of the meeting.

- The decisions at the meeting shall be made by a majority vote of the directors attending the meeting. Any director having interest in any matter shall not be entitled to vote on such matter. In the event of a tie vote, the Chairman of the meeting shall have a casting vote.
- The Chairman allocates sufficient time for the management to propose topics and discuss the significant matter thoroughly, and encourages all directors to place the importance on the issue at the meeting, as well as the corporate governance.
- The Board of Directors should encourage the top management to propose the inclusion of relevant items, and to attend the meeting to present details on the agenda items related to matters that they are directly responsible for, and to allow the directors to gain familiarity with the top management and assist succession planning in the future.
- The Board of Directors is able to have access to necessary information required for their respective roles from the management and company secretary. If necessary to discharge their responsibilities, the Board of Directors may seek independent professional advice at the Company's expense.

1.5 Reporting

The company secretary or a person designated by the Board of Directors shall record the meeting, and send to the Board of Directors within 14 days from the meeting date.

2. Audit Committee

2.1 Meeting

- The Audit Committee must hold at least 4 meetings per year.
- The Chairman of the Audit Committee may call for a special meeting when receiving such request from a member of the Audit Committee, internal auditor, auditor, or the Chairman of the Company for considering and discussing the significant matter.

2.2 Meeting Agenda

The secretary of the Audit Committee and the Chairman of the Audit Committee discuss to determine the meeting agenda, and send the relevant document to the Audit Committee and other related parties in advance to provide the committee sufficient time to consider the content of the meeting agenda, or request more information or document.

2.3 Quorum

- All members of the Audit Committee should attend all the meetings. There must be not less than one-half of the total number of the committee present to constitute a quorum. In case the Chairman of the Audit Committee is not present at the meeting, or cannot perform his or her duties, the members present at the meeting shall elect one of the members to be the chairperson of the meeting.
- The Audit Committee may invite a director or management of the corporate group, internal auditor, or auditor, external lawyer, or other professional to attend the meeting in order to exercise their opinions, or answer a relevant matter.

2.4 Voting

- The meeting document must define the names of persons who attend the meeting. Any member of the Audit Committee having interest in any matter shall not be entitled to attend the meeting and vote on such matter.
- The resolutions at the meeting shall be made by a majority vote. One member shall have one vote, in the event of a tie vote, the Chairman of the Audit Committee or the Chairman at the meeting shall have a casting vote.
- The secretary of the Audit Committee shall have no right to vote.

2.5 Reporting

The secretary of the Audit Committee or a person designated by the Audit Committee shall record the meeting, and send to the committee within 14 days from the meeting date.

3. Nomination and Remuneration Committee

3.1 Meeting

The Nomination and Remuneration Committee must hold at least 2 meetings per year.

3.2 Quorum

In the Nomination and Remuneration Committee's meeting, there must be not less than one-half of the total number of the committee present

to constitute a quorum. In case the Chairman of the Nomination and Remuneration Committee is not present at the meeting, or cannot perform his or her duties, the members present at the meeting shall elect one of the members to be the chairperson of the meeting.

3.3 Voting

A member of the Nomination and Remuneration Committee shall have one vote, and the resolutions at the meeting shall be made by a majority vote. Any member of the Nomination and Remuneration Committee having interest in any matter shall not be entitled to vote on such matter. In the event of a tie vote, the Chairman of the Nomination and Remuneration Committee or the Chairman at the meeting shall have a casting vote.

4. Executive Committee

4.1 Meeting

The Company shall hold the Executive Committee's meetings at least 4 times a year, on a quarterly basis. The meeting schedule shall be set and informed to the members in advance. Thus,

the Board of Directors considers that the dedication to the Company of each member should not focus on the meeting attendance only, but also on the exchanging opinions, suggestions, experience, and relation network for creating benefit to the Company's business.

4.2 Quorum

In the Executive Committee's meeting, there must be not less than one-half of the total number of the committee present to constitute a quorum. In case the Chairman of the Executive Committee is not present at the meeting, or cannot perform his or her duties, the members present at the meeting shall elect one of the members to be the chairperson of the meeting.

4.3 Voting

A member of the Executive Committee shall have one vote, and the resolutions at the meeting shall be made by a majority vote. Any member of the Executive Committee having interest in any matter shall not be entitled to vote on such matter. In the event of a tie vote, the Chairman of the Executive Committee or the Chairman at the meeting shall have a casting vote.

The Meeting Attendance of Each Director in 2018

Name	Number of Meeting Attendance 2018									
	AGM		Board of Directors		Audit Committee		Nomination & Remuneration Committee		Executive Committee	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
1. Mr. Prachak Tangkaravakoon	1/1	100	8/8	100					6/6	100
2. Mrs. La-or Tangkaravakoon	1/1	100	2/8	25					6/6	100
3. Mr. Vonnarat Tangkaravakoon	1/1	100	5/8	63					6/6	100
4. Mr. Jatuphat Tangkaravakoon	1/1	100	8/8	100			6/6	100	6/6	100
5. Mr. Nattavuth Tangkaravakoon	1/1	100	6/8	75						
6. Mrs. Busatree Wanglee	1/1	100	6/8	75					6/6	100
7. Mrs. Prisana Praharnkhasuk	1/1	100	8/8	100	5/5	100	6/6	100		
8. Mrs. Chantip Weerasubpong	1/1	100	8/8	100	5/5	100				
9. Mr. Veerasak Kositpaisal	1/1	100	8/8	100	5/5	100	6/6	100		
10. Mr. Pongchird Jameekomkul	1/1	100							2/6	33
11. Ms. Taweepom Patanakittraung	1/1	100							6/6	100

The Board of Directors encourages the meeting for the non-executive directors without the management in order to independently debate their concerns, express their opinions upon the management's performance. In 2018, the non-executive directors held 1 meeting at the Board of Directors' Meeting No. 8/2018 on November 12, 2018.

In addition, the Company has set schedule of the Board of Directors' meeting for the year 2019 in advance (the schedule is subject to change) excluding the special meeting as follows:

No	BOD's Meeting Date	No	BOD's Meeting Date
1	January 22, 2019	2	February 27, 2019
3	March 19, 2019	4	April 9, 2019
5	May 14, 2019	6	June 18, 2019
7	July 23, 2019	8	August 13, 2019
9	September 17, 2019	10	October 15, 2019
11	November 12, 2019	12	December 17, 2019

Principle 3.6 The Board of Directors should ensure that the Company's governance framework and policies extend to and are accepted by subsidiaries and other businesses in which it has a significant investment as appropriate.

Guidelines

1. The Board of Directors defines the Company's governance framework and policies extend to its subsidiaries as follows:

- The authority to appoint subsidiary directors, management, or others with controlling power, including the duties and responsibilities of such persons in accordance with the Company's policies as well as other joint venture agreement (if any).
- The internal control systems are effective and that all transactions comply with relevant laws and regulations.
- The integrity and timely disclosure of the financial information, performance and other information as required by laws.

2. A significant investment in other business

such as between 20 percent and 50 percent of shares with voting rights, other than the subsidiaries, it is to ensure that shareholder agreements or other agreements are in place to enable the Company's performance monitoring and participation in the businesses' management, including for approval of significant transactions and decisions in order to ensure that the Company has sufficient, accurate, and timely information for the preparation of its financial statements that conform with relevant standards.

Corporate Governance Policy for Subsidiaries and Associate Companies

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

- (1) The Company shall nominate a representative to serve as a director in each subsidiary and/or associate company, in proportion to shares hold in each company. Their duty is to govern subsidiaries and/or associate company to ensure the compliance with laws, good corporate governance policy, and other policies of the Company. However, the nomination into each subsidiary and/or associate company must be considered and approved by the Board of Directors in the consideration of the appropriateness for each company.

- (2) In case of entering into transactions, or any other conduct of subsidiaries that are considered as the acquisition or disposal of assets as prescribed by the notification of acquisition or disposal of assets, or related party transaction, which may affect the Company to request for approval from the Company's Board of Directors and/or from the shareholder meeting, or law-related functions prior to entering into the transaction. Subsidiaries shall proceed with the transaction only upon being permitted by the Company's Board of Directors and/or shareholder meeting and/or related agencies (as the case may be).

In addition, in the event that entering into any transaction causes certain circumstances in subsidiaries to require the Company to disclose such transaction to SET according to the regulations of the SET's Board of Governors. The director of subsidiaries has the duty to immediately inform the Company's management that the subsidiaries are about to enter into the transaction, or the said circumstances.

- (3) The Board of Directors and management of subsidiaries and/or associate companies have the scope of authority and responsibilities in accordance with applicable laws such as disclosure of financial position and operating performance to be reported to the Company for acknowledgment. In this regard, the regulations of the Capital Market Supervisory Board, and SET's Board of Governors are applicable *mutatis mutandis*, including disclosing and delivering information on their own interests and those who are related persons to the Board of Directors in order to demonstrate relationship and transaction with the Company, subsidiaries and/or associate companies that may cause a conflict of interest, and avoid proceeding with transaction that may cause a conflict of interest.
- (4) The Company shall set the important working plans and operations in order to ensure that subsidiaries and/or associate companies disclose information on operating performance and financial position. In addition, the Company shall monitor subsidiaries and/or associate companies to ascertain sufficient and appropriate disclosure of information system, and internal control system.

Furthermore, the Company also closely monitors the operating performance and implementation of subsidiaries and/or associate companies, and present summary analysis, opinions or suggestions to the Company's Board of Directors, boards and sub-committees of each subsidiary and associate company, in order to consider and determine policies, or improve subsidiaries' business and/or associate companies business for further development and growth.

Thus, the Company appoints a designated representative with suitable qualifications and experience to serve as a director of both domestic and international subsidiaries according to the Company's shareholding proportion, which is subject to the corporate governance policy of subsidiaries and associate companies. Moreover, the Company also nominates and be a part in interviewing an accountant, accounting and finance manager, or accountant for subsidiaries to monitor the subsidiaries' accounting report preparation.

The Company oversees and governs the preparation of consolidated financial statements by a joint-work between the subsidiaries' accounting department on a regular basis, including setting process for preparing the accurate and proper consolidated financial statements to ensure that the Company's consolidated financial statements is accurate and prepared in a timely manner. Thus, the Company emphasizes the importance of appointing auditors for the subsidiaries from the same audit firm that the Company hires. Therefore, the Company sets the future plan for the Company and all subsidiaries to hire the same audit firm in the consideration of auditing fees and reasoned judgement.

Furthermore, the Company determines the delegation of authority for the subsidiaries, ensuring that the business operation is conducted effectively in relation to the significant transactions, or transactions regarded as a material size, such as large-scale investment, business expansion, debts or obligations, or entering into a transaction deemed as an acquisition or disposal of assets, or related party transaction, which needs to be approved by the Board of Directors or President of subsidiaries, all of them are representatives of the Company, or the Board of Directors, and/or the Company's shareholders, and/or related agencies (as the case may be) prior to proceeding such transactions.

Principles 3.7 The Board of Directors conducts an annual performance assessment of the Board of Directors, sub-committees, and each individual director. The evaluation results should be used to strengthen the effectiveness of the board.

Guidelines

1. Board Self-Assessment
 - 1) The Board of Directors', and sub-committee's performance assessment should be conducted at least once a year to facilitate consideration and improvement of the board's performance and effectiveness and resolution of any problems.
 - 2) The Company determines the annual assessment of the performance of the Board of Directors and sub-committees as a whole and on an individual director level based on self-assessment. The criteria, process, and results of the assessment should be disclosed in the annual report.
 - 3) The Board of Directors shall consider the assessment results and problems for further improvement, and consider the right combination of the Board of Directors.
2. Performance Assessment of the Chief Executive Officer and President
 - 1) The Nomination and Remuneration Committee assesses the performance of the Chief Executive Officer and President, and further present to the Board of Directors for approval on a yearly basis.

- 2) Assessment Criteria
 - Corporate KPIs
 - Other performance assessment such as leadership, strategic operations, budget management and other projects, corporate knowledge and Company's products, relationship with the Board of Directors, and all stakeholders.

Regarding the Board of Directors' Meeting No. 8/2017 on November 13, 2017, there was a resolution to approve the criteria of performance assessment for the Board of Directors, sub-committees in alignment with the guidelines defined by SET, which consists of 6 assessment principles as follows;

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

Board Self-Assessment Process

- (1) The Board of Directors reviews the assessment form to ensure accuracy, completeness, and compliance with the criteria of the governing body.
- (2) The company secretary shall send the assessment form to the Board of Directors to conduct their self-assessment.
- (3) The company secretary shall collect the assessment form in order to conclude the assessment results, and then report to the Board of Directors.
- (4) The Board of Directors shall integrate the assessment results to be used to strengthen the effectiveness of the board.

The 2018 assessment results of the Board of Directors and sub-committees are concluded as follows;

Board and Sub-Committees	Overall performance assessment results (%)	Individual performance self-assessment results (%)
1. Board of Directors	97	97
2. Audit Committee	98	100
3. Nomination and Remuneration Committee	93	99
4. Executive Committee	97	99

Regarding the Board of Directors' Meeting No. 8/2018 on November 12, 2018, the performance assessment results of the Chief Executive Officer, Executive Vice President at the Office of Chief Executive Officer, and President have been considered and approved. However, the assessment results are confidential and cannot be disclosed.

Principle 3.8 The Board of Directors ensures that the board and each individual director understand their roles and responsibilities, the nature of the business, the Company's operations, relevant laws and standards. The board supports all directors in updating and refreshing their skills and knowledge necessary to carry out their roles and duties.

Guidelines

1. The Board of Directors establishes the director's handbook which includes corporate information, charter, and policies as the guidelines of the director's roles and duties.
2. The Board of Directors ensures that a newly appointed director receive suggestions and the director's handbook including other relevant information. The director orientation shall be held to inform him or her the nature of business, and corporate direction that shall enhance the well understanding the Company's objectives, goals, vision, and nature of business.
3. The Board of Directors encourages the directors to regularly receive sufficient and continuous training and knowledge development, and also discloses in the annual report training and knowledge development of the directors.

In 2018, there was no newly appointed director.

The Directors' Attendance at Training Sessions Conducted by the Thai Institute of Directors (IOD)

Name	Courses	DAP	DCP	M&A	ACEP	CGI	AACP	FND
1. Mr. Prachak Tangkaravakoon	21/2004	-	-	-	-	-	-	-
2. Mrs. La-or Tangkaravakoon	-	-	-	-	-	-	-	-
3. Mr. Vonnarat Tangkaravakoon	SEC/2013	-	-	-	-	-	-	-
4. Mr. Jatuphat Tangkaravakoon	14/2014	-	-	-	-	-	-	-
5. Mr. Nattavuth Tangkaravakoon	19/2004	-	-	-	-	-	-	-
6. Mrs. Busatree Wanglee	67/2007	-	-	-	-	-	-	-
7. Mrs. Prisana Praharnkhasuk	-	119/2009	1/2011	-	-	25/2017	-	-
8. Mrs. Chantip Weerasubpong	-	176/2013	-	14/2015	6/2015	14/2014	-	-
9. Mr. Veerasak Kositpaisal	-	82/2006	-	-	-	-	-	30/2006

Remark : DAP = Director Accreditation Program
M&A = Board's Role in Mergers & Acquisitions
AACP = Advanced Audit Committee Program
CGI = Corporate Governance for Capital Market Intermediaries

DCP = Director Certification Program
ACEP = Anti-Corruption for Executive Program
FND = Finance for Non-Finance Directors

Directors' Training Course Attendance in 2018

No.	Name	Courses
1	Mrs. Chanatip Weerasubpong	Risk Management Program for Corporate Leaders (RCL 13/2018) Board Nomination and Compensation Program (BNCP 5/2018)

In 2018, there were no other directors attending any training or seminar courses totaling 8 out of 9 directors.

Principle 3.9 The Board of Directors ensures that it can perform its duties effectively and have access to accurate, relevant and timely information. The Board of Directors should appoint a company secretary with necessary qualifications, knowledge, skills, and experience to support the board in performing its duties.

Guidelines

1. The Board of Directors has a mechanism that allows each board member and management to independently propose the relevant items on the meeting agenda through the company secretary.
2. The Board of Directors encourages the Chief Executive Officer or President to invite key management to attend the board meetings to present details on the agenda items related to matters that they are directly responsible for.
3. The meeting documents should be sent to the directors at least 7 days (5 business days) before the meeting date. The Board of Directors can access to important information required for their scope of duties and roles from the Chief Executive Officer, President, company secretary, or designated individual.
4. The company secretary has the necessary qualifications, and experience for performing his/her duties, and receive ongoing training and education relevant to performing his/her duties, and a company secretary certified programme. The qualifications and experience of the company secretary must be disclosed in the annual report and on the company's website.

Principle 4 Ensure Effective Top Management and People Management

Principle 4.1 The Board of Directors ensures that a proper mechanism is in place for the nomination and development of the President and top management to ensure that they possess the knowledge, skills, experience, and characteristics necessary for the Company to achieve its objectives.

Guidelines

1. Criteria and Procedures of Nominating the Top Management

The Nomination and Remuneration Committee defines the nomination criteria, selection, and remuneration of the Chief Executive Officer, Executive Vice President at the Office of Chief Executive Officer, and President in order to propose to the Board of Directors for approval of the appointment and remuneration.

2. Succession Plan

- 1) The Board of Directors ensures that the Company has a system of personnel selection to be responsible for the management positions or important supervisors at all levels. In recruiting candidates for the position of the Chief Executive Officer and President, it must be in accordance with the appropriate recruitment process in the consideration of the inside and outside the Company.
- 2) The Board of Directors monitors the succession plan for the top management, and requests reporting on the implementation at least once a year.

Succession Planning Procedures

1. The Board of Directors together with the human resources development analyze the organizational situation reflecting the Company's business environment relating to the short-term, mid-term, and long-term objectives, policies, investment plan, and business expansion plan.
2. Evaluate the readiness of manpower in accordance with the Company's short-term and long-term business strategies.
3. Define the manpower planning by means of developing or recruiting individual for a vacant position.

4. Prepare recruitment plan, and employee training and development in advance in order to replace an employee who is about to retire or resign from his/her job.
5. Define the competencies covering knowledge, skills, personality, and attitude which are expected for each position, and also set the individual development plan.
6. Select, consider, and evaluate the individual performance and competency as appropriate.
7. Test and assess an individual to analyze the individual competency.
8. Develop and assess an individual who is regarded to be a successor in the consideration of his/her development and superstar performance as expected. In case of a failure of such succession planning of that individual, the new successor can be appointed.

3. Development of Top Management

- 1) Promote and facilitate the continuous development and education of the top management that is relevant to their roles to enhance their skills and knowledge, as well as corporate governance. Training and education shall be organized in the Company, or by outsourcing.
- 2) The Company encourages the management to receive ongoing development for the readiness of the rotation in the organization administration from the department manager level and above, as well as evaluates the competency of the top management for being a successor of the President and Chief Executive Officer.

4. Determine the policies and guidelines

for the Chief Executive Officer, President, top management, serving as a director in other companies, which is proposed to the Board of Directors for approval on the consideration of the appropriateness of each nature of business that is not competitive with the corporate group, as well as the dedication of time to perform their duties for the subsidiaries.

Principle 4.2 The Board of Directors ensures that the appropriate compensation structure and performance assessment are in place.

Guidelines

1. The Board of Directors determines the compensation structure and incentives for the top management, and employees at all levels to act in support of the Company's objectives, goals, and long-term value, taking into account industry standards.
2. The Board of Directors approves the evaluation criteria of Company's performance, and the top management's annual bonus, which is preliminarily considered by the Nomination and Remuneration Committee.
3. The Nomination and Remuneration Committee assesses the performance of the Chief Executive Officer, Executive Vice President at the Office of Chief Executive Officer, and President, and then propose to the Board of Directors for approval every year.

Details of remuneration of directors and management for the year 2018 are disclosed in "**Management Structure**".

Principle 4.3 The Board of Directors considers its responsibilities in the context of the Company's shareholder structure and relationships, which may impact the management and operation of the Company.

Guidelines

1. The Board of Directors understands the Company's shareholder structure and relationships, including the family agreements, and considers their impact on the control over the Company.
2. The Board of Directors oversees that information is properly disclosed when there are any conditions that have an impact on the control over the Company.

The Tangkaravakoon and TOA Group Holding Company Limited, in which the major shareholder is the Tangkaravakoon family, holding shares 75.00 of the registered capital which was issued and paid-up. In addition, 4/6 persons in the Tangkaravakoon have the authority to sign on behalf of the Company, 2 of them are executive directors. Although the Tangkaravakoon did not act in concert, but the family has an influence on policy formulation and administration in the same direction, and control over the policies and business operations. This also includes the control of resolution of shareholder meeting which requires the majority votes, and 3/4 of the total votes of shareholders attending the meeting and having right to vote.

However, the Company determines the corporate governance principles for the directors and management to comply with, taking the right of shareholders into account, and disclosure of information and transparency, etc. In order to promote transparency, auditability, and balance of power of directors and management, the Company establishes the internal audit department under the supervision of the Audit Committee, and external auditors to audit and balance the power of consideration. The related party transaction must be conducted in compliance with the Securities and Exchange Act. Such transaction must be compared with third parties' conditions prior to being considered by the Audit Committee, and respectively to the Board of Directors for further approval. Moreover, the risk management and business continuity working group has been established to define and oversee risk management plan, and report the implementation to the Audit Committee, and Board of Directors respectively to ensure the compliance with guidelines and policies.

Principle 4.4 The Board of Directors ensures the Company has effective human resources management and development programmes to ensure that the Company has adequate staffing and appropriately skilled, and experienced employees.

Guidelines

1. The Board of Directors ensures that the Company is properly staffed, and that human resources management aligns with the Company's objectives and furthers sustainable value creation. All employees must receive fair treatment, remuneration and welfares that retain the competent employees.
2. The Board of Directors ensures that the Company establishes a provident fund, and implement a training and development programme for employees that promotes financial literacy and management, and investments that are suitable for their age.

Details of the human resource development in 2018 are disclosed in **"Management Structure"**, sub-heading **"Human Resource Development Policy"**, and **"Sustainability Development Report"**.

On October 25, 2018, the Company held a seminar relating to saving tips and retirement plan by inviting an expert from BBL Asset Management Co., Ltd., and Bangkok Bank. In addition, on December 7, 2018,

an expert from MFC Asset Management PCL. was invited to provide the employees with knowledge and understanding on fund and investment planning.



Principle 5 Nurture Innovation and Responsible Business

Principle 5.1 The Board of Directors prioritizes and promotes innovation that creates value for the Company together with benefits for its customers or relevant parties, society, and the environment, in support of sustainable growth of the Company.

Guidelines

1. The Board of Directors prioritizes and promotes a corporate culture that embraces innovation, and ensures the inclusion of innovation in corporate strategy, designing innovative business models, products and services, promoting research and development, improving production processes, and collaborating with business partners to exchange knowledge and technology.

Details of the Company's innovation are disclosed in **"Sustainability Development Report"**.

Principle 5.2 The Board of Directors encourages the management to adopt responsible operations, and incorporate them into the Company's operation plan. This is to ensure that every department and function in the Company adopt the Company's objectives, goals, and strategies, responsibility for all stakeholders, environment and society.

1. The Company recognizes the importance of caring for all stakeholders. The internal stakeholders such as shareholders or investors and employees of the Company, or external stakeholders, such as customers, business partners, creditors, competitors, society and community, and so on. In running business of the Company, it also takes into account the rights of all stakeholders. The collaboration between the Company and the stakeholders shall be fostered to create sustainable growth.
2. The Board of Directors determines the code of conduct and corporate governance policy for directors, management, and all employees to comply with. This shall help the Company achieve the objectives and key goals sustainably. Such code of conduct and corporate governance policy includes conducting business with ethics, corporate social responsibility and environment, right of stakeholders that covers the responsibility for its employees, responsibility for customers, responsibility for business partners, responsibility for community, responsibility for environment, fair competition, and anti-corruption.

Guidelines

1. Fair Labor Practices

The employees' right to enjoy a working life in a good and respectful environment is prioritized. Employees at all levels are encouraged to treat their colleagues with respect, and taking advantage of colleagues is ardently discouraged. In relation to labor practices, the Company determines the human resources management in every procedures to ensure the efficiency including recruitment, human resources development, training and education on a regular basis, fair remuneration and welfare benefit. Moreover, the Company offers all employees an opportunity for career advancement, receiving training courses provided to employees at all levels to improve their professional skills in the proper workplace. There are following key guidelines:

1.1 Remuneration and Welfare

The Company has a policy pertaining to fair remunerations; salary and bonus according to the individual competency, job security, and

career path for all employees. The welfare is also provided for the employees as required by law, such as social security. In addition to the legal requirements, the Company provides the employees with additional welfare for their good quality of life, life security and long-term care such as provident fund, annual health check-up, health and accident insurance, as well as financial contributions such as the funeral expenses of an employee's parents, and so on.

- 1.2 **Job Skill and Knowledge Development and Training**
The Company has policy for promoting human resources development by encouraging all employees to improve their knowledge and enhance their skills, potential, good attitude, morals, and ethics, and embrace the spirit of teamwork by means of trainings, workshops, seminars, site visits to ensure their effective improvements. Furthermore, the Company supports the corporate and human resources development, focusing on implementing operating procedures efficiently, clearly defining the scope of employees' roles and duties, determining an appropriate remuneration, improving the performance evaluation system, and enhancing employees' capacity.

1.3 Occupational Health and Safety Policy

The Company determines a policy to perform their duties in line with the awareness of the occupational health and safety in a good workplace. In this regard, the regulation and safety handbook have been established, and announced to all employees to strictly comply with. The Company puts the importance on avoiding the work-related accidents with great efforts. Moreover, the safety awareness is established among employees, as well as educating them with training sessions relating to the occupational health, and any acts or things that are detrimental to the health or condition of customers or service users should be prohibited. In addition, all employees are encouraged to keep the workspace in a hygienic and safe condition at all times in order to minimize the statistic of incidents, absenteeism rate, and injury/illness severity rate.

More details in 2018 are disclosed in **"Sustainability Development Report"**.

2. Responsibility to Shareholders

- 1) Perform duties with integrity, as well as making a decision on the professional principle with caution, care and fairness to major and minor shareholders with the intention to generate a good performance, stable growth for the best interest of the shareholders.
- 2) Report the Company's status, operating performance, and other reports with accuracy, completion, consistency, and truth to the Board of Directors and the shareholders.
- 3) Conduct and drive the Company's business to growth, stability and proper return towards the shareholders.
- 4) Perform duties with utmost knowledge, capability, and skills for the benefit of the shareholders and Company.
- 5) Do not seek any interest, in performing duties, for oneself and others.
- 6) Do not disclose any secret of the Company, and do not use its confidential information for the benefit of oneself or others without receiving permission from the Company.
- 7) Any acts which may cause the conflict of interest with the Company without prior notice are prohibited.

In 2018, the Company has respected the basic rights of all shareholders in compliance with laws, the Company's Articles of Association, resolutions of shareholder meeting, and code of conduct by treating all shareholders with equality. The Company has an effective mechanism to ensure that they shall receive accurate information, and appropriate and fair returns in accordance with the Company's dividend payment policy. In addition, there is the control of related party transactions, the measure on prevention of conflict of interest, the prevention on exploitation of inside information which is confidential, and the stipulation that directors, management, and those who have an access to inside information, exploit the information for their personal gain by prohibiting them to buy or sell the company's securities, derivatives, and convertibles which depends upon the value of the underlying stock of the Company within 1 month prior to the disclosure of the financial statements to the public. Besides, the Company also reports the operating performance at every quarter, and the related party transactions that are required to disclose under the applicable laws via the channels of the Stock Exchange of Thailand and the Company's website for their acknowledgement. **(more details about the equitable treatment of shareholders in 2018 are disclosed in "Principle 8: Ensure Engagement and Communication with Shareholders")**.

3. Responsibility to Customers and Consumers

The Company has the intention to generate products with utmost quality toward its customers and consumers in order to achieve their satisfaction, with the following guidelines:

- 1) The Company focuses on the quality and standard of its products, quality of materials, and production standard in order to generate product with quality and achieve the customers' and consumers' satisfaction.
- 2) The Company consistently develops and improves innovation for new products to meet the needs of customers and consumers to offer them various products with quality and standard, and respond to demand/needs.
- 3) The Company believes in the concept of fair market, and enforces its belief through policies that direct customers and consumers to the accurate and sufficient source of product information without any distortion, obscurity, or over-exaggeration, that will help support their buying decisions.
- 4) The Company is aware of the matter of customer and consumer safety, and is readily committed to providing them with high quality and safe products in accordance with international safety standards, regulations, and laws, which includes continuous creative designing and development of its products that inspire the confidence of customers and consumers in the Company's products with quality, standard, and safety.
- 5) The Company establishes a customer relation system as a basis of two-way communication between the Company and its customers and consumers, which also includes an efficient complaint channel for quality of products to timely respond to their needs.
- 6) The Company protects the confidential information of its customers and consumers, and does not misuse such information.

The Company emphasizes the customer relations and engagement on a regular basis, sets a direct call center for its customers at 0-2335-5777 to provide information and acknowledge defects of products and services of the Company. Such information on the action taken and solutions are filed in the knowledge management system of the Company as a reference.

In 2018, there was no significant complaint from customers. The other complaints were analyzed to seek the cause in order to rectify, prevent, monitor and adjust to the organization to ensure that such defects might not happen again. More details are disclosed in “**Sustainability Development Report**”.

4. Responsibility to the Business Partners and/or Creditors

The Company determines a policy pertaining to fair and equitable treatment towards all business partners and/or creditors with honesty, without exploitation, in consideration of maximizing the Company’s benefits based on the fair return for both parties. Any situation causing the conflict of interest must be avoided, and the negotiation for any solution shall be decided by taking the business relationship into account, with the following guidelines:

- 1) The process of selecting business partners is clearly set by providing equal information and selecting business partners with fairness based on the criteria for evaluating and selecting the Company’s business partners under the proper contract form and fairness to all parties.
- 2) The Company must not request for, receive, or offer any kind of benefits from business partners and/or creditors in a way that is perceived as dishonest.
- 3) In case there is any information on occurrence of request, acceptance, or pay of any dishonest benefit, such matter shall be informed to the business partners and/or creditors to jointly find solutions fairly and quickly.
- 4) Comply with the contractual terms and conditions strictly; in the case of failure of compliance with any condition, the notice to the creditors shall be made in advance to jointly consider and find solutions.
- 5) The Company attaches great importance to its creditors as an important business partner, so it is committed to complying with all existing contractual obligations with its creditors and without concealing any information or facts that may cause any damage or non-compliance with such obligations, the Company will notify the creditors in advance to find out the solution, including guarantees, capital management and default payment.
- 6) In case of a loan borrowed from a financial institution, the Company shall not use such loan in the way that causes breach of the loan agreement/conditions.

The selection of business partners and treatment of business partners must be conducted with fairness and equitability. The Company defines guidelines or criteria to select business partners to be a part of the code of conduct: “procurement and treatment of business partners”, which includes (1) financial position and creditable financial records, (2) professional and experience, (3) technical capability, (4) complete scope of work, (5) capability to produce products and services with quality, and (6) business ethics, and avoidance of any violation against the laws pertaining to environment and labor.

In 2018, the Company had adhered to the conditions of trade, provided the accurate information with good relationship and mutual understanding, including exchanged knowledge, cooperated in the development of products to add more value, no requesting, receiving, or agreeing to receive any gift or benefit considered as out of scope of the trading agreement. Furthermore, there was no violation or breach of contract between the Company and any business partner. For its creditors, the Company has settled the payment to creditors in time according to credit terms agreed in advance, and has never received any default notice from the creditors. The Company has paid off loan to the financial institutions, and complied with the terms of loan agreement.

Thus, more details about the treatment of business partners are disclosed in “**Sustainability Development Report**”.

5. Policy and Practices towards Business Competitors

The Company conducts its business under the rules of fair competition with due regard to business ethics, business alliances to support each parties without causing any damage to business and relations, with the following guidelines:

- 1) Do not seek any confidential information of the business competitors or do any act to receive such information through dishonest or illegal means.
- 2) The Company shall not conduct any act in the way to cause the unfair competition or cartel.
- 3) The Company shall not destroy or damage the reputation of business competitors.

Sanction Policy

The United States of America and other jurisdictions or organizations, including the European Union and the United Nations have comprehensive or broad economic sanctions targeting countries such as the sanctioned countries and sanctioned persons.

The Board of Directors' Meeting No. 4/2017 on May 3, 2017, there was a resolution to adopt the sanction policy to prevent the Company from engaging in any dealings or transactions with a person who carries on a business in one of the sanctioned countries, or individuals and/or entities specified on the list of Specially Designated Nationals and Blocked Persons ("Specially Designated Nationals" or "SDNs"). The Company has no plan to make any investments in any sanctioned countries. The policy covers all types of requests, or any other form of solicitation to enter into any transactions, from a government of, a person with nationality of, or a person who carries on a business in, any of the sanctioned countries, or from persons that are SDNs (each, a "Solicitation"). Once identified, based on the policy, the President, following consultation with the Chief Executive Officer or Chief Financial Officer, shall reject the Solicitation.

Antitrust Policy

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

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

In 2018, the Company had no any dispute with its business competitors.

6. Engagement to Develop the Community and Society

The Company determines a policy to run its business beneficial to economy and society, to be a good citizen, and comply with applicable laws and regulations. The Company also commits itself to improving and elevating the quality of life of the society in proximity to its premises as well as expanding its business at the same time.

The Company complies with the policy to care for and build the relationship with the nearby community. In this regard, the Company regularly promotes the nearby communities' activities in consideration of proper projects that provide benefits to the community and society in the purpose of sustainable community development. The Company's employees also participate in such activities including support the activities on a regular basis.

More details about engagement and development of community or society in 2018 are disclosed in "Sustainability Development Report".

7. Environmental Conservation

The Company prioritizes its social responsibility towards environmental conservation by running its business under the environmental standards such as effective environmental management system; ISO14001 for domestically and internationally. The Company ensures that its production process and operations are in accordance with the laws pertaining to the environmental conservation. Under the concept of environmental care and awareness, the Company focuses on monitoring and developing environmentally friendly production process, and selecting raw materials without environmental impact.

Additionally, the Company also emphasizes on reducing waste generated from the production process by employing the principles of green engineering, minimizing material consumption as much as necessary, with the purpose of recycling shared resources for maximum efficiency and environmental preservation and avoidance of deforestation by means of procuring an environment centric system that serves as both guideline and business management tool. For launching a campaign to promote energy efficiency, the Company promotes various energy saving policies of cost-effective consumption of workplace consumables, such as using re-used papers, turning electrical appliances

and air-conditioners off during break time, distributing digitalized documents (soft files) instead of hard files, emphasizing on internet-based communication, meeting, and transaction to reduce otherwise mandatory inter-departmental visits.

More details about compliance with such policy in 2018 are disclosed in “**Sustainability Development Report**”.

8. Human Rights

The Company recognizes the importance of human rights, and emphasizes the equitable treatment of those within and outside of the Company. The Company constantly monitors and does not let the Company’s business get involved with the direct or indirect infringements of an individual’s rights or freedoms e.g. forced labor and child labor. It also stresses the fair and respectful treatment of all stakeholders on the basis of human dignity, and issues of equal treatment for the Company’s employees, without discrimination by origin of birth, race, gender, age, complexion, religion, physical appearance, social status or class, genealogical history, or other status that does not directly affect work performance. Internally, the Company promotes a mechanism for the monitoring of all employees to comply with its rules on human rights, encourages the compliance with the international standards of human rights, and ensures that the business responsibility pertaining to human rights are shared by all parties involved, from affiliates, joint ventures, and business

In 2018, the Company did not face any lawsuit pertaining to violation against the human right. More details about such compliance are disclosed in “Sustainability Development Report”.

9. Supervision of Compliance with Intellectual Property Laws

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

In 2018, the Company was not engaged in any act infringing upon the patents and/or intellectual properties.

Principle 5.3 The Board of Directors ensures that the management allocates and manages resources efficiently and effectively throughout all aspects of the value chain to enable the Company to meet its sustainable objectives and goals.

Guidelines

1. The Board of Directors has a thorough understanding of how the business model affects resources optimization in support of ethical, responsible, and overall sustainable value creation.
2. The Board of Directors ensures the Company’s use and optimization of resources, considering internal and external factors to meet the Company’s objectives.

The Company determines the energy consumption policy, and carries on developing the energy consumption to ensure the efficient energy management under ISO 50001 Energy Management System by Bureau Veritas Certification.

More details about such compliance in 2018 are disclosed in “**Sustainability Development Report**”.

Principle 5.4 The Board of Directors establishes a framework for governance of enterprise IT that is aligned with the Company’s business needs and priorities, stimulates business opportunities and performance, strengthens risk management, and supports the Company’s objectives.

Guidelines

- 1) The Board of Directors monitors and ensures that the Company has an IT resource allocation and management policy, including IT security policy.
- 2) The Board of Directors monitors the risk management to include IT risk management.

The Company places importance on the information security, so the computer system usage policy has been established and posted on the Company’s intranet (TOA Intranet) for directors, management, and employees to educate and understand such as share drive usage policy, data backup policy, data center access control policy, etc., including the Computer Crimes Act B.E. 2560 (2017).

The information system is regarded as a key factor to run the Company's business in which the risk management and business continuity working group has assessed and monitored such risk on a regular basis, which is disclosed with more details in "Risk Factors", sub-heading "Risk of IT Systems Failure".

Principle 6 Strengthen Effective Risk Management and Internal Control

Principle 6.1 The Board of Directors ensures that the Company has effective and appropriate risk management and internal control systems that are aligned with the Company's objectives, goals and strategies, and comply with applicable laws and standards.

Guidelines

1. The Board of Directors is aware of and understands the nature and scope of the Company's principal and substantial risks and should approve the risk appetite of the Company.
2. The risk management and business continuity working group includes the top management of every department to be responsible for determining the risk management policy to propose to the Audit Committee for consideration and then present to the Board of Directors for further approval. Moreover, the risk management shall be reviewed at least once a year.
3. The risk management and business continuity working group assesses the Company's principal and substantial risks that are identified through consideration of internal and external factors that may cause the Company not able to achieve its objectives.
4. The risk management and business continuity working group ensures that the Company assesses and prioritizes the impact and likelihood of identified risks, and that suitable risk management plans are included in the Company's risk management plans, which is divided as risk strategies, operational risk, financial risk, legal and compliance risks, and standard risk.
5. The risk management and business continuity working group reports the status of risk management plan to the Audit Committee for assessing the effectiveness of the risk management, and regularly report to the Board of Directors.

In 2018, more details about such principle are disclosed in "Risk Factors", and "Internal Control and Risk Management".

Principle 6.2 The Board of Directors establishes the Audit Committee that can act effectively and independently.

Guidelines

1. The Board of Directors establishes the Audit Committee that comprises 3 directors with required qualifications in line with the Securities and Exchange Commission and Stock Exchange of Thailand, and clearly sets out in writing the Audit Committee's charter that includes the tenure, scope of duties and responsibilities.
2. The Audit Committee shall hold a meeting with the external auditor without the presence of the management at least once a year.

In 2018, the Audit Committee held 1 meeting with the external auditors without the presence of the management at the Board of Directors' Meeting No. 2/2018 on February 26, 2018.

Principle 6.3 The Board of Directors manages and monitors the conflicts of interest that might occur between the Company, management, or shareholders. The Board of Directors should also prevent the inappropriate use of corporate assets, information, and opportunities, including preventing inappropriate transactions with related parties.

Guidelines

1. The Board of Directors establishes the policy on internal use of information, disclosure policy, and corporate governance policy, including code of conduct in order to monitor the information security, protect confidentiality, integrity, and availability of business information, as well as market-sensitive information. The Board of Directors monitors the implementation of the information security policies and procedures and the adherence to confidentiality requirements by insiders, including directors, management, employees, and professional advisers. Such policies can be found on the Company's website.
2. The Board of Directors monitors and discloses the conflict of interest situations and transactions in compliance with applicable laws and standards.
3. The Board of Directors sets requirements for all directors to report conflicts of interest in relation to any meeting agenda item at least before consideration of the matter at the meeting and record the reported conflict of interest in the meeting minutes.

The Board of Directors also ensures that all directors who have a conflict of interest in relation to an agenda item abstain from being present for discussion of or voting on that agenda item.

In 2018, directors and management, the executive levels under the definitions of the SEC, did not trade their securities by using inside information, and the Company did not enter into any related party transaction which required an approval from the shareholders. The transactions which may cause the conflict of interest are disclosed in “**Related Party Transactions**”. Such transactions have been considered and approved by the Board of Directors, and the interested directors had no right to vote for such matter.

Principle 6.4 The Board of Directors establishes a clear anti-corruption policy and practices, including communication, and strives to extend its anti-corruption efforts to stakeholders.

Guidelines

1. The Board of Directors establishes the anti-corruption policy to be a part of the code of conduct, which the directors, management and employees must comply with strictly, including ensures the company-wide awareness and implementation of the Company’s anti-corruption policy and practices, and compliance with applicable laws and standards with the following details:

The Company conducts its business with transparency, recognizes the importance of the anti-corruption in all forms, complies with applicable laws, and brings benefit to the society, as well as promotes integrity and good citizen among its employees.

The Company determines the anti-corruption policy as a clear guideline to prevent and resist the corruption problems in the Company. The anti-corruption is adhered to the organizational culture to enhance the awareness of the negative impact of the corruption in order to drive the ethical value and build the confidence of all the stakeholders, and to ensure that the anti-corruption is effectively put in place with the following guidelines.

1. The directors, management, employees at all levels must not act or ignore their performing duties, or misuse their authority, violate the applicable laws and ethics, including do any act or be involved with all forms of corruption both directly and indirectly, not seek inappropriate benefit in any form such as to call for, accept, offer, or give any asset including

any benefit to state officers or other individual doing business with the Company, and so on.

2. Determine the guidelines pertaining to giving, or receiving gifts, or entertainment to be included in the Company’s code of conduct. The employees must not offer, call for, receive, or accept money, non-monetary items, business hospitalities (such as meals and entertainment), or other benefit which may cause suspicion of bribery and fraud. Gifts, non-cash or cash equivalent, should be given on a rational basis, not causing confusion in business judgment. It should be aware that any act must be subject to transparency, and auditable.
3. Determine a regulation pertaining to procurement, purpose of transaction, advance payment, or any contract, to ensure that there is clear supporting evidence for each process, including the delegation of authority should be properly defined.
4. Communicate the anti-corruption policy to each department of the Company through various channels such as training, internal communication system to inform all related parties to comply with, etc.
5. Define the whistleblowing channel by promoting various communication channels for employees and related parties to be able to inform any suspicion or wrongdoing. Thus, the effective measures to protect whistleblowers must be established, including strictly protect their identity to avoid the unfair punishment or job rotation, as well as appoint an individual to investigate and oversee the whistleblowing issues.
6. Develop and stay up-to-date on the anti-corruption measures to be in compliance with relevant laws as well as ethical practices, and ensure that the risk assessment of related activities or likelihood of any potential fraud and corruption risks together with the proper preventive measures are put in place, which should be communicated within the organization on a regular basis.
7. In the event that directors, management, and employees do any act, both directly and indirectly, that violates or is in non-compliance with this policy, they shall be punished according to the Company’s regulations or applicable laws.

Thus, the Company’s personnel must understand and comply with the anti-corruption policy in all working procedures. If any wrongdoing against this policy is found, it must be immediately reported to one’s supervisor or department/individual who is delegated for this matter.

Principle 6.5 The Board of Directors establishes a mechanism for handling complaints and whistleblowing.

Guidelines

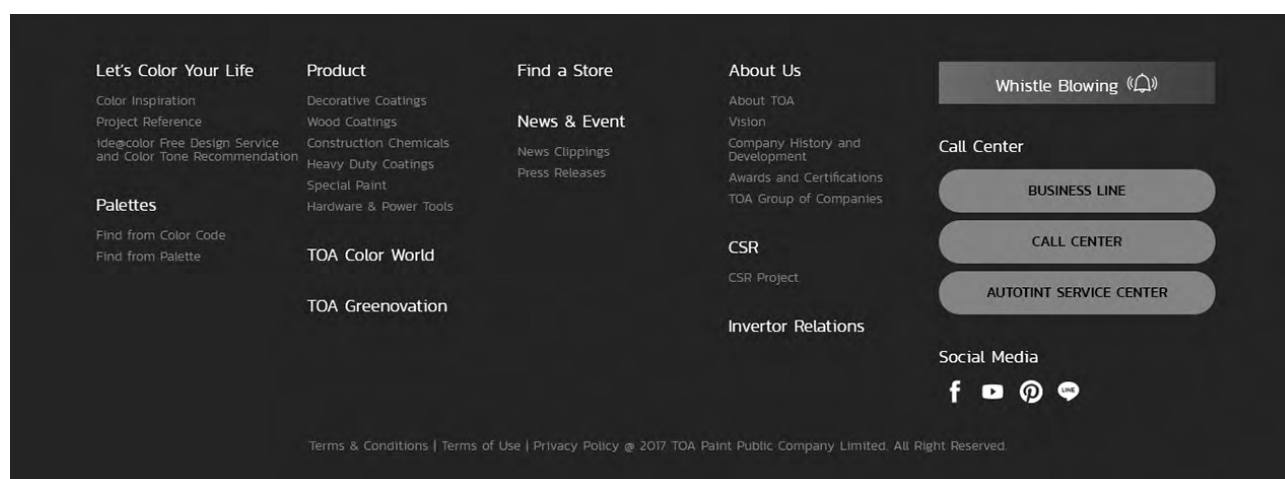
1. The Board of Directors ensures that the Company has a clear whistleblowing policy which includes procedures, and proper whistleblower protection from retaliation as a result of their good faith whistleblowing activities, and ensures the availability of convenient complaint channels that is set up for stakeholders to freely communicate their concerns about illegal or unethical practices or potential corruption or unethical behavior as well as human rights violation and other concerns to the Board of Directors directly as follows;

Channel 1 : via e-mail to one of the following committees;

Channels	E-Mail
Board of Directors	directors@toagroup.com
Audit Committee	auditcommittee@toagroup.com

Channel 2 : by post addressing one of the committees at the following address: TOA Paint (Thailand) Public Company Limited: 31/2 Moo 3, Bangna-Trad Road, Bang Sao Thong, Samut Prakarn 10570

2. The internal audit head is responsible for receiving and collecting whistleblowing issues, and carries out in line with the whistleblowing policy, and then reports to the Audit Committee and the Board of Directors respectively for further consideration and approval.
3. The Company has a clear whistleblowing channels for reporting of suspected wrongdoing through the Company's website or annual report.



In 2018, the Company had strictly followed the policy, and did not come across any irregularity as the result. Besides, there was no any complaint about requesting, or receiving, or giving gifts, rewards leading to the influence on business decision, or corrupt and fraud conduct.

Principle 7 Ensure Disclosure and Financial Integrity

Principle 7.1 The Board of Directors ensures the integrity of the Company's financial reporting system and that timely and accurate disclosure of all material information regarding the Company is made consistent with applicable requirements.

Guidelines

1. The Board of Directors ensures that any related person including Chief Financial Officer, Internal Auditor, Company Secretary, and Investors Relation Officer, involved in the preparation and disclosure of any information of the Company have relevant knowledge, skills and experience, and that sufficient resources, including staffing, are allocated.
2. When approving periodic financial disclosures, the Board of Directors should consider all relevant factors, including for:
 - The adequacy of the internal control system,
 - The external auditor's opinions and observations,
 - The Audit Committee's opinions,
 - Consistency with the Company's objectives, strategies and policies.
3. The Board of Directors has a mechanism that ensures the accuracy, clarity, and sufficiency of information disclosed to investors for their decision-making, both positive and negative impacts on the Company for financial and non-financial information in accordance with the regulations of the Securities and Exchange Commission, and the Stock Exchange of Thailand, and other relevant information with accuracy, accountability, credibility, and in a timely manner for shareholders and stakeholders to receive information equally.
4. The Board of Directors provides a summary of the Company's corporate governance policy, code of conduct, risk management policy, and corporate social responsibility policy, together with steps taken to implement such policies and identification of and reasons for each case of non-compliance through various channels, e.g., the Company's annual report and website, etc.
5. The Board of Directors presents its report of the Board of Directors' responsibilities for financial statements alongside the auditor's report to be disclosed in the annual report.
6. Encourage the Company to prepare a management discussion and analysis (MD&A) for each quarterly and annual financial statements, in order to provide to investors more complete and accurate information about the Company's true financial status, performance and circumstances, other than figures in the financial statements.
7. Ensure the disclosure of audit and non-audit fees.
8. Ensure that the roles and responsibilities of the Board of Directors and sub-committees, together with the number of meetings held, attendance record of each director in the previous year, opinions of their performance, including ongoing professional education or training of the directors to be disclosed in the annual report.
9. Disclosure of the remuneration policy of the directors and top management reflecting their individual roles and responsibilities, including the compensation types. Thus, the amount of the remuneration, including the pay per each director serving as a director of its subsidiaries should be disclosed.
10. The Company discloses information as specified by the regulations through the channel of the Stock Exchange of Thailand, annual registration statements (Form 56-1), and annual report. The Board of Directors shall consider disclosing information via other channels, such as the Company's website, and keep such information updated on a regular basis.
11. The directors and management of the Company must report to the Company their own interests or those of related person, which are related to the business operation of the Company or its subsidiaries in accordance with the rules and procedures prescribed by the Capital Market Supervisory Board. Such report must be updated and informed to the Company within 30 days from the date of the change of their interest, which is included in the meeting agenda of the Board of Directors for acknowledgment on a quarterly basis.

12. The Board of Directors determines the policy for the directors and management to inform the Board of Directors and company secretary of purchasing, trading, transferring and/or obtaining securities of the Company, including derivatives² and convertibles³, in writing at least 1 day prior conducting the securities' trading.
13. All directors must submit their report on shareholding of the Company's securities, including derivatives and convertibles, and those of related parties in accordance with the Section 59 of the Securities and Exchange Act B.E. 2535 (1992), and relevant regulations to the company secretary before submitting to the Securities and Exchange Commission as required by applicable laws. The company secretary is responsible for summarizing the report of the securities changes, and reports to the Board of Directors for acknowledgement in every 6 months. In this regard, the Company shall disclose the changes in shareholding of the securities, derivatives, and convertibles of the directors and top management by showing the holding levels at the beginning and at the end of the year together with the aggregate changes during the year in the annual report.
14. All directors ensure the accuracy and completeness of their information disclosed by the Company, including of shareholders' information or any shareholders' agreement (if any).

Principle 7.2 The Board of Directors monitors the Company's financial liquidity and solvency.

Guidelines

1. The Board of Directors ensures that the management regularly monitors, evaluates and reports on the Company's financial status. The Board of Directors and the management should ensure that any threats to the Company's financial liquidity and solvency are promptly addressed and remedied.
2. The Board of Directors should ensure that it does not consciously approve any transactions or propose any transactions for shareholder approval which could negatively affect business continuity, financial liquidity, and solvency.

Remark : ² "derivatives" means derivatives under the Law on Derivatives, having all of the following characteristics:
 (1) specifying that the counterparty shall gain returns based on the price or the returns from shares issued by the Company;
 (2) traded on a licensed derivatives exchange under the Law on Derivatives.

³ "convertibles" means securities subject to any of the following rules and conditions:
 (1) debt repayment may be converted into settlement of shares issued by the Company;
 (2) the securities holder shall have the right to buy shares issued by the Company;
 (3) the right to gain returns shall be based on the price or the returns from shares issued by the Company.

Principle 7.3 The Board of Directors ensures that risks to the financial position of the Company or financial difficulties are promptly identified, managed and mitigated, and that the Company's governance framework provides for the consideration of stakeholder rights.

Guidelines

1. In the event of financial difficulties, the Board of Directors shall enhance monitoring of the affairs of the Company, and duly consider the Company's financial position and disclosure obligations.
2. The Board of Directors ensures that the Company has sound financial mitigation plans, and that any actions to improve the Company's financial position are reasonable and made for a proper purpose in consideration of the stakeholder rights including creditor rights.

The Company has a strong financial position and high liquidity, so it considers to investing in line with the investment and business expansion policy, including financial management policy to ensure the efficiency in consideration of liquidity, risk management, and good return on investment. Such implementation and progress must be reported to the Board of Directors in every quarter.

Principle 7.4 The Board of Directors ensures sustainability reporting, as appropriate.

Guidelines

1. The Board of Directors considers and reports data on the Company's compliance and ethical performance, anti-corruption performance, its treatment of employees and other stakeholders, including fair treatment and respect for human rights, and social and environmental responsibilities, which reflects material corporate practices that support sustainable value creation. The sustainability reporting shall meet the domestic and international standards.

Such report is disclosed in "**Sustainability Development Report**".

Principle 7.5 The Board of Directors ensures the establishment of a dedicated Investor Relations function responsible for regular, effective and fair communication with shareholders and other stakeholders.

Guidelines

1. The Board of Directors establishes the disclosure of information policy, and inside information policy as guidelines for the disclosure obligations and to ensure that all information relevant and material to third parties is disclosed in an appropriate, equal, and timely manner, using appropriate channels, while protecting the Company's sensitive and confidential information. The Board of Directors ensures the creation of an Investor Relations function responsible for communication with external parties, and ensures the company-wide communication and implementation of the Company's communication and disclosure policy.
2. Establish the Investor Relations department to communicate with investors or shareholders. The Company shall disclose its information, financial and general information to inform shareholders, securities analyst, and related parties through convenient, timely, and accessible channels. Such parties shall be given an opportunity to meet the Company's management as appropriate in consideration of public disclosure of information. The roles and responsibilities of the investor relations department are defined in the IR code of conduct.

The Investor Relations Department ("IR") is the center of public communication and disclosure of information of the Company to prudently disclose information, which is significant and necessary for investment decision-making and analyzing for investors in the Stock Exchange of Thailand. IR, under the supervision of the Chief Executive Officer, places high importance on building and maintaining the investors' confidence and understanding of accurate information relating to the Company's business and performance reflecting its true value creation. Thus, the Board of Directors has defined the IR's disclosure of information policy in order to ensure that the Company is committed to disclosing information in compliance with the good corporate governance principles with accurate, complete, and timely communications, relevant laws and regulations, taking into account the equitable treatment to all shareholders and stakeholders, including the public for promoting and maintaining a sense of integrity and trustworthiness on the Company's information. The disclosure of information policy is as follows;

Disclosure of Information Policy Information Disclosure Standards

1. Regarding the material information which is not publicly available, the Company must be aware of disclosing information with due care, accuracy, completeness, and in timely manner, and ensures that investors are notified of the Company's adequate information in an equitable and timely manner. The Company's information can be accessed through its website.
2. The Company shall prudently disclose its information pertaining to forecasting business and trends, business direction, including future operating performance, which must be disclosed with more details, explanations, or assumption to support such forecast.
3. Disclosing information to the public must be carried out with accuracy, completeness, and clarity, to avoid misunderstanding or misinterpretation.
4. For other information regarded as insignificant, the Company shall disclose it based on truth, without misleading the understanding of facts pertaining to financial position, operating performance, and expression of any comment or guidance on the share prices.
5. When disclosing information, the Company may face an impact on business or competitiveness, or may not comply with any agreement binding the Company as a party, the Company prudently disclose information on cost, market share, and specifications.

Material Inside Information Management

1. Do not disclose or inform the confidential or inside information to any party before disclosing information to the public through the channel of the Stock Exchange of Thailand.
2. Refrain from organizing meetings or providing information to investors and analysts for 1 month (Silent Period) prior to the public announcement of the Company's operating performance.
3. Directors, management, and employees including those who are assumed as a person knowing or possessing the Company's inside information are prohibited from purchasing, selling, trading or persuading any person to purchase, sell, or trade the Company's securities, both directly and indirectly, during the period of 1 month prior to disclosing such information to the public, and at least 24 hours after the general publication of the release has been adequately disseminated.

4. Chief Executive Officer, President, and Vice President, Finance and Account Division are designated persons as speakers of the Company to provide information of the Company and its subsidiaries to mass media, analysts, and investors.

In order to establish and maintain accurate, complete, and timely communications with investors, the Company defines material information requiring disclosure for investment decision-making for both quarterly and annual reports as follows;

Quarterly Report	Annual Report
Quarterly financial statements	Annual financial statements
Management Discussion and Analysis (MD&A)	Management Discussion and Analysis (MD&A)
Corporate Presentation	Annual Registration Statement (Form 56-1)
Financial Information	Annual Report (Form 56-2)

In addition to the disclosure of information through the channel of the Stock Exchange of Thailand, IR promotes various accessible and convenient channels to achieve clarity in business communication for the Company's information towards each group of shareholders and investors. All information disclosed to various channels must be the public information in accordance with the notifications of the Stock Exchange of Thailand. The Company's disclosure channels are as follows;

Disclosure Channels

1. Company's website (<http://investor-th.toagroup.com>)
2. Company visit or conference call
3. Domestic and abroad roadshows
4. Public release such as newspaper, magazine, television, radio, Company's papers or printing media, etc.

In the previous year, IR had put importance on disclosing and communicating strategic information and material information to investors, and also arranged site visits for investors and analysts, or conference call, including domestic and abroad roadshows. Such activities had been greatly supported by the top management of the Company; Chief Executive Officer, President, Vice President, Finance and Account Division. The top management allocated their time to participate in the IR's activities in order to communicate the Company's business direction, and also have met investors through roadshows, both domestic and abroad, on a regular basis, which can be summarized as follows;

Activities on informing operating performance				
Activities	Amount	Objectives	Attendee	Management's Attendance
Annual General Meeting of Shareholder	1	Informing operating performance	Individual investors, investment consultants, and analysts	Board of Directors/ Audit Committee/ Chief Executive Officer/ President/ Vice President, Finance and Account Division
Analyst Meeting	4	Informing quarterly operating performance	Analysts	Chief Executive Officer/ President/ Vice President, Finance and Account Division/ IR
Opportunity Day by the Stock Exchange of Thailand	1	Informing quarterly operating performance and answering questions	Individual investors, investment consultants, and analysts	Chief Executive Officer/ President/ Vice President, Finance and Account Division/ IR

Activities to meet investors				
Activities	Amount	Objectives	Attendee	Management's Attendance
Company visit, and conference call	110	Opportunity to meet, answer and explain the Company's business direction, performance, and strategies	Analysts, minor investors, and domestic and foreign institutional investors	Chief Executive Officer/ President/ Vice President, Finance and Account Division/ IR
Domestic and abroad roadshows	9	Presenting overall business operation, business direction, and strategies	domestic and foreign institutional investors	Chief Executive Officer/ President/ Vice President, Finance and Account Division/ IR



Engagement and communication with shareholders, investors, and mass media

- Press conference on 2018 business direction on March 28, 2018 at Hansar Hotel, Bangkok to inform about growth strategy of leadership of decorative paints and coatings in AEC.
- Opportunity Day of Q1/2018 on June 21, 2018 at the Stock Exchange of Thailand.
- Thai Investors Association Visit No. 6/2018 @TOA : The Company welcomed the Shareholders' Right Protection Volunteers of Thai Investors Association for a guided tour through the production process, and acknowledging the vision of paint and coatings industry in Thailand on October 11, 2018.

Shareholders and investors can contact IR officers directly through the telephone number 0-2335-5555 ext. 1520 or 1528, and e-mail at ir@toagroup.com.

Principle 7.6 The Board of Directors ensures the effective use by the Company of information technology in disseminating information.

Guidelines

- 1) The Board of Directors promotes the disclosure of information in both Thai and in English through the Company's website at www.toagroup.com, other than the disclosure of information through the Stock Exchange of Thailand's channel.

Regarding the Board of Directors' Meeting No. 6/2018 on July 23, 2018, there was a resolution to approve the disclosure of information practices to ensure that the Company complies with the disclosure of information principles and prevention of inside information which may impact the share prices before disclosing to the public, which must be conducted in line with the legal requirements and guidelines of SEC and SET, including the good corporate governance principles to ensure the disclosure and financial integrity through the SET's channels, and Company's website.

Principle 8 Ensure Engagement and Communication with Shareholders

Principle 8.1 The Board of Directors ensures that shareholders have the opportunity to participate effectively in decision-making involving significant corporate matters.

Principle 8.2 The Board of Directors ensures that the shareholders' meetings are held as scheduled and conducted properly, with transparency and efficiency, and ensures inclusive and equitable treatment of all shareholders and their ability to exercise their rights.

Principle 8.3 The Board of Directors ensures accurate, timely and complete disclosure of shareholder resolutions and preparation of the minutes of the shareholders' meetings.

Guidelines

1. Right of Shareholders

The right of shareholders is highly prioritized not only for the right prescribed by applicable laws. The Company shall not conduct any act that violates or deprives the shareholders' right, but shall encourage the shareholders to exercise their rights. The basic right of shareholders includes the right to buy, sell and transfer stocks, profit sharing, to acquire adequate information of the Company, to attend the shareholder meetings to vote for appointment or removal of the directors, auditors, to approve important transactions influencing and impacting the Company's business direction, such as dividend payout, determination or amendment of the Company's Articles of Association and Memorandum of Association, increase or decrease of capital, including approval on special issues, and so on.

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

1.1 Prior to the Shareholder Meeting Date

- 1) The Board of Directors ensures that significant matters that may impact the Company's business direction are included in the agenda for the shareholders' meeting.
- 2) The Company shall inform the shareholders of information, date, time, venue, and agenda items for the shareholders' meeting, including

purposes, reasons, and opinions of the Board of Directors in each agenda item, as well as all relevant information for decision-making.

- 3) The Company determines a policy pertaining to facilitate shareholders and institutional investors to exercise their right to attend and vote in the shareholders' meeting. The shareholders' meeting shall hold in Bangkok metropolis area or the meeting room of the Company. Moreover, the transportation service is provided as deemed appropriate to facilitate the shareholders, and revenue stamp for affixing on the proxy form is also provided for proxies.
- 4) Shareholders are allowed to submit questions prior to the meeting date not less than 10 days in accordance with the Company's criteria. Shareholders are also informed through the channel of the Stock Exchange of Thailand, and the criteria and process for shareholders to submit questions are posted on the Company's website at www.toagroup.com.
- 5) The Board of Directors encourages the use of proxy forms on which shareholders are able to specify their votes, and appoint at least 1 independent director as their proxy.

1.2 On the Day of Shareholders' Meeting

- 1) Sufficient staffing and technology are allocated in order to run the meeting in timely, accurately and precisely.
- 2) The Chairman of the Board of Directors or the Chairman of the shareholders' meeting oversees the meeting in compliance with applicable legal requirements and the Company's Articles of Association, allocating sufficient time for consideration and debate of agenda items, and providing opportunity to all shareholders who wish to share their opinions or ask questions related to the Company.
- 3) Directors, top management, company secretary, and auditors should attend the meeting to meet shareholders and answer questions from shareholders on company-related matters.
- 4) The Company promotes the appointment of an independent party as an inspector to count or validate votes at the annual general meeting or extraordinary general meeting, which shall be disclosed at the meeting and recorded in the minutes of meeting.

- 5) The attending shareholders should be informed of the number and the proportion of shareholders and shares represented at the meeting in person and through proxies, the meeting method, and the voting and vote counting methods before the start of the meeting.
- 6) There should not be any bundling of several items into the same resolution. For example, the appointment of each director should be voted on and recorded as separate resolution.
- 7) For promoting transparency and future reference, the Company encourages the use of voting cards for important agenda items such as related party transactions, acquisitions or disposal of assets, etc.
- 8) The Company shall allocate sufficient time, and provide opportunity to all shareholders who wish to share their opinions or ask questions related to the Company.
- 9) The Board of Directors ensures that the Company discloses the results of voting on proposed resolutions at the shareholders' meeting through channel of the Stock Exchange of Thailand and the Company's website within the next business day.
- 10) The Company shall promptly prepare the effective minutes of the shareholders' meeting, including at least the following information:
 - attendance of directors, management, the proportion of attending directors, and director who is absent at the meeting;
 - voting and vote counting methods by informing shareholders before the start of the meeting;
 - questions asked and answers provided during the meeting, which is given to shareholders to ask in each agenda item;
 - clear meeting resolutions, and voting results ("for", "against", and "abstain") for each proposed agenda that requires voting; and
 - Names of Directors and management who attend the meeting.
- 11) The minutes of the shareholders' meeting is submitted to the Stock Exchange of Thailand and disclosed on the Company's website at www.toagroup.com within 14 days from the shareholders' meeting date.

2. Equitable Treatment of Shareholders

The Company is committed to establishing equality among all groups of shareholders including shareholders who are management, non-executive, major, minor, and foreigner. All of them should be treated fairly and equally.

Guidelines

2.1 Information given to shareholders prior to the meeting date

- 1) The Board of Directors ensures that the notice of the shareholders' meeting is accurate, complete, and sufficiently in advance for the shareholders to exercise their rights.
- 2) The Company shall arrange for the notice of the shareholders' meeting that includes agenda items and the Board of Directors' opinions to be disclosed on the Stock Exchange of Thailand and Company's website both in Thai and English at least 30 days before the meeting date.
- 3) The Company shall submit the notice of the shareholders' meeting to Thailand Securities Depository Company Limited, a registrar of the Company, in order to send the notice and related document to all shareholders at least 7 days before the meeting date or 14 days in case of the proposal for approving important transactions such as allocating stock options for director and employee stock option plan (ESOP), related party transactions, acquisition or disposal of assets, etc.
- 4) Shareholders shall be informed about relevant regulations pertaining to the meeting, voting procedures, including voting right for each type of stock.

2.2 Right of Minority Shareholders

- 1) The Company establishes the criteria that allows shareholders to propose agenda items for shareholders' meetings with details posted on the Company's website at www.toagroup.com. The shareholders can propose agenda items from October to December of every year. If the Board of Directors rejects a proposal, the reasons should be given at the meeting.

- 2) The shareholders are given an opportunity to nominate persons to serve as directors of the Company according to the Company's criteria. Such details shall be posted on the Company's website at www.toagroup.com. The shareholders can nominate persons from October to December of every year.
- 3) The Company shall not add agenda item or change significant information without prior notice to the shareholders.
- 4) With regard to transparency and auditability, the Board of Directors gives the shareholders an opportunity to exercise their right for appointing each director, and use voting cards for "approval", "disapproval" and "abstention."
- 5) The Company determines the voting right of shareholders in line with the number of shares they hold.

2.3 Use of Inside Information

The Company determines a policy pertaining to use of inside information, and disclosure of information, establishing guidelines and measures for every persons in the organization to comply with. The Company also regularly monitors the compliance to prevent directors, management, and employees from using inside information for self-benefit or others in illegal way. Directors and management must report their shareholding to the company secretary every time when they purchase, sell, transfer, and obtain securities in order to summarize and report to the Board of Directors for acknowledgement every 6 months, as well as disclose in the annual report.

2.4 Interests of Directors

- 1) Directors and management must report their interests and those of their related persons to the Board of Directors for considering the Company's transactions that may cause the conflicts of interest, and for the best interest of the Company. Thus, directors and management who have an interest involved with the transactions of the Company shall not participate in decision-making on that matter according to the procedures or measures of the Company's

related party transactions to ensure that such transactions are conducted with fair market price and at arm's length.

- 2) The Board of Directors determines guidelines for considering an agenda item involved with a director who has an interest. Such director shall be absent in the meeting, except the Chairman of the meeting allows the director to be present at the meeting to provide information, and have no right to vote on that agenda item.
- 3) The Board of Directors determines the policy on securities trading, and reporting procedures for directors, management, and employees involved with inside information to comply with. Directors and management who hold management position as specified by the regulations of the Securities and Exchange Commission, and the Stock Exchange of Thailand must report their securities holding to the Board of Directors.

Thus, the Board of Directors determines the policy for the directors and management to inform the Board of Directors and company secretary of purchasing, trading, transferring and/or obtaining securities of the Company, including derivatives⁴ and convertibles⁵, in writing at least 1 day prior conducting the securities' trading.

The Company emphasizes the importance of maintaining the AGM quality in line with the Annual General Shareholders' Meeting Assessment Project (AGM Checklist) by Thai Investors Association, Thai Listed Companies Association, and SEC. In 2018, the Company had carried out the engagement and communication with shareholders as follows;

- The Annual General Meeting of Shareholders was held on April 24, 2018 at 09.30 a.m. at Dusit Thani Hotel, Bangkok. For the convenience to attending the meeting, the Company informed the shareholders in the notice about the hotel's map with transportation lines such as bus routes, BTS and MRT.

Remark : ⁴ "derivatives" means derivatives under the Law on Derivatives, having all of the following characteristics: (1) specifying that the counterparty shall gain returns based on the price or the returns from shares issued by the Company; (2) traded on a licensed derivatives exchange under the Law on Derivatives.

⁵ "convertibles" means securities subject to any of the following rules and conditions: (1) debt repayment may be converted into settlement of shares issued by the Company; (2) the securities holder shall have the right to buy shares issued by the Company; (3) the right to gain returns shall be based on the price or the returns from shares issued by the Company.



- The minority shareholders were given an opportunity to propose meeting agenda and nominate a candidate to serve as a director prior to the meeting date for 2018, during the period of December 22, 2017 – January 16, 2018, by posting the criteria and process on the Company's website, together with the channel of the Stock Exchange of Thailand. Nevertheless, there was neither shareholder proposing any meeting agenda nor nominating any candidate to serve as a director during the specified period, which was also informed to the shareholders of such result through the same channels on January 22, 2018.
- Shareholders were notified of the Board of Directors' resolution to determine the date of shareholders' meeting for 57 days prior to the meeting date on February 26, 2018, through the channels of the Stock Exchange of Thailand and the Company's website at www.toagroup.com, so as to enable the shareholders to set aside time for attending the meeting.
- The notice together with all relevant document such as annual report in both Thai and English, which the shareholders received the same document, were published on the Company's website on March 29, 2018, for 26 days prior to the meeting date to provide the shareholders with easily accessible channels and sufficient time to consider the agenda items.
- The document sent out to the shareholders consisted of the notice providing details on the rationale for each meeting agenda, together with related opinions by the Board of Directors and the document in support of the voting decision by the shareholders for each meeting agenda. Furthermore, the document also included the annual report, profile of the persons nominated as directors replacing those due to retirement upon term completion, definition of independent directors, profile of independent directors proposed as proxies by the shareholders, the document

and evidences required for the shareholders to present at the meeting, Company's Articles of Association regarding the shareholders' meeting, the map of the meeting venue, the registration form, and the proxy form A, form B and form C.

- The notice was sent to the shareholders on March 29, 2018, 26 days prior to the meeting date, more than the legal requirements to send the notice to shareholders.
- The Company also posted the announcement notifying the notice to the shareholders in the newspapers for 3 consecutive days, 15 days prior to the meeting date, during April 9 - 11, 2018.
- For the registration of the meeting, the Company provided sufficient staffing and proper technology in order to facilitate the checking process of the meeting document for more than 1 hour before the meeting started. Furthermore, the registration process was conducted by the barcode system. The registration number of each shareholder will be printed on the registration form and proxy form to speed up the registration process. The Company applied the registration and voting system of Inventech Systems (Thailand) Company Limited.
- For the shareholders' meeting in 2018, 9 directors attended the meeting presented as 100% of the entire board, including all sub-committees. In addition, the meeting was also attended by the top management, as well as the Company's auditors from EY Office Company Limited, so as to provide shareholders with the opportunity to ask questions related to the meeting agenda. The Company also invited a representative from Weerawong, Chinnavat & Partners Limited to act as an inspector of vote counting in each agenda, and also invited 2 shareholders to be the witness of the vote counting; however, there was no volunteer shareholder. Mr. Mongkolchon Sriamorn, a representative from Thai Investors Association, volunteered to act as such witness, to ensure that the meeting was conducted with transparency, legal requirements, and the Company's Articles of Association.

- Before the meeting started, the company secretary informed the shareholders of the meeting quorum, the voting and vote-counting methods for each meeting agenda according to the applicable laws and the Company's Articles of Association. In the case where some shareholders joined the meeting after the meeting already started, the Company still allowed the shareholders to vote for the remaining agenda that not yet considered and voted upon by including them as the meeting quorum.
- During the meeting, The Chairman proceeded with the meeting agenda in such order earlier set forth in the notice without adding any agenda or altering any significant information without prior notice to the shareholders, while allowing equal opportunity for all shareholders to ask questions, comment, or express suggestions for each meeting agenda. For the annual general meeting of shareholders in 2018, no shareholder asked questions or expressed suggestions at the meeting.
- The resolutions of the shareholders' meeting together with the results of voting on each agenda, both in Thai and English, were disclosed on the channel of the Stock Exchange of Thailand on the meeting day. The Company also prepared the minutes of meeting with accurate and complete information, voting results ("for", "against", and "abstain", and "void" (if any)) for each meeting agenda (in 2018, there was no void ballot). The minutes of meeting was submitted to the Stock Exchange of Thailand, and the Securities and Exchange Commission within 14 days subsequent to the meeting, and disclosed on the Company's website, in both Thai and English.
- The Company recorded the meeting in video form, and posted on the Company's website for shareholders who would like to watch.

In placing the importance on holding the annual general meeting of shareholders, the Company was assessed upon AGM quality as 96% by the Thai Investors Association, which was regarded as higher than the average score of listed companies that is equivalent to 92.42%.

In 2018, the Company received the assessment result as 4 star on the level of "Very Good" under the Corporate Governance Report of Thai Listed Companies 2018 (CGR Checklist). The Company

was 1 of 241 listed companies that were assessed as very good, there were totally 657 listed companies to submit their CGR checklist, which was organized by Thai Institute of Directors (IOD) with the support of the Stock Exchange of Thailand.

The Company has emphasized the significance of good corporate governance as it is beneficial for the organizational development. However, there were some principles that had not been implemented in 2018, but the Company has defined alternative practices that can fulfill the intended outcomes of the principles as follows;

1. Cumulative voting for the election of directors

According to the Company's Articles of Association no. 16 stating that each shareholder shall elect a company director, which is made by majority votes as a resolution. In addition, no. 16(1) specifying that each shareholder shall have a number of votes equal to one share for one vote. Thus, the cumulative voting for the election of director is not be applied at the shareholders' meeting. However, the Company has determined measures to treat the right and participation of minority shareholders such as proposing agenda items in advance for the shareholders' meeting, and nominating a candidate to serve as a director, etc.

2. Chairman is an independent director

Chairman and Chief Executive Officer are different persons. The Company clearly separates the roles, duties, and responsibilities of such two positions. Moreover, Chairman is non-executive director. Although Chairman is not an independent director, he is knowledgeable, expert in the Company's business, and also gives all directors the opportunity to express their opinions and suggestions beneficial to the Company. Moreover, the Board of Directors has appointed a designated independent director to participate in setting the board meeting agenda for compliance with the good corporate governance principles. In approving a meeting agenda that a non-independent director involved with a conflict of interest, there must be at least 2 independent directors participating and voting in the meeting.

3. The Board of Directors establishes the Risk Management Committee and CG Committee (board level)

Risk Management and Business Continuity Working Group has been appointed consisting of top management from each department of the Company. The working group has duties and responsibilities to determine the risk management policy to propose to the Audit Committee for consideration, and respectively to the Board of Directors for further approval. However, the CG Committee has not been established yet because the Board of Directors has the direct responsibility to monitor the Company's corporate governance compliance.

4. Appointment of a high percentage of independent directors (more than 50%) on the Board of Directors

The Board of Directors consists of 9 directors; 2 executive directors or 22.22%, and 7 non-executive directors or 77.77%, in which consists of 3 independent directors or 33.33% of the entire board. This is in compliance with the composition of the Board of Directors and independent directors regarding the regulations specified by the Securities and Exchange Commission which states that the Board of Directors must consist of independent directors at least 1/3 of the entire board, but must not less than 3 independent directors.



DETAILS OF DIRECTORS, MANAGEMENT, CONTROLLING PERSONS, AND COMPANY SECRETARY

1. Mr. Prachak Tangkaravakoon

Chairman, and
Member of Executive Committee

Age : 74 years old

Appointment Date : December 6, 2016

Education/Training :

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

⁽¹⁾**Shares held (%) :** 21.0 %

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

Family relationship between directors/management :

- Spouse of Mrs. Laor Tangkaravakoon
- Father of :
 - 1) Mr. Vonnarat Tangkaravakoon
 - 2) Mr. Jatuphat Tangkaravakoon
 - 3) Mr. Nattavuth Tangkaravakoon and
 - 4) Mrs. Busatree Wanglee

Work Experience Past 5 Years - Present :

(as at December 31, 2018)

Position in the Company & Subsidiaries :

2016 - Present	Chairman, and Member of Executive Committee
1977 - 2016	Chairman of Advisor TOA Paint (Thailand) Public Company Limited
Present	Director TOA Paint (Vietnam) Co., Ltd.

Position in Listed Companies :

1996 – Present Director

Sherwood Corporation (Thailand)
Public Company Limited

Position in Non-Listed Companies : 8 companies

Competitive Position related to Company's Business :
None

2. Mrs. Laor Tangkaravakoon

Vice Chairman, and
Member of Executive Committee

Age : 71 years old

Appointment Date : December 6, 2016

Education/Training :

- Bachelor's degree in Political Science, Ramkhamhaeng University

⁽¹⁾**Shares held (%) :** 21.0 %

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

Family relationship between directors/management :

- Spouse of Mr. Prachak Tangkaravakoon
- Mother of :
 - 1) Mr. Vonnarat Tangkaravakoon
 - 2) Mr. Jatuphat Tangkaravakoon
 - 3) Mr. Nattavuth Tangkaravakoon and
 - 4) Mrs. Busatree Wanglee

Note : (1) Including shares, both directly and indirectly, held by spouse and minor child as at December 31, 2018

Work Experience Past 5 Years - Present :

(as at December 31, 2018)

Position in the Company & Subsidiaries :

2016 – Present Vice Chairman, and Member of Executive Committee

2011 – 2016 Vice Chairman of Advisor
TOA Paint (Thailand) Public Company Limited

Position in Listed Companies : None

Position in Non-Listed Companies : 3 companies

Competitive Position related to Company's Business :
None

3. Mr. Vonnarat Tangkaravakoon

Director,
Member of Executive Committee, and
Authorized Director

Age : 47 years old

Appointment Date : February 1, 1998

Education/Training :

- Bachelor's degree in Managerial Accounting, Chulalongkorn University
- Director Accreditation Program (DAP) SEC/2013, Thai Institute of Directors (IOD)

⁽¹⁾**Shares held (%) :** 13.5 %

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

Family relationship between directors/management :

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

Work Experience Past 5 Years - Present :

(as at December 31, 2018)

Position in the Company & Subsidiaries :

1998 - Present Director,

Member of Executive Committee
TOA Paint (Thailand) Public Company Limited

Present

Director

British Paints Co., Ltd.
Imagica Co., Ltd.
TOA Paint (Vietnam) Co., Ltd.
TOA Paint Products Sdn. Bhd.
TOA Coating Sdn. Bhd.

Position in Listed Companies :

2011 - Present Director

Sherwood Corporation (Thailand)
Public Company Limited

Position in Non-Listed Companies : 57 companies

Competitive Position related to Company's Business :
None

4. Mr. Jatuphat Tangkaravakoon

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

Age : 45 years old

Appointment Date : February 1, 2001

Education/Training :

- Master's degree in Management, Purdue University, USA
- Bachelor's degree in Business Administration, Chulalongkorn University
- Director Accreditation Program (DAP) 14/2014, Thai Institute of Directors (IOD)

Note : (1) Including shares, both directly and indirectly, held by spouse and minor child as at December 31, 2018

⁽¹⁾Shares held (%) : 13.5 %

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

Family relationship between directors/management :

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

Work Experience Past 5 Years - Present :

(as at December 31, 2018)

Position in the Company & Subsidiaries :

2001 – Present	Director, Chairman of Executive Committee, Member of Nomination and Remuneration Committee, and Chief Executive Officer TOA Paint (Thailand) Public Company Limited
Present	Director Captain Coating Co., Ltd. British Paints Co., Ltd. Imagica Co., Ltd. Professional PC Service Co., Ltd. TOA Paint (Vietnam) Co., Ltd. TOA Paint Products Sdn. Bhd. TOA Coating Sdn. Bhd.
Present	Chairman of Board of Directors TOA Paint (Myanmar) Co., Ltd. TOA Coating (Myanmar) Co., Ltd. TOA Paint (Cambodia) Co., Ltd. TOA Skim Coat (Cambodia) Co., Ltd. TOA Paint (Laos) Co., Ltd.

Position in Listed Companies : None

Position in Non-Listed Companies : 24 companies

Competitive Position related to Company's Business :
2018 - Present **Director**
Gypmantech Company Limited

5. Mr. Nattavuth Tangkaravakoon

Director and
Authorized Director

Age : 44 years old

Appointment Date : August 1, 2002

Education/Training :

- Master of science in Engineering Management, University of Southern California, USA
- Bachelor's degree in Engineering, Chulalongkorn University
- Director Accreditation Program (DAP), 19/2004 Thai Institute of Directors (IOD)

⁽¹⁾Shares held (%) : 13.5 %

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

Family relationship between directors/management :

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

Work Experience Past 5 Years - Present :

(as at December 31, 2018)

Position in the Company & Subsidiaries :

2002 – Present **Director**
TOA Paint (Thailand) Public Company
Limited

Note : (1) Including shares, both directly and indirectly, held by spouse and minor child as at December 31, 2018

Present **Director**
British Paints Co., Ltd.
Imagica Co., Ltd.
TOA Paint (Vietnam) Co., Ltd.
TOA Paint Products Sdn. Bhd.
TOA Coating Sdn. Bhd.

Position in Listed Companies : None

Position in Non-Listed Companies : 28 companies

Competitive Position related to Company's Business :
None

6. Mrs. Busatree Wanglee

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

Age : 40 years old

Appointment Date : June 1, 2001

Education/Training :

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

⁽¹⁾**Shares held (%)** : 13.5 %

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

Family relationship between directors/management :

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

Work Experience Past 5 Years - Present :

(as at December 31, 2018)

Position in the Company & Subsidiaries :

2001 – Present **Director,**
Executive Director,
Executive Vice President,
Office of Chief Executive Officer
TOA Paint (Thailand) Public Company Limited

Present **Director**
Captain Coating Co., Ltd.
British Paints Co., Ltd.
Imagica Co., Ltd.
Professional PC Service Co., Ltd.
TOA Paint (Vietnam) Co., Ltd.

Position in Listed Companies : None

Position in Non-Listed Companies : 32 companies

Competitive Position related to Company's Business :
2018 - Present **Director**
Gypmantech Company Limited

7. Mrs. Prisana Praharnkhasuk

Independent Director,
Chairman of Audit Committee, and
Member of Nomination and Remuneration Committee
Age : 64 years old

Appointment Date : December 29, 2016

Education/Training :

- Master's degree in Business Administration, Tarleton State University, USA
- Bachelor's degree in Accounting, Chulalongkorn University
- Bachelor's degree in Business Administration, Kirk University
- Advanced Audit Committee Program (AACCP 25/2017), Thai Institute of Directors (IOD)

Note : (1) Including shares, both directly and indirectly, held by spouse and minor child as at December 31, 2018

- The Board's Role in Mergers and Acquisitions (M&A 1/2011), Thai Institute of Directors (IOD)
- Director Certification Program (DCP 119/2009), Thai Institute of Directors (IOD)
- Financial and Fiscal Management Program for Senior Executive, Class 1, 2014, Personnel Management and Development, the Comptroller General's Department
- PTT Executive Leadership Development GE Crotonville, USA
- Capital Market Academy, Class 14, Capital Market Academy
- Certificate of NIDA-Wharton Executive Leadership Program, Wharton University of Pennsylvania, USA
- Certificate of Completion CFO Certification Program, Federation of Accounting Professions under the Royal Patronage of His Majesty the King
- Sasin Senior Executive Program (SEP13), Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Certificate of Insurance College of Insurance, London, UK

⁽¹⁾Shares held (%) : None

Family relationship between directors/management :
None

Work Experience Past 5 Years - Present :
(as at December 31, 2018)

Position in the Company & Subsidiaries :

2016 – Present Independent Director,
Chairman of Audit Committee,
Member of Nomination and Remuneration Committee
TOA Paint (Thailand) Public Company Limited

Position in Listed Companies :

2016 - Present Independent Director
Bangchak Corporation Public Company Limited

2017 - Present Advisor of Chairman

2009 - 2017 Director, and Chairman of Investment Committee
Dhipaya Insurance Public Company Limited

2014 - 2015 Deputy Managing Director of Finance and Accounting
Thai Oil Public Company Limited

2006 - 2013 Assistant Managing Director Corporate Accounts
PTT Public Company Limited

Position in Non-Listed Companies : 4 companies

Competitive Position related to Company's Business :
None

8. MRS. CHANATIP WEERASUBPONG

Independent Director, and
Member of Audit Committee

Age : 63 years old

Appointment Date : December 6, 2016

Education/Training :

- Master's degree in Political Science, Thammasat University
- Master's degree in Accounting, Thammasat University
- Bachelor's degree in Law, Ramkhamheang University
- Bachelor's degree in Accounting, Thammasat University
- The Joint State-Private Course (Class 20), Thailand National Defence College
- Risk Management Program for Corporate Leaders (RCL 13/2018), Thai Institute of Directors Association
- Board Nomination and Compensation Program (BNCP 5/2018), Thai Institute of Directors Association

Note : (1) Including shares, both directly and indirectly, held by spouse and minor child as at December 31, 2018

- Anti-Corruption for Executive Program (ACEP14/2015), Thai Institute of Directors Association
- Corporate Governance for Capital Market Intermediaries (CGI 6/2015), Thai Institute of Directors Association
- Advanced Audit Committee Program (AACP 14/2014), Thai Institute of Directors Association
- Director Certification Program (DCP 176/2013), Thai Institute of Directors Association
- Top Executives in the Energy Education Program (Class 6), Thailand Energy Academy
- Executive Program (Class 19), Capital Market Academy (CMA)
- Executive Program, Advanced Justice Process (Class 18), Judicial Training Institute
- Governance for Directors and Executives of Enterprises and Public Organizations, Class 12, Public Directors Institute
- Executive Finance Management Program, Fiscal Policy Research Institute Foundation
- HR Management Program, University of California, Berkeley, USA
- Strategic Advisor Program, Kellogg School of Management, USA

⁽¹⁾Shares held (%) : None

Family relationship between directors/management :
None

Work Experience Past 5 Years - Present :
(as at December 31, 2018)

Position in the Company & Subsidiaries :

2016 - Present Independent Director, and Member of Audit Committee
TOA Paint (Thailand) Public Company Limited

Position in Listed Companies :

2016 - Present Independent Director, and Member of Audit Committee
AJ Advance Technology Public Company Limited

2018 - Present Independent Director, and Member of Audit Committee
North East Rubber Public Company Limited

Position in Non-Listed Companies :

2014 - 2015 Principal Advisor of Taxbased Management (Advisory Level C.10)

2012 - 2014 Deputy Director-General

2008 - 2011 Deputy Director Tax Administration

2004 - 2008 Deputy Director of the Bureau of Large Business Tax Administration
Revenue Department

Competitive Position related to Company's Business :
None

9. Mr. Veerasak Kositpaisal

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

Age : 64 years old

Appointment Date : December 29, 2016

Education/Training :

- Master's degree in Mechanical Engineering, Texas A&I University, USA
- Bachelor's degree in Mechanical Engineering, Chulalongkorn University
- Director Certification Program (DCP 82/2006), Thai Institute of Directors Association
- Finance for Non-Finance Directors Program (FND 30/2006), Thai Institute of Directors Association

Note : (1) Including shares, both directly and indirectly, held by spouse and minor child as at December 31, 2018

- Top Executive Program in Commerce and Trade (TEPCoT 2/2009), Commerce Academy, University of the Thai Chamber of Commerce
- Executive Program, Energy Education, Class 5, Thailand Energy Academy
- Leadership Development Program “Enhancing Competitiveness”, International Institute for Management Development (IMD)
- Executive Program (Class 11), Capital Market Academy (CMA)

⁽¹⁾Shares held (%) : None

Family relationship between directors/management :

None

Work Experience Past 5 Years - Present :

(as at December 31, 2018)

Position in the Company & Subsidiaries :

2016 - Present Independent Director, Member of Audit Committee, and Chairman of Nomination and Remuneration Committee
TOA Paint (Thailand) Public Company Limited

Position in Listed Companies :

2018 - Present Independent Director, and Chairman of Board of Directors
Eastern Water Resources Development and Management Public Company Limited

2015 - Present Independent Director Chairman of Corporate Governance Committee and Member of Risk Management Committee
MCOT Public Company Limited

2012 - 2014 Chief Executive Officer
Thai Oil Public Company Limited

2011 - 2012 Chief Executive Officer
PTT Global Chemical Public Company Limited

Position in Non-Listed Companies :

2016 - Present Specialist in Good Corporate Governance and Corporate Social Responsibility

The Stock Exchange of Thailand and its subsidiaries

2010 - 2018 Chief Executive Officer
Institute of Industrial Energy, Federation of Thai Industries

2008 - Present Vice President
Federation of The Thai Industries

2017 - Present Independent Director, and Member of Audit Committee
Sub-Tip Co., Ltd.

2018 - Present Director
Tobacco Authority of Thailand

2014 - 2018 Chairman
HMC Polymers Co., Ltd.

Competitive Position related to Company’s Business :

None

Note : (1) Including shares, both directly and indirectly, held by spouse and minor child as at December 31, 2018

10. Mr. Prakorn Makjumroen

Executive Director,
President,
Acting Managing Director Thailand & Laos
(Senior Vice President),
Acting Chief Marketing Officer
(Senior Vice President), and
Acting Chief Operations Officer (Senior Vice President)
Age : 54 years old

Appointment Date : November 1, 2018

Education/Training :

- Mini MBA, Thammasat University
- Master of Engineering, Electrical Engineering, Chulalongkorn University
- Director Accreditation Program (DAP 147/2018), Thai Institute of Directors

⁽¹⁾**Shares held (%) :** 0.00 %

Family relationship between directors/management :

None

Work Experience Past 5 Years - Present :

(as at February 1, 2019)

Position in the Company & Subsidiaries :

January 2, 2019 - Present

**Executive Director,
President,
Acting Managing Director Thailand
& Laos (Senior Vice President),
Acting Chief Marketing Officer
(Senior Vice President), and
Acting Chief Operations Officer
(Senior Vice President)**

November 1, 2018 - January 1, 2019

**Managing Director
TOA Paint (Thailand) Public Company
Limited**

Position in Listed Companies : None

Position in Non-Listed Companies :

2016 - 2018 Managing Director
Mahaphant Fibre-Cement Public
Company Limited

2011 - 2016 Vice President
Thainamthip Company Limited

2006 - 2011 Chief Executive Officer
Philips Electronics (Thailand)
Company Limited

Competitive Position related to Company's Business :

None

11. Miss Suporn Lelatasatorn

Executive Vice President, Resin Division

Age : 63 years old

Appointment Date : July 1, 1983

Education/Training :

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

⁽¹⁾**Shares held (%) :** None

Family relationship between directors/management :

None

Work Experience Past 5 Years - Present :

(as at February 1, 2019)

Position in the Company & Subsidiaries :

**2016 - Present Executive Vice President,
Resin Division**
TOA Paint (Thailand) Public Company
Limited

Position in Listed Companies : None

Note : (1) Including shares, both directly and indirectly, held by spouse and minor child as at December 31, 2018

Position in Non-Listed Companies :

Present	Director TOA-Shinto (Thailand) Co., Ltd.
1983 - 2015	Deputy Managing Director TOA Chemical Industries Co., Ltd.

Competitive Position related to Company's Business :

None

12. Miss Taweeporn Patanakittraung

Executive Director,
Chief Financial Officer,
Vice President, Finance and Account Division, and
the person supervising the accounting

Age : 52 years old

Appointment Date : June 1, 1993

Education/Training :

- Master's degree in Business Administration, Ramkhamhaeng University
- Bachelor of Accounting, Kasetsart University
- Strategic CFO in Capital Markets Program Class 6/2018

⁽¹⁾**Shares held (%) :** None

Family relationship between directors/management :

None

Work Experience Past 5 Years - Present :

(as at February 1, 2019)

Position in the Company & Subsidiaries :

2017 - Present	Executive Director, Chief Financial Officer, Vice President, Finance and Account Division, and the person supervising the accounting
2011 - 2016	Assistant Vice President, Finance and Account Division
2008 - 2011	Senior Manager, Budget and Financial Analysis Department, Finance and Account Division

2001 - 2008	Manager, Budgeting and Financial Analysis Department, Finance and Account Division
1999 - 2001	Manager, Financial Management Department
1995 - 1999	Assistant Manager, Financial Management Department
1993 - 1995	Cost Accounting Controller TOA Paint (Thailand) Public Company Limited
Present	Director TOA Paint (Myanmar) Co., Ltd. TOA Coating (Myanmar) Co., Ltd.

Position in Listed Companies : None

Position in Non-Listed Companies : None

Competitive Position related to Company's Business :

None

13. Miss Chulaluk Suwannikkakul

Head of Internal Audit

Age : 45 years old

Appointment Date : January 22, 2019

Education/Training :

- Master of Business Administration, Thammasat University
- BBA (Accounting) Ramkhumkhang University

⁽¹⁾**Shares held (%) :** None

Family relationship between directors/management :

None

Work Experience Past 5 Years - Present :

(as at February 1, 2019)

Position in the Company & Subsidiaries :

2019 - Present	Assistant Vice President, Internal Audit Division, and Secretary to the Audit Committee TOA Paint (Thailand) Public Company Limited
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Note : (1) Including shares, both directly and indirectly, held by spouse and minor child as at December 31, 2018

Position in Listed Companies :

2016 – 2018 Head of Internal Audit
Osotspa Public Company Limited

Position in Non-Listed Companies :

**2012 – 2015 Regional Internal Audit Manager
(South East Asia)**
DSG International (Thailand) Public
Company Limited

Competitive Position related to Company's Business :

None

14. Miss Srikanlaya Pensri

Company Secretary

Age : 41 years old

Appointment Date : July 23, 2018

Education/Training :

- Master of Business Administration (Accounting)
Ramkhumkhang University
- Bachelor of Business Administration (Accounting)
Rajamangala University of Technology Thunyaburi
- Fundamentals for Corporate Secretaries 2018,
Thai Listed Companies Association
- Company Secretary Program (CSP) 2017,
Thai Institute of Directors
- Effective Minutes Taking (EMT) 2014,
Thai Institute of Directors
- Board Reporting Program (BRP) 2014,
Thai Institute of Directors
- Business Analysis Program 2016, Academic
Service and Continuing Education Center,
The Faculty of Economics, Chulalongkorn University
- Management of Foreign Exchange Risk, 2016,
Dharmniti Seminar & Training Services Co., Ltd.
- Feasibility Study, 2016 Thammasat Consulting
Networking and Coaching Center – CONC
- Auditor No. TA000832 (2004 – Present)

⁽¹⁾**Shares held (%) :** None

Family relationship between directors/management :

None

Work Experience Past 5 Years - Present :

(as at February 1, 2019)

2018 - Present Company Secretary
2017 - 2018 Secretary to the Board of Directors
TOA Paint (Thailand) Public Company
Limited

Position in Listed Companies :

2007 - 2012 Assistant Accounting Manager
**2001 - 2007 Assistant Internal Audit & Investor
Relations Manager**
SE-EDUCATION Public Company
Limited

Position in Non-Listed Companies :

**2012 – 2016 Accounting & Finance Strategic and
Analysis Manager**
Erawan Sugar Company Limited

Competitive Position related to Company's Business :

None

Note : (1) Including shares, both directly and indirectly, held by spouse and minor child as at December 31, 2018

LIST OF DIRECTORS OF SUBSIDIARIES

No.	Company	Mr. Prachak Tangkaravakoon	Mr. Vonnarat Tangkaravakoon	Mr. Jatuphat Tangkaravakoon	Mr. Nattavith Tangkaravakoon	Mr. Nattavith Tangkaravakoon	Mrs. Busatree Wanglee	Mr. Fongcherd Jameekornkul	Mr. Chairat Kosolvithawongse	Miss Feungladda Chiraviboon	Mr. Paitoon Lerphenmaetha	Mr. Worapol Supimaras	Miss Taweeporn Patanakittraung	Mr. Naphong Haritrugpaiboon	Sou Yong	Daw Thet Thet Nu Aung	Mr. Paradorn Kunkongkaphan	U Myint Co	Mrs. Yupphan Sereenitach	Kriswanto Sanjaya Santoso	Mr. Thanom Chinaworn	Sok Hout	IWAN CHANDRA	
1	Captain Coating Co., Ltd.		●				●																	
2	British Paints Co., Ltd.		●				●																	
3	Professional PC Service Co., Ltd.		●				●																	
4	Imagica Co., Ltd.		●				●																	
5	TOA Paint (Vietnam) Co., Ltd.	●					●																	
6	TOA Paint (Laos) Co., Ltd.			●				●																
7	TOA Paint Products Sdn. Bhd.		●				●	●							●									
8	TOA Coating Sdn. Bhd.		●				●	●							●									
9	PT TOA Paint Indonesia							●		●									●					
10	PT TOA Coating Indonesia							●	●	●	●												●	
11	TOA Paint (Myanmar) Co., Ltd.		●					●	●	●								●						
12	TOA Coating (Myanmar) Co., Ltd.		●					●			●										●			
13	TOA Skim Coat (Cambodia) Co., Ltd.		●					●														●		
14	TOA Paint (Cambodia) Co., Ltd.		●					●																
15	TOA Coating (Cambodia) Co., Ltd.							●																

Remark : ● = Chairman ● = Director

CHANGES IN TOA SHARES HELD BY DIRECTORS AND MANAGEMENT IN 2018

No.	Name	Position	Shares held as of December 31, 2017	Shares held as of December 31, 2018	Increase/ (Decrease) in TOA shares held in 2018	Percentage of shares held (%)
1	Mr. Prachak Tangkaravakoon Spouse and minor children	Chairman, and Member of Executive Committee	91,300,000	91,300,000	0	4.5
2	Mrs. Laor Tangkaravakoon Spouse and minor children	Vice Chairman, and Member of Executive Committee	91,300,000	91,300,000	0	4.5
3	Mr. Vonnarat Tangkaravakoon Spouse and minor children	Director, Member of Executive Committee, and Authorized Director	182,600,000	182,600,000	0	9.0
4	Mr. Jatuphat Tangkaravakoon	Director, Chairman of Executive Committee, Member of Nomination and Remuneration Committee, Chief Executive Officer and Authorized Director	182,600,000	182,600,000	0	9.0
5	Mr. Nattavuth Tangkaravakoon Spouse and minor children	Director and Authorized Director	182,600,000	182,600,000	0	9.0
6	Mrs. Busatree Wanglee Spouse and minor children	Director, Executive Director, Executive Vice President, Office of Chief Executive Officer, and Authorized Director	182,600,000	182,600,000	0	9.0
7	Mrs. Prisana Prahmkhasuk	Independent Director, Chairman of Audit Committee, Member of Nomination and Remuneration Committee	-	-	-	-
8	Mrs. Chantapit Weerasubpong Spouse and minor children	Independent Director, and Member of Audit Committee	-	-	-	-
9	Mr. Veerasak Kositpaisal	Independent Director, Member of Audit Committee, Chairman of Nomination and Remuneration Committee	-	-	-	-
10	Mr. Prakorn Makjumroen	Executive Director, President, Acting Managing Director Thailand & Laos (Senior Vice President) / Acting Chief Marketing Officer (Senior Vice President) / Acting Chief Operations Officer (Senior Vice President)	N/A	100	N/A	0.0
11	Ms. Suporn Leilatasatarn Spouse and minor children	Executive Vice President, Resin Division	N/A	N/A	N/A	N/A
12	Ms. Taweeporn Patanakittraung Spouse and minor children	Executive Director, Chief Financial Officer, Vice President, Finance and Account Division, and the person supervising the accounting	-	-	-	-

Remark : Mr. Prakorn Makjumroen is appointed to serve as an executive of the Company on November 1, 2018, therefore the number of shares held as of December 31, 2017 is not applicable for comparison.

INTERNAL CONTROL AND RISK MANAGEMENT

Board of Directors' Opinion on Internal Control

The Board of Directors emphasizes the importance of the internal control that is efficient, adequate, and appropriate for overseeing and supporting the Company's operations to achieve its objectives, goals, to be in compliance with applicable laws or relevant regulations effectively and efficiently. The Company's property is also protected from damages and loss occurred by burglary and corruption. The effective internal control shall build reliability of complete and accurate financial statements, aiming to drive the sustainable business in all areas, and to create value towards customers, employees, and other relevant stakeholders.

The Board of Directors has defined the annual review of the internal control system to ensure the adequacy and suitability of the organization's internal control system, and to build credibility with shareholders and other stakeholders relating to the effective internal control system.

The internal control procedures are conducted under the internal control scope of The Committee of Sponsoring Organizations of the Treadway Commission (COSO), and the internal control assessment of the Securities and Exchange Commission (SEC) to further report the assessment results to the management, the Audit Committee, and respectively to the Board of Directors as follows;

Control Environment

Regarding the organizational environment control, the Company has defined the organizational structure for the Board of Directors to be independent from the management team to ensure the effective monitoring and supervision of the Company's operations. The management structure is formulated suitable for the business nature, including clearly defining the roles and responsibilities for each department in order to drive the effectiveness in operations and competitiveness performance. Furthermore, the Company appoints the head of internal audit to report directly to the Audit Committee for independent judgement and effective implementation of the head of internal audit.

The Company has formulated the charter of the Board of Directors and sub-committees in order to define the roles and responsibilities of the Board of Directors. The Code of Conduct and important policies are also established for the organizational administration as guidelines, aiming to achieve the Company's objectives as appropriate for the employees and officers such as the good corporate governance, corporate social responsibility, anti-corruption, related party transactions or connected transactions, conflicts of interest, business operations, domestic and foreign investment, risk management, finance, human resource development,

information technology, and whistleblowing of deficiency or fraud conducted by employees or internal and external officers, and so on. Moreover, the review of suitability and amendment of policies and regulations to reflect the current situation should be conducted at least once a year.

Risk Assessment

The Company has appointed the Risk Management and Business Continuity Working Group consisting of the management from each department to manage various risks relating to the corporate goal achievement in both internal and external factors. The risk assessment covers the strategic risks, operational risks, reporting, compliance with regulations, and information technology, including guidelines for risk management to be further defined in the result of the risk assessment in an acceptable level of risk for the organization.

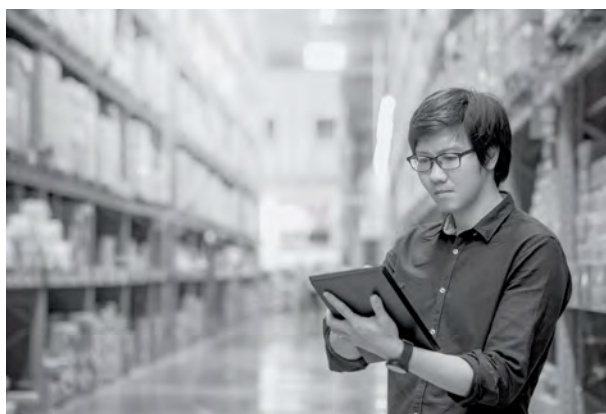
In order to ensure the effective risk management, the Risk Management and Business Continuity Working Group holds monthly meetings to review the risk status and risk management results, and also defines the proper procedures for better effectiveness of risk management.

Control Activities

The Company places the importance of the control activities to achieve the objectives and goals effectively and efficiently. The control activities designed through policy is for identifying scope and direction in each activity in line with the corporate goals with effectiveness. In addition, the Company has developed the procedures and manual in order to define guidelines and processes for activities for relevant parties to comply with correctly and properly. Examples of control activities presently designed are approval for transactions and expenditure, accounting and financial transactions, procurement, human resource management, production and quality control of products, warehouse management and logistics, and information technology, etc.

The employees who are involved in each activity undertake the duties to strictly comply with policies, procedures, and relevant manuals. To this end, the management in each department is assigned to supervise, review, and develop policies, procedures, and compliance manuals of each activity relying on the proper responsibility and to keep up with current trends and situations, including reflecting the corporate policies effectively. The Company also communicates such compliance, and educates its employees through training courses.

The organization's control activities are formulated suitable for the environment and nature of activities such as automatic control under the operating system of information or operating program, semi-automatic control under the operating system of information or operating program together with human, and activities controlled by human.



Information and Communication

The Board of Directors and the management have prepared the information that is accurate, appropriate, adequate, complete, and up-to-date to support decision making in business. Information, news, and policies are communicated within the organization for employees to acknowledge and comply with through electronic channels and notice boards where they can access. For external communication, the Company assigns a responsible business unit to provide information to third parties.

In case of whistleblowing or complaint-filing relating to all forms of misconduct such as violation of regulations and laws, and fraud conducted by an executive and employee, both internal and external stakeholders can report and provide information through whistleblowing channels; telephone, letter, email, and anonymous letter, etc. Such whistleblowing issues shall be sent to the independent unit, Audit Committee, and Board of Directors for investigation and further disciplinary action.

Monitoring

Implementation of the compliance with regulations, policies, and procedures in each activity shall be audited by both internal and external auditors on a regular basis. The audit results shall be reported to the Audit Committee and the Board of Directors respectively for acknowledgement to ensure that the internal and external performance is accurate, appropriate, and fair. The Company appoints the head of internal audit to report directly to the Audit Committee, and to be independent from the organizational management structure. Moreover, the Audit Committee has the authority to appoint an external auditor.

The internal audit department performs its duties in alignment with the "International Standards for the Professional Practice of Internal Auditing - Standards" by the Institute of Internal Auditors, and adheres to enhancing its potential, and complies with the internationally professional standards consistently. In addition, the internal audit plan is defined in line with the Company's business risks in order to support the objectives and strategies to be achieved effectively and efficiently.

AUDITOR'S OBSERVATION

EY Office Limited (“EY”), the Company’s auditor, audited the financial statements of the fiscal year ended December 31, 2018. The auditor had to assess the risk from the material misstatements from the fraud or error. In the risk assessment, the auditor studied and assessed the efficiency of internal control of the Company relevant to the issue and proposal of financial statements of the business to design the appropriate audit to the situation, and tested the control system to obtain the evidence of audit concerning the effectiveness of implementation. The selected audit method depended on the auditor’s consideration. The assessment and test were in accordance with the auditing standard aiming to facilitate the auditor to express opinion on financial statements, and not aiming to express opinion on the effectiveness of internal control.

From the assessment and test, the auditor did not detect significant fault of the internal control system.

HEAD OF INTERNAL AUDIT

The Company has appointed the internal audit department which reports directly to the Audit Committee in order to support the monitoring of the internal audit implementation to be independent, efficient, and effective. The Audit Committee’s Meeting No. 1/2019 on January 22, 2019 resolved to appoint Miss Chulaluk Suwannikkakul to be the head of internal audit because she possesses the appropriate qualifications, education, work experience, and suitable training which are sufficient and beneficial for the position.

Thus, the consideration of appointment, transfer, and withdraw for the position of the head of internal audit shall be approved by the Audit Committee. (More details about the head of internal audit are disclosed in “Details of Directors, Management, Controlling Persons, and Company Secretary)

Presently, the Company’s internal audit department consists of personnel who have knowledge, skills, and expertise to perform the internal audit function, based in Thailand and Vietnam. The internal audit department in Vietnam is assigned to report directly to the head of internal audit in Thailand.



AUDIT COMMITTEE REPORT

Dear Shareholders,

The Audit Committee of TOA Paint (Thailand) Public Company Limited consists of directors who have qualifications prescribed by the notification of the Stock Exchange of Thailand, chaired by Mrs. Prisana Praharnkhasuk, with two members; namely, Mrs. Chanatip Weerasubpong, and Mr. Veerasak Kositpaisal.

In 2018, the Audit Committee had convened 5 meetings which all members attended to constitute a quorum, and performed its duties in compliance with the scope of responsibilities stated in the Audit Committee Charter, and others as assigned by the Board of Directors. The Audit Committee had undertaken duties covering activities in reviewing the accuracy of financial statements, sufficient relevant financial information to be disclosed in collaboration with the auditors and Chief Financial Officer, reviewing the related party transactions and transactions that may cause a conflict of interest, monitoring and reviewing the risk management with relevant management, selecting and appointing the auditors of the Company and its domestic and foreign subsidiaries together with their annual remuneration, scrutinizing and reviewing the independence of the auditors and internal auditor in the absence of the management, appointing the head of internal audit, approving the annual internal audit plan, and reviewing the performance results of the internal audit department showing that the development and business direction were deemed satisfactory.

The Audit Committee has completely performed its duties with full capacity, skills, and carefulness for the best interest of the Company without limitation related to significant information acquisition, and cooperation with the management. Furthermore, the Audit Committee conducted the self-assessment in 2018 in order to review its performance and ensure the better development, effectiveness, and efficiency.

On behalf of the Audit Committee



(Mrs. Prisana Praharnkhasuk)

Chairman of the Audit Committee

RELATED PARTY TRANSACTIONS

Related party transactions between the Company and its subsidiaries and the entities that may have conflict of interest.

Related party transactions between the Company and its subsidiaries and entities or persons that may have conflict of interest in the fiscal year ended December 31, 2018 are concluded as follows :

Related Parties	Relation to the Company	Details of Transactions	Amount (Baht)	Rationale and Necessity
1. TOA Performance Coating Corporation Co., Ltd. ("TOAPC")	<ul style="list-style-type: none"> TOA Group Holding Co., Ltd. ("TOAGH") is the Company's major shareholder indirectly holding 95.0953% of shares in TOAPC. The Company's 3 directors : (1) Mr. Vonnarat Tangkaravakoon, (2) Mr. Jatuphat Tangkaravakoon, and (3) Mr. Nattavuth Tangkaravakoon are the shareholders of TOAPC holding 1.5606%, 1.5605%, and 1.5605% of shares respectively. Mr. Nattavuth Tangkaravakoon is the joint-director. 	1.1 Sales income		The Company distributed OEM products, mostly resin products to TOAPC, pricing on cost plus margin, which is comparable to the market price. The Company distributed resin products to TOAPC because the Company had exceeding productivity and the increase of productivity minimizes the average cost of resin production.
		- net sales income	189,409,977.35	
		- trade accounts receivable	51,602,861.67	
		1.2 Service Income		
		- IT service income	1,155,084.00	
		- security service income	2,202,420.00	
		- accounts receivable	402,372.43	
		1.3 Rental income		
		- rental income	4,583,240.00	
		- accounts receivable	763,040.00	
		1.4 Other incomes		
		- other incomes	6,180.00	
		- accounts receivable	1,996,834.73	
		- other accounts receivable	934,884.41	
		- service deposit	96,257.00	
1.5 Purchase of goods and other expenses				
- purchase of goods for sale	217,386,824.40			
- material / equipment expenses in the plant	283.20			

Related Parties	Relation to the Company	Details of Transactions	Amount (Baht)	Rationale and Necessity
		- other chemical expenses	1,325.00	
		- trade accounts payable	60,297,082.98	
2. TOA-Union Paint (Thailand) Co., Ltd. ("TUP")	<ul style="list-style-type: none"> TOAGH is the Company's major shareholder indirectly holding 54.9958% of shares in TUP. The Company's 5 directors : (1) Mr. Jatuphat Tangkaravakoon, (2) Mr. Nattavuth Tangkaravakoon, (3) Mr. Prachak Tangkaravakoon, (4) Mrs. Laor Tangkaravakoon, and (5) Mr. Vonnarat Tangkaravakoon are the shareholders of TUP holding 0.0008% of shares each. Mr. Nattavuth Tangkaravakoon is the joint- director. 	<p>2.1 Sales income</p> <ul style="list-style-type: none"> - net sales income - trade accounts receivable <hr/> <p>2.2 Service income</p> <ul style="list-style-type: none"> - security service income <hr/> <p>2.3 Rental income</p> <ul style="list-style-type: none"> - rental income - accounts receivable <hr/> <p>2.4 Purchase of goods</p> <ul style="list-style-type: none"> - purchase of finished goods for sale - trade accounts payable <hr/> <p>2.5 Expenses on outside services</p> <ul style="list-style-type: none"> - expenses on outside services - other accounts payable 	<p>67,958,582.50</p> <p>25,598,256.28</p> <p>247,704.00</p> <p>848,316.00</p> <p>70,918.77</p> <p>474,774.00</p> <p>44,480.97</p> <p>2,411,340.00</p> <p>215,011.15</p>	<p>The Company distributed OEM products, mostly wood stain, to TUP which the pricing was based on cost plus margin. TUP earned gross profit from selling products as same as other companies in the peer industry. Product sales was in accordance with the joint venture agreement between the Company and TUP.</p> <hr/> <p>Since the office and plant of TUP are situated in the same area of the Company's plant at Samrong, the Company has entered into the contract to provide security service which the fee rate is based on the actual service cost subject to the plant area.</p> <hr/> <p>The Company has provided the plant, warehouse and office for TUP to rent, which are in the same area with the Company's plant at Samrong. Rental rate is based on the market price.</p> <hr/> <p>The Company purchased TOA SPRAY RUST PRO products from TUP for distribution. The price and conditions are as same as the transaction with the outsiders.</p> <hr/> <p>TUP was hired by the Company to provide manpower to operate in its plant under the contractual period of 1 year since January 1, 2018 – December 31, 2018.</p>
3. TOA Chugoku Paint Co., Ltd. ("TCP")	<ul style="list-style-type: none"> TOAGH is the Company's major shareholder indirectly holding 50.9996% of shares in TCP. 	<p>3.1 Sales income and other income</p> <ul style="list-style-type: none"> - net sales income - other income - trade accounts receivable 	<p>1,050,336.96</p> <p>11,030.60</p> <p>279,694.79</p>	<p>The Company sold decorative paint and coating products, spare parts for auto tinting machines, and stickers to TCP which distributes the products to customers. The price and conditions are as same as the transaction with the outsiders.</p>

Related Parties	Relation to the Company	Details of Transactions	Amount (Baht)	Rationale and Necessity
	<ul style="list-style-type: none"> The two joint-directors are (1) Mr. Prachak Tangkaravakoon, and (2) Mr. Vonnarat Tangkaravakoon. 	5.2 Purchasing list		List of finished goods to be purchased consisted of goods relating to the Company's products for the inclusive service such as Chaidrite products to prevent insects and termites. The Company distributes products to the dealers. The Company has entered into the contract as the dealer of SWC's products at the same price and conditions as the transaction with the outsiders.
		- purchase of finished goods for sale	396,418,512.39	
		- trade accounts payable	72,500,915.08	
		5.3 Other income		The Company purchased the Teepol liquid hand soap and gift baskets for its customers at the same price as the transaction with the outsiders.
		- office expenses	26,832.00	
		- entertainment expenses	426,155.00	
		- other accounts payable	296,415.68	
6. TOA Chemicals Industry Co., Ltd. ("TOAC")	<ul style="list-style-type: none"> TOAGH is the Company's major shareholder directly holding 30.00% of shares in TOAC. The four directors : (1) Mr. Vonnarat Tangkaravakoon, (2) Mr. Jatuphat Tangkaravakoon, (3) Mr. Nattavuth Tangkaravakoon, and (4) Mrs. Busatree Wanglee are the shareholders of TOAC holding 20.9687%, 19.0312%, 15.00%, and 15.00% of shares respectively. The six joint-directors are : (1) Mr. Prachak Tangkaravakoon, (2) Mrs. Laor Tangkaravakoon, (3) Mr. Vonnarat Tangkaravakoon, (4) Mr. Jatuphat Tangkaravakoon, (5) Mr. Nattavuth Tangkaravakoon, and (6) Mrs. Busatree Wanglee. 	6.1 Land and building rental		The Company has entered into the 10 - year rental contract at the rental rate appraised by the independent appraiser approved by the SEC.
		- rental	89,423,139.72	
		- other accounts payable	14,119,981.38	
		- accrued expenses	9,406,502.88	

Related Parties	Relation to the Company	Details of Transactions	Amount (Baht)	Rationale and Necessity	
7. TOA-Shinto (Thailand) Co., Ltd. ("TST")	<ul style="list-style-type: none"> TOAGH is the Company's major shareholder indirectly holding 50.9950% of TST's shares. The four directors : (1) Mr. Nattavuth Tangkaravakoon, (2) Mr. Prachak Tangkaravakoon, (3) Mrs. Laor Tangkaravakoon, and (4) Mr. Vonnarat Tangkaravakoon are the shareholders of TST, holding 0.0013% of shares each. Mr. Nattavuth Tangkaravakoon is the joint-director. 	7.1 Sales income		The Company sold OEM semi-finished goods that TST used in the production process for its own products. Such sale was in accordance with the manufacturing contract between (1) Shinto Paint Co., Ltd., (2) the Company, (3) TOAC, (4) TOAPC, and (5) TST. Pricing is based on cost plus margin.	
		- net sales income	295,116,984.95		
		- accounts receivable	64,798,204.36		
		7.2 Service income			As the Company's plant and warehouse are located at Bangna, the Company provides security service to the related companies located in the same area for the collective safety affecting the Company's assets. Service fee is based on the actual service cost subject to the plant area.
		- security service income	683,136.00		
		7.3 Shipping income			
- shipping income	64,000.00				
- accounts receivable	28,799.00				
7.4 Other income		Most other income was derived from truck scaling service at the actual expenses.			
- other income	1,320.00				
- accounts receivable	212,687.96				
- other accounts receivable	167,173.22				
7.5 Purchasing list			The list of purchasing raw materials included chemicals for manufacture from TST at the cost plus operation fee. However, this is not the regular list since the Company purchases the chemicals from TST only in the emergency case and the purchase from the outside distributor is impossible. Furthermore, the Company purchases some chemicals from TST for product testing which TST purchases such chemicals to use in its own production.		
- purchase of raw materials	6,411,947.69				
- accounts payable	(413,714.77)				
8.6 material/ equipment expenses in the plant	60,680.00	List of material and equipment from TST to be used in the plant was for alumite process to generate products at the cost plus operation fee.			

Related Parties	Relation to the Company	Details of Transactions	Amount (Baht)	Rationale and Necessity
8. TOA Dovechem Industry Co., Ltd. ("TDIC")	<ul style="list-style-type: none"> Mr. Pravit Tangkaravakoon, brother of Mr. Prachak Tangkaravakoon (Chairman of the Board), holds 5.5321% of shares, and is in the position of director of TDIC. 	8.1 Sales income		The Company sold mostly decorative paint and coating products, and heavy duty coating products to TDIC at the same price and conditions as the transaction with the outsiders.
		- net sales income	308,239.90	
		- trade accounts receivable	43,272.94	
		8.2 Service income		
		- security service income	2,101,200.00	
8.3 Other income		Other income mainly comprised of truck scaling service, trainings, calibration service, medicines, and medical supplies, which calculated in line with the number of the actual services.		
- other income	364,710.00			
- accounts receivable	63,525.90			
8.4 Purchase of raw materials				
- purchase of raw materials	1,960,976.00			
- trade accounts payable	746,795.80			
8.5 Purchase of fuel oil		Fuel oil was used as a raw material for production. Such raw material can be used together. In addition, the Company purchased fuel oil from TDIC at the same price and conditions as the transaction with the outsiders.		
- fuel oil	1,784,755.97			
- other accounts payable	403,373.38			
- accrued expenses	230,908.98			
9. TOA Holding Co., Ltd. ("TOAH")	<ul style="list-style-type: none"> The four directors : (1) Mr. Vonnarat Tangkaravakoon, (2) Mr. Jatuphat Tangkaravakoon, (3) Mr. Nattavuth Tangkaravakoon, and (4) Mrs. Busatree Wanglee are the major shareholders of TOAH holding 35.00%, 25.00%, 20.00%, and 20.00% of shares respectively, and hold the position of directors at TOAH. 		9.1 Car rental	
- car rental		11,028,384.47		
		- other accounts payable	821,974.00	

Related Parties	Relation to the Company	Details of Transactions	Amount (Baht)	Rationale and Necessity
12. Phelps Dodge International (Thailand) Co., Ltd.	<ul style="list-style-type: none"> The Company's director, Mr. Vonnarat Tangkaravakoon is the major shareholder of Phelps Dodge International (Thailand) Co., Ltd. holding 99.98% of shares in Team A Holding 2 Co., Ltd. which holds 99.0114% of shares in Phelps Dodge International (Thailand) Co., Ltd. The joint-director is Mr. Vonnarat Tangkaravakoon. 	12.1 Sales income		The Company sold decorative paint and coating products and thinners to Phelps Dodge International (Thailand) Co., Ltd. to use in its business operation at the same price and conditions as the transaction with the outsiders.
		- net sales income	2,461,102.78	
		- trade accounts receivable	215,450.76	
		12.2 Service income		The Company has entered into the service agreement with Phelps Dodge International (Thailand) Co., Ltd. for Data Center Co-location service and other related services such as providing computer programs and equipment, maintenance service at the agreed service fee. The price and condition are as same as the transaction with the outsiders.
		- IT service income	480,000.00	
13. Sampeng Superstore Co., Ltd.	<ul style="list-style-type: none"> TOAGH is the Company's major shareholder directly holding 100.00% of shares in Sampeng Superstore Co., Ltd. As of April 30, 2018, Sampeng Superstore Co., Ltd. has changed its shareholders, resulting in TOAGH not holding its shares. 	13.1 Rental income		The Company provided the office / warehouse to Sampeng Superstore Co., Ltd. for monthly rental at the agreed rental rate in the rental agreement with the actual price.
		- rental income	1,116,635.00	
		13.2 Other expenses		The Company bought the stationaries and equipment for CSR activities at the same price and conditions as the transaction with the outsiders.
		- activity promotion	204,001.00	
14. Gypmantech Co., Ltd.	<ul style="list-style-type: none"> TOAGH is the Company's major shareholder directly holding 51.00% of shares in Gypmantech Co., Ltd. The two joint-directors; (1) Mr. Jatuphat Tangkaravakoon, and (2) Mrs. Busatree Wanglee Mr. Mongkon Tangchaipitak, one of the management team of the Company, holds the position of Gypmantech Co., Ltd.'s director. 	14.1 Purchase list		The Company has entered into the agreement with Gypmantech Co., Ltd. for OEM service to produce gypsum boards under the brand TOA GypsuM at the agreed price between the parties, the same price as the transaction with the outsiders.
		- purchase of finished goods for sale	13,668,955.34	
		- trade accounts payable	7,786,825.16	

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

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

The related party transaction or connected transaction between the Company and its subsidiaries shall comply with the regulations prescribed by the Securities and Exchange Act, and relevant legal requirements of the Capital Market Supervisory Board and/or the Securities and Exchange Commission and the Stock Exchange of Thailand. The Company shall also comply with the requirements on the disclosure of related party transactions in the note to financial statements audited by the auditor of the Company, and in the annual registration statement (Form 56-1). Upon entering into such transaction, the Company shall verify and monitor such transaction to ensure that the interested person will not be involved in the decision-making to enter into the related party transaction.

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

In case of ordinary business transactions or ordinary business support transactions which maybe ongoing happen until the future, the Company has the policy to define the framework to enter into such transactions as follows: the trading terms must be similar to those terms a reasonable business person would be expected

to enter into with other parties in general in similar circumstances with an equal bargaining power, free of any undue pressure as a result of a person being a director, management, or related person, and must not constitute a transfer or loss of benefits on the part of the Company and/or it must be able to demonstrate that the prices and conditions for a transaction are fair and reasonable. If the Board of Directors resolves to approve the framework to enter into a transaction in general principle, the management may enter into a transaction that meets the framework without having to seek further approval from the Board of Directors. The Company shall prepare the summary of related party transactions or connected transactions to report to the Audit Committee and the Board of Directors respectively in every quarter in compliance with notifications, announcements, and regulations prescribed by the Securities and Exchange Commission, Capital Market Supervisory Board, and Stock Exchange of Thailand.

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

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

Policy on Future Related Party Transactions

In case the Company enters into a related party transaction in the future, the Company shall comply with the Securities and Exchange Act, regulations, notifications, orders, or requirements prescribed by the Capital Market Supervisory Board, Securities and Exchange Commission, and Stock Exchange of Thailand. Thus, the entering into such transaction shall not constitute a transfer or loss of benefits on the part of the Company. Generally, a related party transaction must be entered into with regards to the best interests of the Company and shareholders.

For transactions in the ordinary course of business or transactions that support transactions in the ordinary course of business on an on-going basis, the Company shall determine the criteria and guidelines to conform to the general trading terms based on the prices and

conditions that are appropriate, fair, reasonable, and verifiable. The criteria and guidelines shall be proposed to the Audit Committee for consideration, and to the Board of Directors for further approval.

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



SUSTAINABILITY DEVELOPMENT REPORT

This Sustainability Development Report was prepared in accordance with the standard of Corporate Social Responsibility, Department of Industrial Works: CSR-DIW together with the Global Reporting Initiative (GRI-G4) to mention the key issues on sustainability affecting the Company's business operation in economy, society and environment, as well as corporate social responsibility guidelines based on ISO 26000.



Overall Policy

The Company is committed to operating its business with the responsibility for various impact caused by its business operations, to promoting transparency, auditability, and ethics. This also includes respect for human rights, considering stakeholders' benefit, assuring the good quality and safety for paint and coating products for consumers, caring for community and environment, conforming to law and other requirements or related international practices, developing and improving the foundation of ongoing and sustainable corporate social responsibility.

The Company recognizes that the corporate social responsibility is an integral part of its business, and encourage volunteer activities among the employees. Therefore, the Company has participated in various programs and activities as part of its endeavor to fulfil

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

The Approach of “Create the Thai Sustainability”

to ensure the implementation of the Company’s corporate social responsibility by conforming to the following 4 practical principles:



1. Human Development:

focusing on stakeholders, employees, youths in communities, people, and business partners by providing self-development skills, improving work performance, and strengthening career in the future.

2. Production Process with Social Responsibility:

the production process is adjusted to ensure the eco-friendly production and safe products for consumers and environment. In addition, the Company should enhance green label certification for its products.

3. Care and Development of Business Alliances:

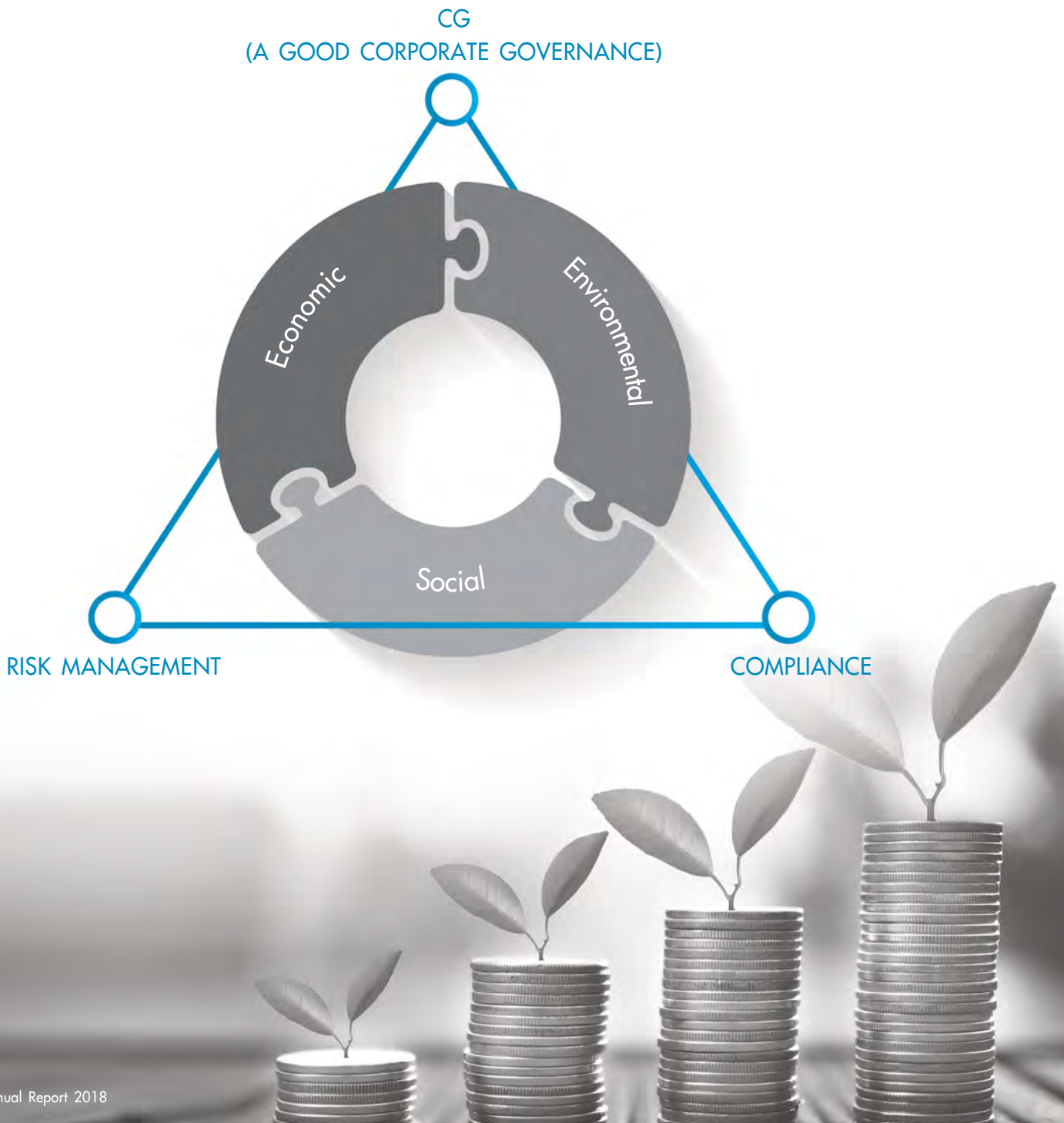
for sustainable development and promoting the engagement of business alliances, especially for business partners and representatives, the Company participates in social activities by organizing training on the corporate social responsibility principles, and encouraging business partners and representatives to organize these activities for further organizational development and nearby communities.

4. Continuing Development of Value and Product Technology and Creation of New Inspiration from the Products to Ensure Efficiency, and Awareness of Corporate Social Responsibility:

the Company has continuously participated in the CSR-DIW projects organized by the Department of Industrial Works. The Company paves its way to become the market leader of the surface protection paint and coatings in the Asean Economics Community (AEC). With its expertise in products and services, couples with its intention and commitment, the Company strongly hopes that all stakeholders will be happy, have trust in its products and services, and be with the Thai people forever.

Corporate Sustainable Development

The Company runs its business with good faith and responsibility for any impact relating to its business operation throughout supply chain by taking account of transparency, auditability, ethics, respect for human rights, and stakeholders' benefit. In this regard, the Company emphasizes on good quality of paint and coatings products, consumer safety, potential impact on the communities and environment, and complies with legal requirements and relevant regulations, or global standards, as well as develops and improves its social enterprise to ensure the sustainability and excellence of corporate social responsibility foundation. The corporate social responsibility framework includes 3 dimensions; economic dimension, social dimension, and environmental dimension in order to achieve the Company's good corporate governance.





TREATMENT TO STAKEHOLDERS

Corporate Governance

The Company strives to become a leader in the surface protection paint market in the AEC with its expertise in products and services, and become a leader of “Green Innovation” by creating eco-friendly products to the market. At the same time, the Company focuses on its reliability and good governance based on the transparency and auditability of organizational management, communication between the Company and its stakeholders to identify the top priorities and monitor the corporate governance implementation on a regular basis.

The Company operates its business with the consideration to all groups of “stakeholders” involving in the Company’s operation and also takes into account the positive and negative impacts that may happen to each group of stakeholders; therefore, the Company has a process of engagement creation to build a bond and respond each group of stakeholders’ expectations as follows:

Stakeholders	Concern & Expectation	Method of Promoting Participation
Employees	<ul style="list-style-type: none"> ● Implement the safe workplace according to the international standards, ● Environmental management according to the international standards, ● Training for potential development, ● Proper remuneration, welfares, and career paths. 	<ul style="list-style-type: none"> ● Safety, Health and Environment Committee has been appointed, and holds meetings on a regular basis, ● Educate employees on safety in the workplace, and personal protective equipment usage through journals, e-mail, website, notice boards on a regular basis, ● Appointment of Welfare Committee, ● KPIs evaluation system, ● Employee engagement survey,

Stakeholders	Concern & Expectation	Method of Promoting Participation
		<ul style="list-style-type: none"> ● Seminars and training related to duties and responsibilities in line with the relevant standards, and develop employees' special skills. ● Employee feedback survey through employee dialogue program in every year.
Community	<ul style="list-style-type: none"> ● Environmental management is carried out in line with the international standards, ● Promote communities' activities together with contribution of paints for renovating places such as schools, sub-district administration organization, police stations, and health promoting hospitals, etc, ● Educate and enhance knowledge, skills, and provide site visits for students. 	<ul style="list-style-type: none"> ● Community dialogue session is conducted every year, ● Working team organizes activities providing knowledge at schools and communities, ● Meet and talk with people in the nearby area around the Company's plants once a month, ● Annual environmental assessment results are attached on a notice board, ● Open House, ● Whistleblowing channels.
Customers	<ul style="list-style-type: none"> ● Trust in brands, ● Product value delivered to customers such as quality standards, use value, etc, ● Service value delivered to customers such as call center, whistleblowing channels, warranty, technician unit, free color designs, ● Innovative product development that is eco-friendly and energy-saving. 	<ul style="list-style-type: none"> ● Communicate through catalog and labels of products, ● Communicate through public relations, advertising, website, and experts to provide advice, ● Promoting activities, ● Training customers to use products, ● Call center, customer relations center, ● Satisfaction survey, ● Customer experience management, ● Market research.
Dealers	<ul style="list-style-type: none"> ● Mutual growth in business such as support, knowledge sharing, sales promotion, ● Value in products and services such as warranty, technician unit, free color designs, ● Build recognition and trust in brands, ● Full range of various products for decision-making. 	<ul style="list-style-type: none"> ● Build customer satisfaction, ● Whistleblowing channels, ● Training organized between dealers and the Company's management, ● Call center, customer relations center, ● Activities to build and maintain relationship and communication.
Raw material suppliers	<ul style="list-style-type: none"> ● Mutual growth in business, ● Select, assess sellers/suppliers with transparency and auditability under the same business terms, 	<ul style="list-style-type: none"> ● Activities to build and maintain relationship and communication on a regular basis, ● Whistleblowing channels,

Stakeholders	Concern & Expectation	Method of Promoting Participation
	<ul style="list-style-type: none"> ● Exchange information, suggest and recommend the development of quality, safety, environment, and CSR, ● Raw material requirement planning in advance for suppliers to prepare raw materials in a timely manner. 	<ul style="list-style-type: none"> ● Define regulation and system for procurement, selection, and assessment of raw material suppliers, ● Verify the procurement with transparency and auditability.
Shareholders	<ul style="list-style-type: none"> ● Generate sustainable and proper profit and growth, ● Generate a balanced return for all stakeholders, ● Conduct business with transparency, code of conduct, corporate social responsibility such as annual financial statement report, and financial audit, ● Risk management, and anti-corruption. 	<ul style="list-style-type: none"> ● Annual General Meeting of Shareholders, ● Inform operational plans and performance, ● Meeting between the management and investors/ analysts, ● Communicate through journals, e-mail, website, ● Report the progress of business plan, define protective measures, solution planning for problems caused by operations, ● Annual report, and sustainability development report.
State sector	<ul style="list-style-type: none"> ● Comply with applicable laws, and other relevant regulations, ● Collaborate with state sector to organize various activities, ● Promote education such as training vocational education institutes to apply paint, open an opportunity for public university students for internship. 	<ul style="list-style-type: none"> ● Communicate and coordinate with state sector to acquire important information, and exchange information, ● Promote activities and participate in a meeting as invited by state sector on a regular basis, ● Submit report, relevant document under the required submitting date, ● Collaborate with state sector for site visit, ● Communicate through journals, e-mail, website, telephone consistently, ● Whistleblowing channels.
Subcontractors	<ul style="list-style-type: none"> ● Select and assess subcontractors with transparency, auditability under the same contractual terms, together with suggesting and recommending the development of quality, and safety, ● Comply with the agreement or contractual terms. 	<ul style="list-style-type: none"> ● Communicate through journals, e-mail, website, telephone consistently, ● Whistleblowing channels, ● Assess subcontractors in consideration of transparency and auditability.
Financial institutions	<ul style="list-style-type: none"> ● Comply with the agreement or contractual terms, ● Collaborate with financial institutions' activities, ● Use full range of banking services. 	<ul style="list-style-type: none"> ● Communicate and exchange information between the Company and financial institutions.

Stakeholders	Concern & Expectation	Method of Promoting Participation
NGOs	<ul style="list-style-type: none"> Collaborate with and respond to any issues relating to environment and customers. 	<ul style="list-style-type: none"> Inform the annual environment assessment results on notice boards, Whistleblowing channels, Communicate through journals, e-mail, website, telephone consistently.

Business Conduct with Fairness

Guidelines to treat all stakeholders with responsibility are defined in the Company's code of conduct. Stakeholders include shareholders, employees, customers, business partners, and contractual parties, as well as communities, society and environment. The Company's code of conduct also embraces the principles of free and fair competition, the prevention of a conflict of interest, and intellectual property infringement, and anti-corruption in all forms. The key policies are determined as follows:

1. Corporate governance

The Company aims to operate its business with fairness, honesty, transparency, as well as disclose material information based on accountability and auditability. The Company considers both the benefits and impacts that may be experienced by shareholders, customers, business partners, employees and all stakeholders. In addition, the fair benefit sharing must be considered as appropriate. In this regard, the Board of Directors has determined corporate governance guidelines for directors, management, and employees to comply with.

2. Corporate social responsibility

The Company has determined the corporate social responsibility policy under the ethics to ensure fairness toward all stakeholders. The principles of good corporate governance also serve as guidelines for the Company to maintain a balance between its performance for economics, community, society, and environment, which will lead its business to the success and sustainability.

3. Ensure the compliance with applicable laws, rules, and regulations

The Company has recognized the significance of compliance with applicable laws, regulations pertaining to environment, occupational health, and

safety at local, regional, and national levels, including the code of conduct applied in accordance with international standards. Directors, management, and employees must comply with applicable laws, rules, and regulations, and all of them should avoid being involved in, supporting, or otherwise violating laws and related regulations.

4. Supervision of compliance with intellectual property laws

The Company must not commit misconduct that violates intellectual property rights, and ensure that the directors, management, and employees comply with laws and regulations. They must not be involved in a part of such misconduct, helping, or any act in such a way that violates the laws and regulations pertaining to intellectual property.

5. Promote the efficiency of resource utilization

All of the Company's directors, management, and employees are encouraged to appropriately, efficiently and sustainably use resources for the utmost benefit. The Company communicates with all employees and stakeholders to promote and educate the responsible use of resources for the best benefit of the Company, to ensure the awareness of resource management among related parties.

Anti-Corruption

The Board of Directors determines the anti-corruption policy, whistleblowing measures, investigation procedures of fraud, corruption, and wrongdoing, penalty for false whistleblowing and complaint, confidentiality, and whistleblower protection from retaliation.

The anti-corruption policy is contained in the Company's code of conduct for all directors, management, and employees to comply with through e-mail and intranet channels. Furthermore, new employees at all levels are informed about such code of conduct through the TOA Orientation; course named "CSR & CoC (Code of Conduct)", to enhance their well understanding and proper compliance.

Whistleblowing or Complaint Channels

If one comes across a violation of the laws, regulations, corporate governance principles, code of conduct, the Company's policies or regulations, as well as suspected corrupt practices by Company's directors, management, or employees, one can file a complaint through designated channels. An employee coming across such acts should ask or consult his or her superior first. If unsure or uneasy to do so, he or she can use following designated channels;

Channel 1 : via e-mail

to one of the following committees;

Board of Directors : directors@toagroup.com

Audit Committee : auditcommittee@toagroup.com

Channel 2 : by post addressing

one of the committees at the following address:

TOA Paint (Thailand) Public Company Limited:

31/2 Moo 3, Bangna-Trad Road, Bang Sao Thong,
Samut Prakarn 10570.

Thus, the internal audit department is responsible for receiving and collecting whistleblowing issues, and carries out in line with the whistleblowing policy, and then reports to the Audit Committee and the Board of Directors for further consideration and approval of solutions or improvement as proposed.

Thus, the corporate governance and code of conduct handbook is deemed as one of disciplines that all directors, management, and employees must strictly comply with, and encourage others to follow. Any employees who violate or do not comply with shall be subject to disciplinary action.



ECONOMIC PERFORMANCE

Economic value creation for appropriate return and growth

Unit: Million Baht

Details	Consolidated Financial Statements		Consolidation for Special Purposes
	2018	2017	2016
Direct economic value generated			
Decorative paint and coating products	11,180.5	10,809.8	11,330.5
Non-decorative paint and coating products	4,582.9	4,358.3	4,459.6
Other business product ⁽¹⁾	583.2	549.6	507.2
Total revenue from sales	16,346.6	15,717.7	16,297.3
Profit before income tax	2,269.9	2,104.7	3,120.2
Profit for the year	1,789.4	1,703.4	2,507.4
Profit per share (Baht)	0.90	1.03	2.81
Economic value distributed			
Operating costs ⁽²⁾	11,586.1	11,162.3	11,063.9
Employee wages and benefit	2,231.0	2,143.0	1,906.0
Dividends paid to shareholders	710.1	1,497.9	6,525.0
Interest payments and financial expenses made to providers of loans	25.5	75.3	86.9
Payments to government ⁽³⁾	480.4	401.3	612.9
Community investment for projects developing and supporting the society and communities	108.3	108.5	92.5

Remark : ⁽¹⁾ "Other business products" comprise sales of certain products to the divested companies and related companies, such as raw materials and semi-finished materials.

⁽²⁾ "Operating costs" comprise cost of sales, expenses for sales and distribution, and administration deducted from employee wages and benefit, and depreciation and amortization.

⁽³⁾ "Payments to government" includes only the corporate income tax.

Tax Procedure

The Company has determined tax practices, monitors its business operation, and uses tax privileges correctly and completely for the maximum efficiency under legal requirements. The Company also includes the compliance with regulations on the disclosure of financial and tax information to the state sector and all stakeholders. Furthermore, the Company has prioritized the economic growth along with the development and social responsibility as the Company believes that good corporate tax responsibility is a part of the nationwide socio-economic development in the future.

In 2018, the Company's tax expenses was 480.4 Million Baht, increasing 79.1 Million Baht compared to the previous year, amounting 401.3 Million Baht.

Risk Management

The Company recognizes the importance of risk management as the fundamental tools in its operation because risks could possibly occur and will significantly affect business operations, especially in the fast-changing and highly competitive business environment. If the Company is aware of such matter and has a concrete plan, apart from reducing the impact, the Company's competitiveness will be also enhanced, leading to its achievement, and maximizing the value of its business.

The Board of Directors has defined the risk management policy covering the organization, and appoints the risk management and business continuity working group to monitor the compliance and report the progress or results to the Audit Committee for consideration and review. The working group must oversee the risk management results on a regular basis and review the risk management system or assess the efficiency of risk management at least once a year. Such results shall be disclosed in the annual report.

More details of risk management are disclosed in “**Risk Factors**”.

Our Customers

1) Customer Relationship Management

The customer relationship management is a key duty of the Company to respond the customer satisfaction as an integral part of the Company's long term success. To this end, the Company takes action on the customer relationship management from the upstream activities to delivering its quality products that are safe and eco-friendly together with service differentiation. The key approach that the Company applies to manage customer relationships consists of 2 aspects as follows;

1.1 Engage with Business-to-Consumer Group (B2C)

- 1.1.1 Commit to producing high quality products and initiating new innovations to fulfil customers' satisfaction and needs,

- 1.1.2 Record the customer information as a database in order to deliver customer service,
- 1.1.3 Provide consulting services for both pre-sales and after sales services in using products properly through TOA Call Center Service System at 02-335-5777,
- 1.1.4 Provide color tone designing service by interior decorators through Ide@color Service,
- 1.1.5 Home Painting Service by professional painters.

1.2 Engage with Business-to-Business Group (B2B)

- 1.2.1 Provide advice and on-site service by TOA specialist team,
- 1.2.2 Marketing promotion is set to engage the B2B group through marketing activities, point of sales, and online activities, together with sharing knowledge about proper use of products through public relations media,
- 1.2.3 Develop the service system to enhance the quality and standard of service (SLA: Service Level Agreement) to ensure the efficiency and ultimate satisfaction of B2B group.

2) Responsibility to Customers and Consumers

The Company recognizes the importance of the satisfaction of customers and consumers who buy the Company’s products and services. They should receive the fair price, quality and responsibility with the following guidelines:

- 1) The Company aims to develop its products and services to meet the customer and consumer needs. The Company’s personnel strive to respond the customer and consumer needs with their best ability. The products should be set with fair and reasonable price, marketing trends, good quality, and fair condition for customers, without any restriction against the consumer rights.
- 2) The Company shall not do any act to deceive or mislead customers and consumers about its quality of products and services.
- 3) The Company intends to develop its products and services with safety for its customers as the high priority. The Company’s products must be attached with product information. This also includes the evaluation of workplace safety, campaigns and training on customer safety for employees.

3) Customer and Consumer Issues

Regarding the responsibility to customers and consumers above, the Company considers and manages whistleblowing issues, including disclosing information of products and services to the public through product label, catalog, etc. for customers and consumers to make decision and comparison. Furthermore, the Company aims to develop the safe products taking account of creating green products, attaching labels, compliance with legal requirements, disclosure of information, management of impact on customers and environment.

- Product certification and labels relating to the environmental responsibility



- Product information (disclosing through product labels, catalog, website)



4) TOA Brand Trust 2018



Regarding the results of trust brand survey, TOA brand has been regarded as Thailand's Most Admired Brand by BrandAge Magazine in association with professors from top-ranked universities in Thailand. Such survey nominates the trusted brands in each category by searching 1,350 persons of sample group nationwide relating to construction section in decorative paint and coating category under the following 6 indicators or factors influencing consumer purchasing decisions;

1. Corporate image/ brand image
2. Distribution channel
3. Staff and dealers
4. Price and promotion
5. Package
6. Advertisement and communication

In 2018, TOA has been nominated Number 1 in construction materials in category of interior and exterior paint industry on the average score by 63.78% for 7 consecutive years since 2012-2018.

5) Customer relations call center

is provided for customers to contact directly with the Company for more information of products including technique to use products. Customers can call the telephone number at 02-335-5777, which the Company provides appropriate and skilled team to suggest helpful and accurate advices to customers.

6) Application of information system as a tool to develop the customer service

to ensure the efficient system leading to the international standards, as well as development of online distribution channels and social media (IT Development / E-Commerce / Website & Social Media).

The Company develops and invests the systematic information technology foundation consistently, which is regarded as an important tool to strengthen working procedures efficiently, standardize the system to empower the global competitiveness paving readiness for digital transformation as follows;

- Management program, integrated resource management and planning (SAP ERP),
- Reporting program connected to historical data with live data to achieve analysis and decision-making for selling transactions (SAP BI),
- E-Ordering for retail customers,
- Development of Direct-to-Consumer Ecommerce,
- Accessibility of information about the Company's products and news through www.toagroup.com,
- Social media applied for sales promotion, for consumers to easily access to the Company's information.

Value Chain Management

Business partners are stakeholders in the Company's value chain based on various products and services. Business partners supply adequate products and services as required to the Company. Therefore, business partners are considered as an important mechanism to achieve the Company's objectives and to operate its business in a stable and satisfactory manner providing the excellent satisfaction to customers.

1) Relationship Management with Business Partners

The Company emphasizes the quality of products, services, prices and good relationship with business partners. The business partner management measures are in line with the standards. In addition, this includes fair and transparent standards for business partner selection, evaluation and verification according to applicable laws, business stability and trust of business partners. The Company shall only accept products and services that have legal copyright, patent, and trademark. The Company shall not support and accept any products or act violating the intellectual property rights. Furthermore, the business partners can well respond the Company's needs for products and services. The Company also defines the vendor list to select potential business partners to do business with the Company, and monitors, evaluates the availability of products and services, transportation, industrial standard including occupational health, society and environment.

2) Risk Management of Business Partners

The Company has set the measures to prevent the risk from business partners who may affect the continuity of the Company's operations in terms of economy, society and environment as follows;

Risk Factors	Impact	Management Approach
Delayed delivery of products and services	Economy	<ul style="list-style-type: none">• Enter into contract or agreement clearly covering all significant issues,• Determine business partners to take responsibility in expenses incurred from breach of contract, including expenses or damages caused by delayed delivery, products or services delivered that mismatch the purchase order.
Reliability of business partners	Economy, Society and Environment	<ul style="list-style-type: none">• Trade registration certificate, company affidavit, tax documents, product certificate, and environment certificate and standard,• Documents showing works of business partners,• Verify the working background with former customers of business partners,• Visit or observe the business partners' production process or plants.

Risk Factors	Impact	Management Approach
Transparent bidding	Economy and Good Governance	<ul style="list-style-type: none"> • Business partner qualification evaluation form which they must disclose true information, • Verify the name list of management and directors of business partners who participate in the bidding, • Bid comparison in consideration of same specification, in case of construction project, there must include the technical assessment.
Safety and Occupational Health	Society and Economy	<ul style="list-style-type: none"> • Select business partners who emphasize on safety and occupational health of employees, such as being certified of standard by various government agencies.
Compliance with laws and regulations	Economy, Society and Environment	<ul style="list-style-type: none"> • Agreement determines business partners to comply with applicable laws, including other legal requirements pertaining to labor rights, human rights, intellectual property rights, and anti-corruption.

Procedures to develop innovative products and services

For more than 50 years of experience, the Company has focused on developing innovation to generate a full range of integrated paints and coatings which cover decorative coatings, special paints, construction chemicals, wood coatings, industrial coatings, hardware and power tools, and auto tinting machines. These are outstanding in functions, durability, and functional benefits that build trust in consumers to choose for TOA products, resulting in the dominant market share in Thailand by 48.7%. The Company has put the development and innovation in place for generating high value-added products and services as follows;

● Greenovation Products:

The Company focuses on production and distribution of “Greenovation” products that are eco-friendly, and new creative products to meet the customer needs, respond to changes, and to be in compliance with changes leading to the enforcement of regulations pertaining to safety and environment, with the following features;

- No Lead and Heavy Metal Products

Innovative decorative paints without lead and heavy metal are produced for both emulsion and gloss formula, covering all group of products; premium, medium, and economy. These products are also certified by Thai Industrial Standards and green label standards.

- Low VOCs and Extra Low Odor Products

Paint products with advance technology of low VOCs and extra low odor, (hazardous substance causing cancer), are certified by global standards of Sensitive Choice, and French Emission.

- Energy Saving Products

Exterior paints and coatings are created to deliver energy savings and help reflect sunrays by 96.7%, which can reduce electricity expenses. These products are certified by the world-class testing; ASTM E424, and energy efficiency of label no. 5 by the Ministry of Energy.

● Do It Yourself “D.I.Y.” Trend

Consumer behavior tends to paint their homes themselves increasingly; therefore, manufacturers have to adjust and design their production plan to customized products by creating an auto tinting machine providing selection of various shades of color and convenience, and responding quickly. This helps the Company deliver customized products to its customers, and retail dealers have no need to store many products, which helps reduce costs while saving the environment.

- **Buy It Yourself “B.I.Y.” & E-Commerce**

Consumers currently buy products themselves through online channels; therefore, the Company has developed both e-commerce channels and created a unique selling proposition for products that have outstanding features, modern designs, and complete information for making decisions.

- **More Renovation**

The Company is committed to driving the consumer engagement especially for those who have no experience in painting, think that painting is difficult, and do not consider the worthiness of long-term investment. Therefore, the Company emphasizes the communication for consumers, to motivate the paint consumption, to be aware of the importance of home painting through the consumer insight, including to create new concept to persuade consumers to decorate and renovate their homes by “Home Color Inspiration” with more benefits suitable for consumers.

During the previous year, the Company had consistently developed products to deliver innovative products to fulfill customer needs for their emotional benefits through its innovations beyond the consumers’ expectation as follows;



- **TOA Hydro Quick Primer**

- The most innovative hydro multi-purpose primer is equipped with wall shield and super nano size technology enhancing adhesion better than general water base primers, and super hiding,
- Water base, safety, low odour,
- High efficiency to protect all concrete problems,
- Suitable for deteriorated/chalky old concrete, new concrete or fresh concrete.

- **TOA Loft, innovative decorative texture paint, ready to use, exclusive privilege for TOA**

- Innovative decorative texture paint on polished concrete,
- Durable, no chalking,
- Easy to create style, ready to use,
- Easy to clean,
- Water base, safety, low odour.



- Decorative coatings under the brand TOA Shield-1 Nano Thaitone,

- **Creating Thaitone style**, Thai traditional colors in association with Prof.Dr. Pairoj Pittayamatee,
- Collection of Thai auspicious colors more than 160 shades of colors for architectural designing,
- High technology with Protective Hybrid Technology from Germany only for TOA Shield-1 Nano, that protects dirty, water and oil stain,
- Long lasting vivid colors, and durability for 10 years,
- Color tones can be chosen with the auto tinting machine available in dealers across Thailand.

- Decorative coatings in “Advance” category under the brand SuperShield / 4 Seasons

- (available in a new distribution channel: modern trade, to provide convenience for customers)
- Most innovative coatings with the world-class technology; Duramax Technology,
 - Advanced technology Antifade Colour with Superior Dual Action Acrylic Technology, provide home all weathers resistance in variant climate,
 - Long lasting vivid colors and durability for 15 years,
 - Reflect radiant heat with Nano Titanium by 96.7%.

- Development and innovation for high quality heavy-duty coatings for industries:

products are regarded as one of popular products receiving good feedback. Therefore, the Company has emphasized on developing its products consistently such as TOA Heavy Guard Enamel; high quality topcoat with excellent durability for heavy duty better than oil paints, quick dry, vivid colors, no lead and mercury, anti-fungal, suitable for metal surfaces, metal alloys, machines, ship steel structures. The Company also produces the innovative anti-shipworm paints with high quality for double protection of shipworm for 24 – 30 months, and eco-friendly, without tin content, etc.

Furthermore, the Company adheres to ongoing development for excellent services to meet the customer needs as follows;

- **Development for higher innovation in special TOA Auto Tinting Machine**

The Company prioritizes the innovation to come up with the Auto Tinting Machine programmed by computer to create more than 10,000 different color shade variations with a high level of accuracy in 3 minutes. This helps reduce cost on inventories that are ready-to-mix paints generated from the plant. The Auto Tinting Machine can create exterior water-based decorative coatings, special paints, gloss coatings, wood coatings, industrial color spray, as well as TOA Industrial Auto Tinting Machine to fulfill the customer needs in heavy industries.

Presently, the Company also developed the special mini size of auto tinting machines, to save more space, with the same excellent efficiency and functions as the original one in order to expand customer base for retail dealers, which helps distribution easily access to each group of customers in each region of Thailand. With this easy accessibility through dealers across the country more than 4,200 auto tinting machines both in retail dealers and modern trade, the market share shall be increased, and the Company shall earn more income generated from the X-Smart auto tinting machines for decorative paints and coatings, and X-Protint auto tinting machines for industrial paints and coatings.



Auto Tinting Machine “X-Smart”



Auto Tinting Machine for Industrial Paints “X-Protint”

- **TOA ProPaint Service :**



painting is easier than thoughts, confidence in professional painters under TOA standards with 4 simple steps as below;

1. Consult at telephone number 02-335-5555 ext. 3304,
2. Free for evaluate and assess the area by experts,
3. Provide proper works with quotation and product list,
4. Customers pay for the service before work starts.

- **Color tone designing service by TOA specialists**



Inspiration, consultation, and color design in response to your needs with following 4 simple steps;

1. Take a photo of the house or the room that is needed painting,
2. Upload and send the photo of the house or room via the website,
3. Wait for the file of the design by the architect via email or get it in person within one week,
4. Purchase the paint by taking TOA Color Code to TOA Color World store.



CORPORATE SOCIAL RESPONSIBILITY PERFORMANCE

The Company adheres to conducting its business with ethics and responsibility to the society, developing the better quality of life for employees, customers, business partners, and stakeholders with nurturing the following corporate social responsibility projects;

Social Sustainability Projects

Social Contribution Activities

- 1) Project in collaboration with the Phra Dabos Foundation to provide occupational knowledge “Decorative and Coating Painters” for the purpose of creating jobs for the unemployed people.



Phra Dabos School, initiated by His Majesty the late King Bhumibol Adulyadej, King Rama IX, provides occupational studies and various training to the underprivileged who cannot attend higher occupational training schools due to poverty and lack of standard knowledge, but strive to learn more, especially to acquire occupational knowledge which will help them earn their own living.

The Company in collaboration with the Phra Dabos Foundation has established the educational project to contribute a curriculum of vocational training courses, and instructional media under the Phra Dabos Foundation. At the beginning from January 2018, in collaboration with the teachers of Phra Dabos School, the Company offered the educational contribution and instructional media by giving its decorative paint and coating products coupled with curriculum of practical training courses in order to enhance self-learning, which achieved satisfactory results. In this regard, the Company sees the possibility of establishing a professional painting and coating course to be added to those existing courses. As a result, such course has been set up in association with the teachers of Phra Dabos School to ensure that the course can be started in the school year 2019 together with signing the educational contribution agreement. This intention is to value the educational engagement with sectors that have an aim to develop the educational innovation and offer occupational knowledge and skills on up-to-date technology to be applied to enlighten the students of Phra Dabos School for better efficiency. This project has been carried out for 5 years since signing the agreement. The Company has set up the budget for the year 2019 to 2023 to ensure the continuity and achievement of the school. The collaborative project can be shown as follows;

- Occupational course “Decorative and Coating Painters” under the mutual creation,
- Mutual creation in developing and initiating various instructional media,
- Training and enhance the skills of Phra Dabos School’ s teachers to educate students in line with the occupational course,
- Counseling services in relation to educational technique,
- Exchange individual to work in the academic career path, research, and public relations in various forms of work between the Company and the school.

Expected Benefits

- Phra Dabos School shall consist of teachers and professors equipped with expertise and skills in effective teaching, designating teaching methods, and instructional media,
- Phra Dabos School can affirm that the graduate students of such curriculum are able to enhance their painting skills for their own living and serving as a good citizen,
- Monitoring and developing the activities that have been already implemented to ensure that the educational management generates the sustainable benefits.

2) Collaborative activities with the state sector:

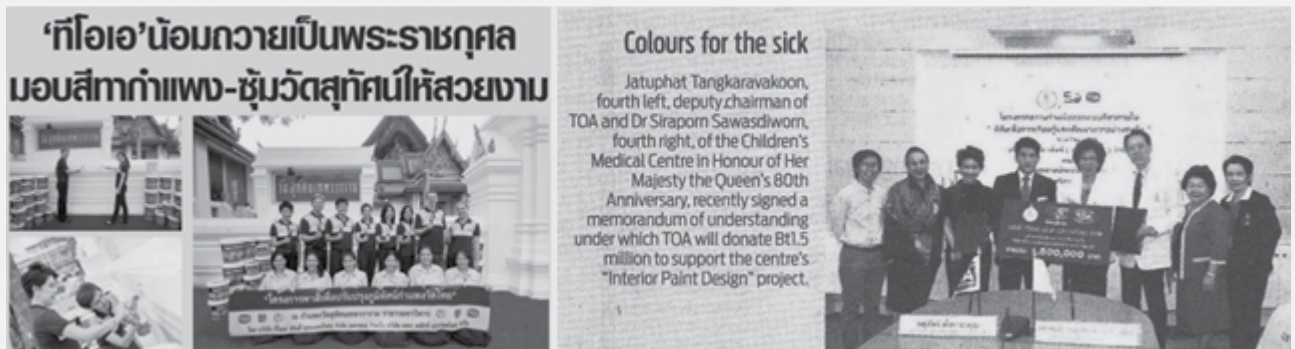


such as the volunteer project under the “Rao Tam Kwam Dee Duay Hua Jai” (We do good deeds by hearts) project in Honor of His Majesty King Rama X.

3) Social contribution:

such as contribution to the Thai Red Cross Society to assist in flood relief efforts, etc.

4) Contribution of paints, volunteer painting, paint designing for promoting the public benefit activities;



- Contributing paints for painting walls around the Dusit Zoo,
- Contributing paint and volunteer painting for renovating walls and arches of Suthat Temple,
- Contributing exterior and interior paints, and paint designing for the Children's Medical Center.

Promoting Community Engagement and Development

The Company recognizes the importance of the social responsibility by helping and supporting activities beneficial to the public with utmost capability and expertise. The Company's social care is divided into 2 categories: (1) CSR in process is to operate its business by taking into account the potential impact on the stakeholders, employees, communities, and environment, and (2) CSR after process which the Company has continuously implemented. In 2018, the Company had carried out the engagement in developing the communities and society through following projects and activities:



Community Engagement

The Company prioritizes the community collaboration by appointing a representative team to discuss with communities by starting with dialogue, well-organized materiality analysis, and gather proper information prior to implementing community engagement activities.



Promoting action plans/projects

The Company shall consider promoting action plans or project for community engagement in consideration of the nearby communities that may be potentially affected by the Company first in line with its business nature or capability, collaboration between its employees and the communities to drive the sustainability.



Educational Contributions:

In 2015 – 2018, the Company had contributed to scholarships for students and educational equipment for schools located nearby the Company. Furthermore, skills and knowledge on proper painting had been provided to schools, vocational institutes, and students in the communities for knowledge enhancement and future careers. The Company also sent its employees from SHE department to enhance well understanding that those students can adopt such knowledge in their daily lives such as garbage classification, local waste management, basic use of fire extinguishers, and basic firefighting.

Supporting Cultural Activities:

In 2015 – 2018, the Company had participated in cultural activities for heritage conservation with the communities in the Buddhist Lent Day, including joining donation for giving the Lent Candle to the monks in the local temples. Also, the Company had consistently participated in the Sonkran Festival in pouring water on the hands of revered elders and ask for blessing.

Promoting the safety and healthy:

In 2015 – 2018, the Company had emphasized the employees' capabilities to contribute knowledge, and communicate about exercise suitable for the elderly from the nearby communities. Moreover, actions to investigate dangers and risks upon the safety in the schools had been carried out in order to seek solutions and preventive measures to protect the youth in the communities from dangers. The students, teachers, and parents were also taught about basic using fire extinguishers and firefighting to be able to protect themselves.

Promoting the environmental sustainability:

The Company has defined the project to enhance the environmental and social awareness among the employees and communities to collaborate in developing and saving the environment in the communities, setting activities to restore the environment such as mangrove forest planting activities, and waste sorting activities in nearby schools and communities.

Promoting the occupational health, safety, and environment

Occupational health and safety procedures

The Company has determined the workplace safety that is divided into 4 principles as follows;



Site Safety

- Fences installed surrounding the plant area to prevent unauthorized persons from entering the area,
- Attach the symbolic signs, warning signs, and compliance signs that are well-proportioned, clearly visible, and universal that everyone can easily understand,
- Floor markings are clearly defined on the routes for vehicles around the plant, and installed the convex safety mirrors at the intersections or road curves that barely see the road in the front,
- Workplace environment is measured relating to the level of noise, lighting, degree of hazardous substances in the atmosphere in the workplace,
- Firefighting and fire protection system is installed, and to ensure that such system is available, efficient, and safe,
- Emergency evacuation map, plan, and assembly points are clearly defined to ensure the safety in case of fire incident,
- Annual building inspection is implemented according to the Building Control Act,
- Annual electrical safety inspection is implemented in line with applicable laws.

Machine Safety

- Ensure the availability of machines, equipment, and tools before use,
- Machine safeguarding covers the point of dangerous operations,
- Robots are used to transfer products after the containing process,
- Vacuum lifters are used to lift products,
- Install the preventive maintenance system of machinery,
- Manual to use machines and equipment is determined to ensure the safety workplace,
- Install the ground wires of machines,
- Define the annual machine inspection as required by laws.





Chemical Safety

- Ensure that the employees comply with proper working procedures, and occupational health and safety manual,
- Educate and train the employees on the chemical safety,
- Determine the safety data sheets (SDS) that provide critical information about hazardous chemicals, and attach the information around chemical-related area,
- Determine the practical measures for the chemical emergency to relieve the incident, and provide emergency response training in case of chemical spills,
- Provide personal protective equipment in the hazardous chemical areas such as filter respirator masks, chemical resistant gloves, safety boots, safety glasses, etc,
- Provide emergency equipment in case of chemical incidents such as emergency eyewash and safety shower stations,
- Provide the spill control kit such as sand, absorbent pads, etc,
- Provide the chemical spill containment barriers to protect against the chemical spillage out of the chemical areas, and chemical spill trays to further safely collect and dispose.

Personal Safety

- Provide the standard personal protective equipment suitable for the workplace conditions and duties, and ensure that the employees wear such equipment during working,
- Equip the employees with knowledge and training on regulations, disciplines, and rules to ensure the safety,
- Provide training and knowledge to main contractors or subcontractors about safety rules in the workplace,
- Determine regulations and manual of workplace safety that include procedures and practices,
- Provide health checkup for employees who work with risk factors; 1) for annual health checkup for employment, and 2) for job rotation that differs from the former risk factors,
- Create activities to promote and instill awareness of safety, occupational health, and environment in the workplace among the employees such as Safety Talk, SHE Day.



Accident Statistics

Performance Data	2018	2017	2016
1. Total number of employees who injured by accidents: person(s) (no lost time + lost time)	5	7	12
2. Total number of lost time injuries: person(s)	2	1	4
3. Total number of lost days: day(s)	24	1	108
4. Sickness absence: person(s)	0	2	6

From 2016 – 2018, the accident statistics decreased by 58.33%.

Frequency and Severity Rates

Performance Data	2018	2017	2016
1. Lost Time Injury Frequency Rate per million hours worked (LTIFR)	0.45	0.22	0.85
2. Occupational Disease Frequency Rate per million hours worked (ODFR)	0	0.43	1.27

Employee and Labor Caring

The Company emphasizes and values the human capital development to enhance knowledge and competencies in which the Company believes that its employees are the vital factor in driving its achievement. Therefore, the Company focuses on building knowledge-based society, leadership, and developing employees at all levels into talented professional, readiness for ongoing learning, and at the same time to drive the organization towards sustainability, with the following guidelines;

1) Recruitment

Regarding the employment policy and recruitment policy, the Company emphasizes taking care of its employees in every process, starting from recruiting candidates with suitable knowledge and expertise under appropriate recruitment and employment policy. The Company is committed to improving competency of its employees for their career advancement along with the sustainable business growth. Recruiting tools and technology that must be up-to-date and reliable are optimized to increase efficiency in managing applicant data to respond

the recruitment, both internal and external, to serve business needs in a timely manner. Furthermore, the recruiting procedures can be auditable/measurable. In this regards, the selected persons shall be able to perform duties better than the others who are not selected, resulting in equipping with the proper candidates with qualifications and expertise suitable for the job descriptions, responding and supporting the Company's business expansion.

The Company has prepared the manpower plan for the current business situation, and further changes in the future by determining and setting the proactive recruiting strategy. The database is established to gather and increase the applicant data with high qualifications in order to accurately match the significant positions and vacant positions. The Company sets out strategic plans, and announces open vacancies by using public channels both domestically and overseas for proactively recruiting potential candidates.

Moreover, the Company has monitored and assessed the performance of recruitment and selection to consider the efficiency of recruiting and selecting system to find out whether it achieves the objectives or not.

2) Employee Satisfaction and Attraction

In achieving its objectives and goals with the support of high potential employees, the Company determines various policies to foster its employees' satisfaction and motivation to open the opportunity to show their capability, give reward comparable to the competitive job market, as well as the career paths under the following guidelines;

- Participate in benchmarking research of peer companies' remuneration and welfares to find out the results that are used for internal adjustment in relation to salary structure policy, and compensation reflecting the individual performance to stay competitive in the job market,
- Determine the career path management that creates employee readiness for promotion and moving up in the organization to serve as a standard to seek its employees with high performance and development,
- Set KPIs to be aligned with the Company's goals and strategies in order to drive the outstanding individual performance that is linked to the reward management system,
- Career path management is well-prepared for its employees to hold higher positions by means of defining the individual development plan for employees who have high potential with outperformance and development to ensure the effective promotion,

- Welfare and other benefits offered by the Company are higher than legal requirements, and appropriately tailored to ensure competitiveness.

More details about the employees' remuneration and provident fund in 2018 are disclosed in **"Management Structure"**, sub-heading **"Personnel Remuneration"**, and **"Provident Fund"** respectively.

3) Performance Assessment

The Company adheres to driving the approach of the Performance based Management through the key performance indicator to be aligned with the Company's strategies. The performance assessment is conducted with fairness through the Performance Management System (PMS) to analyze the results for further granting rewards, and considering career paths for the employees' motivation along with potential development.

After setting corporate strategic plans and goal, the Company defines the key performance indicators, and then the business unit performance prior to the individual performance. Such performance indicators are aligned with the goals at every levels, and assessment period is clearly set. Thus, the employees can preliminary conduct their self-assessment prior to their supervisors' assessment through the performance discussion process with the purpose of delivering clear understanding and embracing collaborative performance. The supervisors also provide helpful suggestions and guidance for further self-development based on the coaching process on a regular basis. This ensures that the performance assessment equipped with employee development plan strengthens the efficiency at work generated by the employees, business units, and organization.

4) Human Capacity Development

The Company well recognizes that its employees are the vital resource to drive the sustainable business achievement and growth. In this regard, the Company puts a strong intention to steer the potential development in a systematic manner in line with the Company's business direction. Furthermore, it is to enhance and foster the employees' competencies to support the business expansion with the focus on providing them with necessary knowledge and

skills for the business direction to increase the competitiveness for the present and future. Career management is utilized as a mechanism for career advancement in each position, and covers the areas of employee competency, knowledge, experience, and personal attributes, to ensure that employees have a clearly defined career path and are motivated to continue pursuing individual development.

The Company encourages its employees to apply new skills and knowledge derived from the 70:20:10 model for learning and development, which is closely linked to the career management system. Through this model, an employee will gain learning and development 70% from project assignment and on-the-job experience, 20% through exposure to sharing of knowledge and skills with others derived from coaching and feedback from supervisors or related mentors, and the remaining 10% of knowledge and skills from training and education.

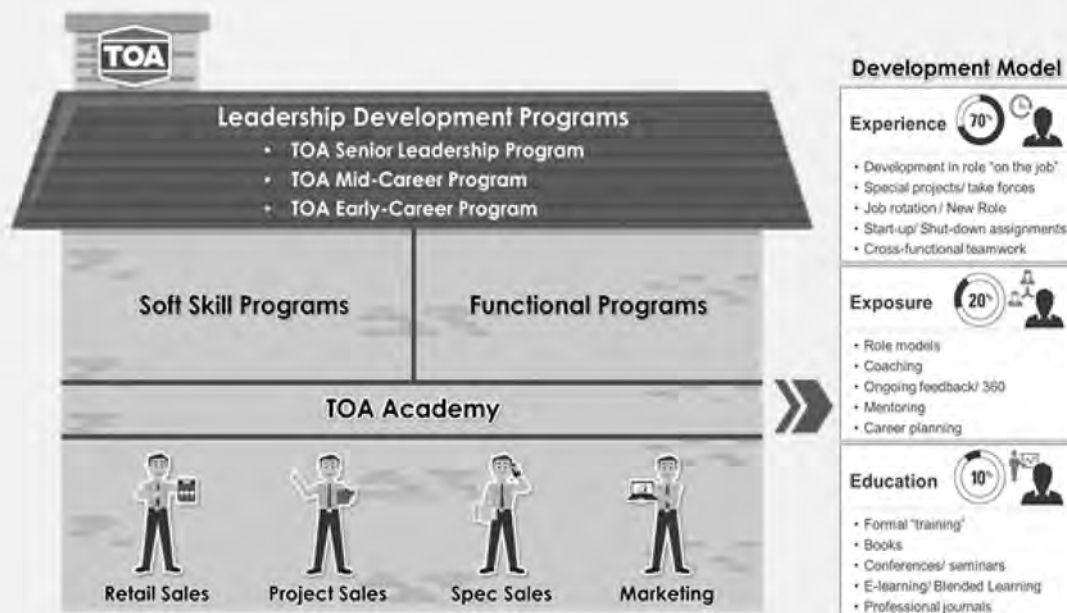
The Career Management System is a system used for planning employee development in terms of building capabilities, technical skills, and career growth. At the employee level, this is managed by the Human Resource Development, while the management level is managed by the Executive Committee, advisors, and Human Resource Development that are jointly responsible for preparing the individual

development plans to ensure employee growth and career advancement.

The Company analyzes the organizational demand within the period of 5 years, following which highly competent individuals will be selected. Those selected will develop the individual development plans, and identify target positions in order to strengthen their readiness prior to assuming a critical leadership role. Moreover, the scholarships are granted to employees who are interested in pursuing higher studies in their fields that correlate with organizational strategy.

The Company prioritizes the potential development of employees at all levels by supporting leadership and employee learning further by providing core training courses that include Leadership Development Programs for building leadership at all levels and developing individual to gain a broad knowledge of the business. The employees also develop and enhance their professional skills and competencies through both training courses Functional Programs and Soft Skill Programs to support the organization for the present and future. Furthermore, the Company launches a project "TOA Academy" such as Sales Academy, and Marketing Academy in order to develop the sales capability for the short and long term with the purpose of upskilling the sales strengths, attraction, and professional tactics.

Curriculum Structure of TOA Leadership and Learning



5) Employee Engagement

Building TOA people under the corporate culture of TOA DNA

The Company aims to build TOA people by means of developing its employees to have the same behaviors to assure goal-oriented direction. This is regarded as the core value to work and manage people to achieve the objectives efficiently; this is called TOA DNA. Mr. Jatuphat Tangkaravakoon, Chief Executive Officer, states that “TOA DNA is the way that the Company admires every employee to become, and a core model to team up all people from every business unit to have the same work behavior”, which consists of following 5 principles;

1. **First** (Customer First)
2. **Expertise** (Deliver our Expertise)
3. **Execution** (Execution to Excellence)
4. **Passion** (Work with Passion)
5. **Change** (Change for Tomorrow)

6) Succession Planning

The Company has put the importance on the succession for the Chief Executive Officer, President, and management levels in which the Company selects the capable employee within the organization. The assessment of individual potential and performance is defined through the nomination process, together with planning the successor individual development and career growth to move up the higher position. In this regard, the successors must possess the qualifications, capability, potential, and experience of their fields, including to receive the transferred knowledge and experience with the support of job rotation both domestic and abroad. In addition, the successors need training courses relating to executive development for the readiness to serve a higher position in the future. Works and assignments are also delivered smoothly, resulting in continuity of business management. The Company has determined the criteria of succession plan as follows;

1. The Board of Directors, Nomination and Remuneration Committee, and Human Resource Division collaboratively formulate the guidelines of succession plan to be aligned with business direction and strategic management,

2. Define the model of leadership competencies for all management positions; that is, necessary knowledge, skills and capabilities. The individual development plan is also defined for the career advancement of successors,
3. Test and assess an individual to analyze the competencies of successors (Development Center),
4. Develop the group of management who are expected to be successors together with monitoring and assessment.

7) Respect for Human Rights and Fair Treatment for Labor

The Company prioritizes the basic human rights that is included in the code of conduct as follows;

- **Fair treatment based on the rights and liberty:** personal rights and freedom must be protected from misuse of their personal data for disclosing or transferring such as profile, health record, work experience, or other personal data to a person who is not concerned.
- **Respect for humanity, equality, and workforce diversity:**

the Company has formulated practices of fair treatment towards related parties. Employees should deserve equality without preferential treatment relating to similarity or difference such as physique or mentality, race, nationality, religion, gender, age, education, or others. Such practices cover all groups of stakeholders related to the organization. Moreover, the Company highlights, fosters, and opens the opportunity for women to hold leader or senior management positions without gender discrimination to undertake career success. This is regarded as an advantage for the organization to have a wide range of selection for candidates or successors, resulting in hiring the right persons. In 2018, the proportion of female top management ranged from the vice president position above was presented by 54%.

The Company has planned the manpower management to avoid part-time hiring. Notices shall be announced to employees in advance in case of organizational changes that affect them such as job rotation, change in the workplace, etc. through electronic communication.

- **Opportunity for disabled persons to work and organize markets for caregivers of the disabled persons:**

the Company complies with the applicable laws pertaining to hiring persons with disabilities under the Persons with Disabilities Empowerment Act, B.E. 2550 (2007). The Company submitted the application for approval of hiring person with disabilities under the Section 35 by granting concessions to arrange places for products or services of persons with disabilities. Moreover, the Company also complies with the Section 33 by hiring persons with disabilities to work in the positions suitable for them together with facilities, totaling 5 persons in order to provide opportunity and support their careers for the better well-being.

- **Promoting and caring employees relating to safety** as follows;

- Fire protection and firefighting unit ensures the safety of the organization and employees,
- Closed-circuit television system is installed for surveillance and security of the Company and its employees,
- Safety measures.

8) Performance in the previous year

In 2018, the Company had provided a total of 36 in-house training courses for a total of 64 batches, and sent its employees to participate in public training courses totaling 24 courses and 72 batches, with the grand total of 136 batches covering the operation level, supervisor level, and management level. The average training hours per person was 8.10 hours.

Post-Training Employee Satisfaction Evaluation

The Company assessed the satisfaction, and gathered suggestions of its employees after the training courses for further improvement and selecting training courses and contents. **In 2018, the post-training employee satisfaction evaluation was presented as 93.31%.**

Enhance the work efficiency and innovation

The Company creates a culture where all employees are actively engaged in creativity through the project TOA KAIZEN in order to instill awareness of knowledge sharing among employees or business unit for better work-related improvement. Then, the employees are able to create continuous effective improvement/

change. TOA KAIZEN is also a channel for employees to present new idea and approach to improve work procedures and workplace environment. Furthermore, the Company appoints the Kaizen working group to consider and reward them whose idea outperforms the others.

Employee Engagement Survey

The Company is concerned with its employees' expectation. Therefore, the employee engagement and satisfaction survey is part of the Company's commitment to meet employee expectations. In 2018, the Company conducted the employee engagement survey.



Results of the 2018 employee engagement survey with 1,651 employees in total;

Work	Opportunity & Advancement	Compensation	Learning & Development	Co-workers
77.8%	75.1%	74.9%	75.0%	76.0%

9) Performance of in-house activities for the sustainability

- **Wellness Program**

The Wellness Program is formulated to modify the healthcare strategy of the employees for more proactive or preventive standpoint, helping employees have greater awareness of their health status, and available methods for care and prevention. In this regard, the employees are motivated to place greater focus on caring for their own health. The steps for implementation of the Wellness Program are as follows;

“Improve Your Health” Necessary vaccines with special prices were offered to employees such as influenza vaccine, Hepatitis B vaccine, etc. The Company also organized lectures by inviting medical professionals to help educate employees about causes of illness, reasons for and importance of basic self-care, and how to modify their lifestyles for better physical and emotional health.



“Value Your Health” Employees were invited to participate in special lectures by medical professionals about healthcare organized in an executive group in which they could express their questions. This activity enhanced well understanding of healthcare, and they enjoyed participating it together with receiving gifts.



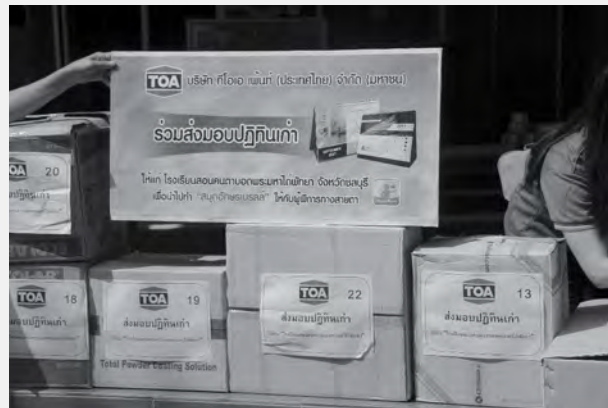
• **Happy Money, Happy Retirement**

The Company joined “Happy Money, Happy Retirement”, the project aiming at employers to enhance wellbeing of their employees after their retirement through the provident fund. Employers undertake a role to educate their employees to put the importance of saving. The Company prioritizes the wellbeing improvement, and then joined the project to drive the provident fund after retirement.



• **Social Activities**

The Company adheres to promoting social activities in every dimension with the purpose of delivering happiness and smile to society through various activities in which its employees can participate such as helping disaster victims, awareness campaigns, forestation, and donation for persons with multiple disabilities, etc. These activities make them proud to be a part of the organization and society at the same time in building good relationship between the employees and management team for mutually doing good deeds for society. These shows consequences of the implementation to meet goal-oriented direction.





ENVIRONMENTAL RESPONSIBILITY AND PERFORMANCE

Policy on Corporate Culture in relation to the Environment

The Company operates the decorative and non-decorative paints and coating products with the emphasis on economic development along with environmental conservation for sustainable development. As such, the Company is committed to promoting and creating the environment-related corporate culture for employees at all levels, and stakeholders, such as business partners, customers, and communities, by operating in accordance with the following guidelines:

- (1) Assess potential impact the on environment that covers all employees and stakeholders of the Company, and ensure the protective measures of significant impacts, including disclosing the environmental impact to the public,
- (2) Promote and build a corporate culture in relation to the environment for the Company's employees and stakeholders covering the supply chain, and implement strategies for continuous and sustainable development,
- (3) Promote environmental activities in order to educate employees and drive the employee and stakeholder engagement, and raise awareness of environmental values and ethics to be the environment-related corporate cultures,
- (4) Strictly comply with the applicable laws and related regulations pertaining to the environment, including the adoption and application of global standards to reduce the environmental impact,
- (5) Emphasize and respect the human rights of the Company's employees and stakeholders by providing whistleblowing channels relating to the environmental injustice,
- (6) Monitor and assess the existence of the environment-related corporate culture on a regular basis for further development and improvement.

1. Diffusion and Adoption of Innovation from CSR process

The Company has adopted the corporate social responsibility guidelines and initiated the innovative business to contribute competitive advantage for the Company and society. The Company ensures that it has identified and verified potential risks that may cause damage or negative impact on the society and environment, and also find active solutions to minimize such risks by means of considering and analyzing each working procedure thoroughly. In this regard, this shall pave the way to further development and innovation to create new products reflecting the consumer needs, and business agility and resilience in facing social and environmental challenges to achieve long-term sustainability.

The Company prioritizes and promotes the environmental conservation. Natural resources must be allocated and managed efficiently and effectively.

Furthermore, the Company maintains the ecological balance and sustainability from upstream to downstream in the value chain, including carrying out the delivery process of products and services with quality, standards and safety.

1.1 Selection of quality raw materials, based on the global manufacturing standards, that are safe and eco-friendly to the environment, with the following key principles;

- Select raw materials supplied from manufacturers that receive global certification in quality and environmental compliance,
- Equitable treatment of business partners under the fair competition,
- Build good relationship and collaboration, engage in knowledge and technology sharing, and strictly follow agreement conditions,
- Comply with the procurement procedures that include both criteria and process to ensure transparency, accountability, and for the best interest of the Company,
- Research and develop by applying renewable materials to generate green products.

1.2 Automated production process integrated by ABB software and closed slurry system to help reduce negative impact on the environment by 50%

● **Production process run by the closed slurry system and automatic control system (ABB software):**

main powdered and liquid raw materials are stored in SILO and storage tanks by uploading such raw materials into the closed production process system in order to save time, reduce wastewater and negative impact on the environment by 50%. The Company also optimizes robotic automation to transfer products during the packaging process for the safety of its employees and energy efficiency.



Loading raw materials for production through piping system by automatic control



Robot to transfer products

● **Quality control system with the international organization for standardization:**

all production process, ranging from selecting raw materials, producing, packaging, quality control for finished goods, warehouse storage system, distribution, and selling, is operated by high quality control system according to the quality management system standards as follows;

● **Domestic Plants:**

- Quality management system: ISO 9001:2015,
- Environmental management system: ISO 14001: 2015,
- Energy management systems: ISO 50001: 2011 for emulsion paint,
- General requirements for the competence of testing and calibration laboratories: ISO/IEC 17025: 2005,
- Occupational health and safety management systems: OHSAS 18001: 2007 and TIS 18001: 2011.



Powdered and liquid raw materials stored in SILO and storage tanks

● **Plant in Vietnam:**

- Quality management system: ISO 9001:2015,
- Environmental management system: ISO 14001: 2015,
- Energy management systems: ISO 50001: 2011 for designing, producing and distributing paint and coating products,
- Occupational health and safety management systems: OHSAS 18001: 2017.



● **Compliance with the environmental, occupational health, and safety standards:**

- 2 plants (Bangna and Samrong) have been nationally certified and awarded, including providing training for employees to comply with applicable laws and related regulations as follows;
- Green Industry Level 3, Ministry of Industry,
 - CSR-DIW Continuous Award 2018, Ministry of Industry (Bangna Plant for 5 consecutive years/ Samrong Plant for 4 consecutive years),
 - Outstanding Safety, Occupational Health, Environment in the Workplace Award 2018 for Bangna Plant (5 consecutive years), and Samrong Plant (3 consecutive years), Ministry of Labour,
 - Zero Accident Campaign Award in 2018 for both Bangna Plant and Samrong Plant, Ministry of Labour,

- Environmental Governance Award in 2018 by Ministry of Industry.



1.3 Develop innovative products and services that respond to the consumer issues with responsibility based on initiation for innovative paint and coating products that are safe and eco-friendly (Greenovation Products Development), and comply with domestic and global product standards

The Company determines the policy to develop and produce the quality “greenovative” products and excellent services, which promotes the energy efficiency. The Company has received the following certificates;

- Product Carbon Footprint Certification or Carbon Footprint Label: Supershield, Supershield Duraclean A+, TOA Shield-1 Nano, TOA Roof Paint Sunblock, 4 Seasons, and Extrapam,
- Green Label Certification, and Lead and Mercury Free Certification,
- Energy Saving Label No. 5 for paint and coating products, Ministry of Energy,
- Other certificates from Thai Industrial Standards Institute (TISI).



2. Sustainable Resource Use

The Company promotes the efficient and sustainable resource use in every production and service procedure with the following guidelines;

1. Indicate, measure, record, and report the consumption of energy, water, and other significant resources,
2. Implement the resource efficiency to reduce the consumption of energy, water, and other resources, define KPIs for energy, and energy saving campaign,
3. Determine the principles of the 3Rs for waste utilization,
4. Manage the water resource to ensure the accessibility, equity and sharing of water resources,
5. Extend the sustainable resource use practices to business partners,
6. Build awareness among employees about the sustainable resource use through communication media such as notice boards, email, intranet, etc.

2.1 Energy Policy

The Company operates a decorative and non-decorative paint and coating business with a strong commitment towards the sustainability to develop products, and strengthen business growth along with efficient energy management. Therefore, the Company recognizes the importance of energy management as an essential duty for all levels of management to promote and take responsibility for such matter, and for all employees to collaborate and contribute to the sustainable energy management approach.

As such, the Company has designated the energy policy that serves as a guideline for energy operations and promotion of efficient energy use for the maximum benefit, with the following guidelines;

- (1) Operate and develop the proper energy management system by determining the energy management as a part of the Company's business operations, and ensure the compliance with applicable laws and other related regulations,
- (2) Improve the energy efficiency suitable for the Company's business model, available technology, and good practices,
- (3) Designate the Company's annual action plan and goal for energy management and communicate with all employees to ensure their understanding and accurate compliance,
- (4) The energy conservation is the duty and responsibility of the management, and employees at all levels to comply with the energy conservation measures, to monitor and report relevant issue to the Energy Management Committee,
- (5) Provide necessary support for development of energy efficiency, including resources, staffing, information, budget, working time, training courses, and participation in expressing opinions,
- (6) Assess and control the energy consumption to continuously improve energy efficiency and suit with the Company's energy consumption,
- (7) Design and procure machineries, tools, production equipment, and other necessary services by taking account of the energy efficiency of each product and service,
- (8) Management and Energy Management Committee shall review and amend (if necessary) the energy policy, goal and plan on a yearly basis.

Electrical Energy Management

Throughout the years, the Company has implemented the energy conservation on a regular basis, and has set a quantitative goal of reducing the electrical energy consumption by 1.5% from the year 2017, with the following practices;

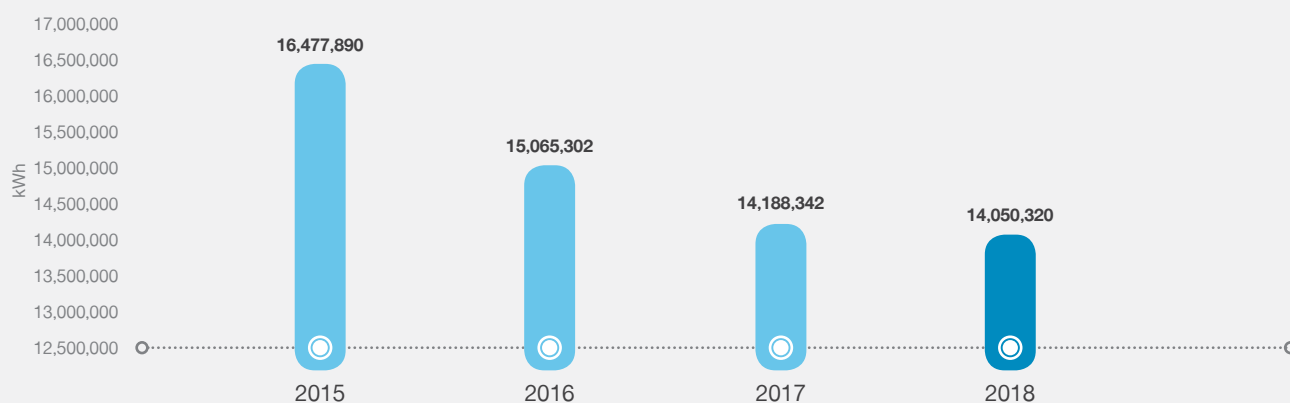
1. LED lighting for energy saving project to change 250W mercury vapor lamps to 120W LED lamps totaling 266 lamps in the warehouse at Bangna Plant, resulted in energy saving by 179,586 kWh/year,
2. LED lighting for energy saving project to change 400W mercury vapor lamps to 120W LED lamps totaling 102 lamps in the water-based paint and coating plant no. 2, resulted in energy saving by 40,245 kWh/year,
3. LED lighting for energy saving project to change 250W mercury vapor lamps to 120W LED lamps totaling 24 lamps in the depot no. 2, resulted in energy saving by 12,614 kWh/year,
4. LED lighting for energy saving project to change 400W mercury vapor lamps to 120W LED lamps totaling 155 lamps in the depot no. 1, resulted in energy saving by 64,826 kWh/year,

5. Changing 60,000 BTU air conditioners to air conditioners certified by the energy efficiency label no.5 for 40,000 BTU totaling 5 air conditioners in the water-based paint and coating plant no.2, resulted in energy saving by 27,972 kWh/year.
6. Installing the 200kW Inverter for the air compressor (BAC-6) in the back zone to enhance the efficiency in controlling the compressed air systems, resulted in energy saving by 54,797 kWh/year,

7. Changing 6 UV light controllers (7,000W) of the printing machine for containers in the production unit PAIL, resulted in energy saving by 24,456 kWh/year.

As a result, it was found that the Company could save the electrical energy 404,498 kWh/year, or presented as 2.85% compared to 2017, which achieved the intended target.

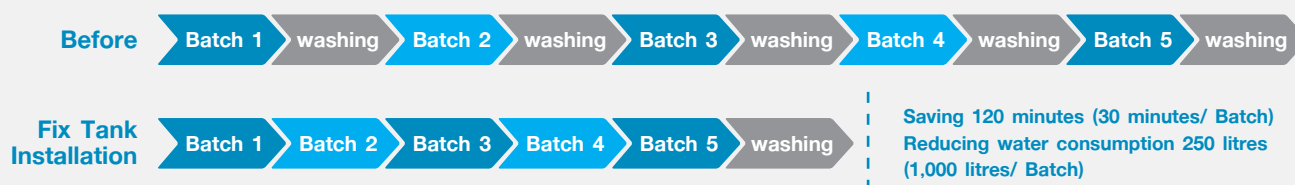
Electrical Energy Consumption in 2015 – 2018



2.2 Water Management

1. Develop the innovative production process to reduce water consumption (pigging system),
2. Ensure the efficient maintenance and availability of water supply system,
3. Install the wastewater treatment system to treat wastewater from production process and return back into the receiving environment and reuse the treated wastewater.

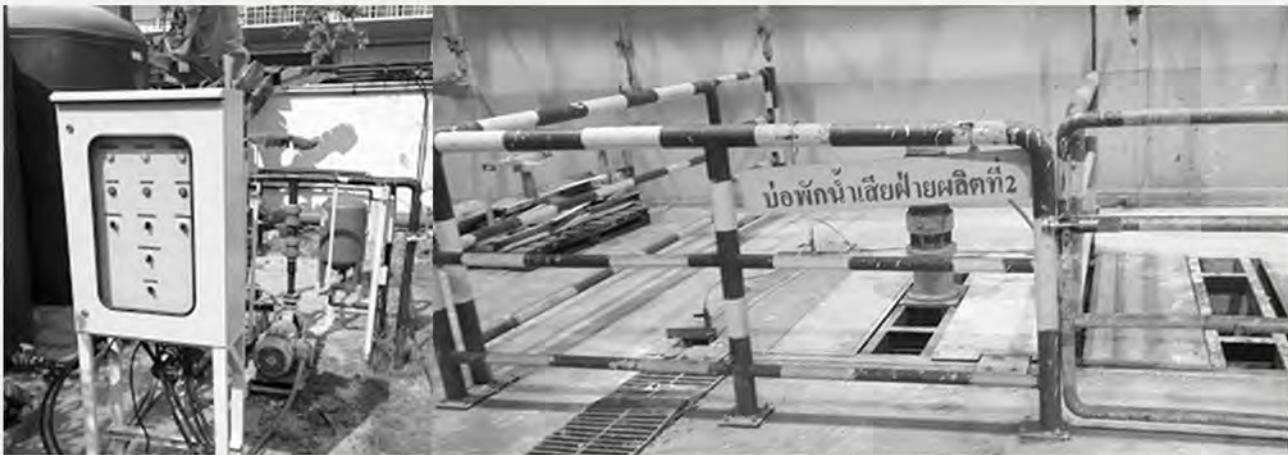
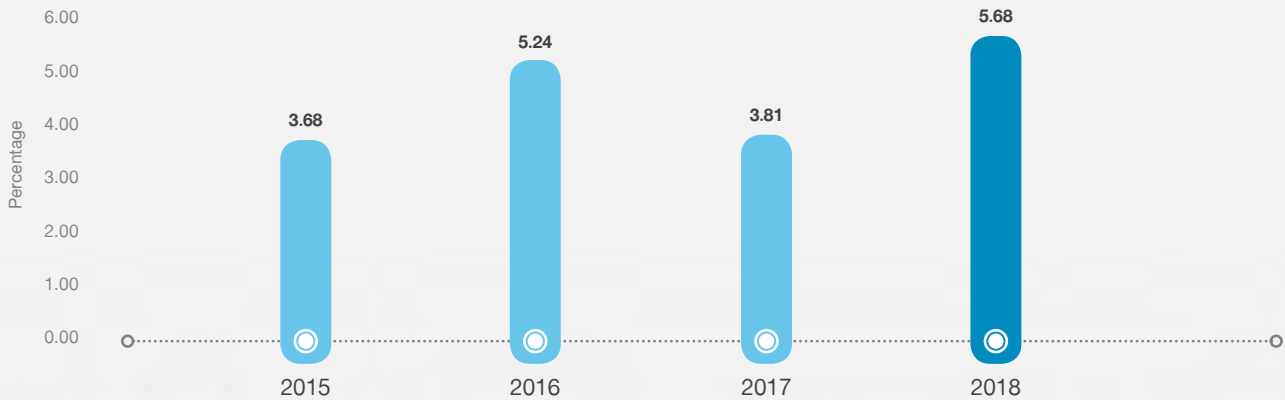
Installation of fix tank for continuity and wastewater reduction



Water Consumption in Each Resource

Water Resources	2018	2017	2016	2015
Piped water	117,197	128,380	135,721	136,122
Groundwater	-	-	-	-
Reuse of treated wastewater	6,653	4,894	7,106	5,012

Percentage of Reused Wastewater



Above pictures show the implementation of reusing treated wastewater and wastewater storage pond at the water-based paint and coating plant no. 2.

3. Waste Management Policy

The Company is committed to maintaining a sustainable coexistence with its community and society, creating and promoting an environment-centric business as well as corporate social responsibility. In this regard, the Company has determined the waste management policy as the good practices in managing waste generated from the production process, with the following details:

- (1) Reduce the amount of waste released to the environment causing the environmental degradation by means of promoting the waste recycling practices,
- (2) Reduce the amount of disposed waste through the 3Rs (Re-use/Reduce/Recycle) waste management approach that will enhance the Company's systematic waste disposal,
- (3) Determine working standards, and encourage all department to analyze and seek the appropriate waste reduction and waste disposal approaches, as well as monitor such compliance with the waste management standards on a regular basis,
- (4) Ensure the company-wide communication to enlighten on the waste disposal, including exchanging knowledge and experience on such matter of each department in order to establish the corporate culture that values environmental conservation, and extend such awareness among the Company's employees,
- (5) Determine the periodical waste management assessment in accordance with the intended indicators, and regularly develop and improve waste management activities,
- (6) Appoint a designated persons to take responsibility for the waste management in the organization.

Management of Waste and Non-Used Materials

The Company has determined the regulations for managing and controlling waste from the production process or other activities to ensure appropriateness, conformance to applicable laws and safety in storing, transportation, and disposal in order to use them as a guideline for preventing the disposal of waste and non-used materials negatively affecting the environment. The Company classifies its waste by establishing working procedure for waste management. The waste can be classified into 3 types: community waste, general waste, and chemical waste, and the Company stores such waste to be disposed of by a licensed company.

Sample of waste classification



Waste storage and collection



Waste transferred and managed by a waste disposal company



The Company is committed to developing and enhancing its business operation to achieve the sustainable development, effective engagement with all sectors, all groups of stakeholders, compliance with ethics and code of conduct for mutual sustainable benefits.





FINANCIAL REPORT

REPORT OF THE BOARD OF DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

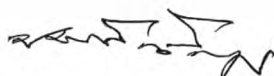
The Board of Directors of TOA Paint (Thailand) Public Company Limited has prepared the Company's financial statements to show its financial status and performance for the year 2018 under the Public Company Limited Act B.E.2535 (1992), financial reporting standards under the Accounting Act B.E. 2543 (2000), the Securities and Exchange Act B.E.2535 (1992), and the notification of Capital Market Supervisory Board Re: Rules, Conditions and Procedures for Disclosure regarding Financial and Non-financial Information of Securities Issuers.

The Board of Directors places great importance on its duties and responsibilities in supervising the financial statements of the Company and its subsidiaries including financial information shown in the 2018 Annual Report. The financial statements were prepared under generally accepted accounting standards. In preparing the said financial statements, the Company has adopted accounting practices and standards that are appropriate to its nature of business, due and reasonable discretion exercised in the preparation of financial statements. Adequate significant information has been disclosed in the notes to the financial statements to ensure the transparency of information for the shareholders and investors.

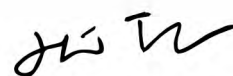
The Board of Directors has established and maintained the effective risk management and internal control systems to ensure the completeness, adequacy, and accuracy of accounting records in order to retain Company's assets and prevent frauds or significant irregularities in operation.

The Board of Directors appointed the Audit Committee consisting of 3 independent directors to review the quality of the financial reports and internal control systems. The Audit Committee's opinions are disclosed in the Annual Report.

The Board of Directors expresses its satisfaction on the internal control system, and assures the adequacy, credibility and reliability on the financial statements of the Company and its subsidiaries ended December 31, 2018 in compliance with the generally accepted accounting standards, laws and relevant regulations.



(Mr. Prachak Tangkaravakoon)
Chairman of the Board



(Mr. Jatuphat Tangkaravakoon)
Chief Executive Officer

MANAGEMENT DISCUSSION AND ANALYSIS

Results of Operations

Sales Revenue

For the year ended December 31, 2017 and 2018, our sales revenue was THB15,717.7 million and THB16,346.6 million, respectively, which increased THB628.9 million, or 4.0%. The increase in sales revenue was largely due to an increase in selling price in the beginning of year 2018 and due to an increase in sales volume of premium grade product as a result of the economic recovery, as well as an increase in non-decorative paint and coating products sales revenue, which was primarily due to the increased sales volume of construction chemicals and heavy duty coatings. By distribution channel, the increase in sales revenue derived from all distribution channels, which was primarily from an increased modern trade sales revenue and the increased other channels sales revenue, which was largely due to a higher number of projects using our products. By customer location, the increase in sales revenue was largely due to an increase in sales revenue from products sold to customers in Thailand together with an increase in overseas countries sales revenue, which was largely due to an increase in sales revenue in Vietnam. The following table sets forth the breakdown of our sales revenue:

Sales by product group	Year ended December 31,			
	2017		2018	
	THB million	%	THB million	%
Decorative Products	10,809.8	68.8	11,180.5	68.4
Non-decorative Products	4,358.3	27.7	4,582.9	28.0
Other Business Products ⁽¹⁾	549.6	3.5	583.2	3.6
Sales	15,717.7	100.0	16,346.6	100.0

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

Sales by distribution channel	Year ended December 31,			
	2017		2018	
	THB million	%	THB million	%
Retail Dealers	11,519.3	73.3	11,650.9	71.3
Modern Trade	2,401.5	15.3	2,816.4	17.2
Others ⁽¹⁾	1,796.9	11.4	1,879.3	11.5
Sales	15,717.7	100.0	16,346.6	100.0

Note : (1) “Others” primarily comprise sales revenue from distribution through projects, exports and distribution to the Divested Companies and related companies.

Year ended December 31,

Sales by geography	2017		2018	
	THB million	%	THB million	%
Thailand	13,645.8	86.8	14,016.5	85.7
Overseas	2,071.9	13.2	2,330.1	14.3
Vietnam	1,220.3	7.8	1,338.8	8.2
Others ⁽¹⁾	851.6	5.4	991.3	6.1
Sales	15,717.7	100.0	16,346.6	100.0

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

Cost of sales

Our cost of sales increased THB447.2 million, or 4.3%, from THB10,351.1 million for the year ended December 31, 2017 to THB10,798.3 million for the year ended December 31, 2018. This increase was primarily attributable to the increased prices of key raw materials used in our production process such as titanium dioxide (TiO₂), solvents, resin and latex.

Gross Profit

For the years ended December 31, 2017 and 2018, gross profit was THB5,366.6 million and THB5,548.3 million, respectively, or as a percentage of sales revenue, 34.1% and 33.9%, respectively. The decrease in gross profit margin was primarily attributable to the increase in the cost of raw materials as mentioned above.

Selling and distribution expenses

Total selling and distribution expenses increased THB213.1 million, or 10.1% , from THB2,101.1 million for the year ended December 31, 2017 to THB2,314.2 million for the year ended December 31, 2018. This increase was primarily attributable to higher sales promotions and commissions and incentives, which stimulated sales revenue growth.

Administrative expenses

Total administrative expenses decreased THB146.3 million, or 12.3%, from THB1,192.6 million for the year ended December 31, 2017 to THB1,046.3 million for the year ended December 31, 2018. This decrease was primarily attributable to the decrease in IPO expenses in 2017.

Profit for the year

Our profit for the year increased THB86.0 million, or 5.0%, from THB1,703.4 million for the year ended December 31, 2017 to THB1,789.4 million for the year ended December 31, 2018. Our net profit margin increased from 10.8% for the year ended December 31, 2017 to 10.9% for the year ended December 31, 2018. The increase in net profit margin was primarily attributable to the increase in sales revenue.

Year ended December 31,

Income statement (THB million)	2017	2018
Sales revenue	15,717.7	16,346.6
Total revenues	15,824.9	16,454.3
Cost of sales	10,351.1	10,798.3
Selling and distribution and administrative expenses	3,293.7	3,360.5
Profit before finance cost and income tax	2,180.1	2,295.4
Profit for the period	1,703.4	1,789.4

Asset Management Ability

1. Current Assets

(1) Cash and Cash Equivalents

Our cash and cash equivalents consist of cash and bank deposits. As at December 31, 2017 and 2018, we had cash and cash equivalents of THB1,816.2 million and THB1,866.6 million, respectively. Our cash and cash equivalents were primarily affected by the increases and decreases of our net cash from or used in operating, investing and financing activities.

(2) Investments in Trading Securities

As at December 31, 2017 and 2018, we had investments in trading securities of THB4,468.0 million and THB4,483.3 million, respectively. Our investments in trading securities were primarily from the increasing in capital and raise fund in public and partially from the operating profit.

(3) Trade and Other Receivables

Our trade and other receivables primarily consist of trade receivables from related and unrelated parties and other receivables, including accrued income. As at December 31, 2017 and 2018, we had trade and other receivables of THB2,936.3 million and THB3,068.6 million, respectively. Trade and other receivables increased primarily because of the increasing in sales revenue in the fourth quarter of 2018.

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

Current portion of long-term hire purchase receivables comprised hire purchase agreements for the Auto Tinting Machines which are due within one year. As at December 31, 2017 and 2018, our current portion of long-term hire purchase receivables was THB77.3 million and THB62.3 million, respectively. Current portion of long-term hire purchase receivables was primarily affected by the decrease in the number of hire purchased Auto Tinting Machines and the changes in the terms and conditions of our hire purchase agreements.

(5) Inventories

Inventories consist of finished goods, work in process, raw materials, packing materials, spare parts and factory supplies, and goods in transit. As at December 31, 2017 and 2018, we had inventories of THB2,231.7 million and THB2,395.6 million, respectively. Inventories increased as at December 31, 2018 primarily due to the increase in the level of finished goods and work in process to supply for sales in 2019.

Inventory days in 2017 and 2018 were approximately 33 days and 34 days, respectively.

We have a policy to establish provision for obsolete inventories by taking into the shelf life of each products.

2. Non-current Assets

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

Long-term hire purchase receivables, net of current portion, comprised hire purchase agreements for the Auto Tinting Machines which are not due within one year. As at December 31, 2017 and 2018, we had long-term hire purchase receivables of THB137.5 million and THB125.9 million, respectively.

(2) Investment Properties

Investment properties relate to investment in real properties and comprise of a building in Huay Kapi district, Chonburi province. As at December 31, 2017 and 2018, investment properties was THB17.0 million and THB14.3 million, respectively.

(3) Property, Plant and Equipment

Property, plant and equipment consist of land, land improvements, buildings and building improvement, machinery and equipment, furniture, fixtures and office equipment, motor vehicles, and assets under installation. As at December 31, 2017 and 2018, we had property, plant and

equipment of THB1,945.0 million and THB2,295.2 million, respectively. The increase in property, plant and equipment as at December 31, 2018, was primarily due to construction in overseas factories.

(4) Intangible Assets

Intangible assets comprise computer software and leasehold rights. As at December 31, 2017 and 2018, intangible assets was THB153.6 million and THB329.1 million, respectively. The intangible assets were lower as at December 31, 2018 primarily due to the leasehold rights in Cambodia and Malaysia.

(5) Other non current assets

Other non current assets consist of advance payment for land and withholding tax refundable. As at December 31, 2017 and 2018, we had other non current assets THB86.4 million and THB57.6 million, respectively. The decrease in other non current assets as at December 31, 2018, was primarily due to the transfer of advance payment for land in Cambodia to the leasehold rights.

3. Current Liabilities

(1) Short-term Loans from Financial Institutions

Our short-term loans from financial institutions represent promissory notes. As at December 31, 2017 and 2018, we had short-term loans from financial institutions of THB1,205.0 million and THB985.0 million, respectively. Our short-term loans from financial institutions decreased due to the repayment of certain loans that reached maturity.

(2) Trade and Other Payables

Our trade and other payables consist of trade payables to our raw material suppliers and other payables to related and unrelated parties as well as accrued expenses.

As at December 31, 2017 and 2018, we had trade and other payables of THB3,825.8 million

and THB3,987.0 million, respectively. The increase in trade and other payables was primarily due to an increase in purchasing. The average days outstanding for trade and other payables were 102 days in 2017 and 2018 in accordance with the general practice whereby we aim to agree on the terms of payment with distributors within 90 to 120 days from month's end.

(3) Income Tax Payable

As at December 31, 2017 and 2018, income tax payable, being corporate income tax, was THB175.3 million and THB206.0 million, respectively. The increase in corporate income tax payable was consistent with the increase in the Company's profit before tax in 2018.

4. Non-current Liabilities

(1) Long-term Loans from Financial Institutions

As at December 31, 2017, the long-term loans from financial institutions was in aggregate THB166.4 million. The portion was due within one year as at December 31, 2017 THB166.4 million and fully repayment. As at December 31, 2018, we had no long-term loans from financial institutions.

(2) Provision for Long-term Employee Benefits

As at December 31, 2017 and 2018, we had provision for long-term employee benefits of THB245.7 million and THB314.5 million, respectively. Provision for long-term employee benefits increased as at December 31, 2018 primarily due to an increase in service costs and interest costs for the period.



5. Shareholders' Equity

As at December 31, 2017 and 2018, our shareholders' equity was THB8,413.0 million and THB9,364.1 million, respectively. As at December 31, 2018, shareholders' equity consisted of paid up capital of THB2,029.0 million, share premium of THB5,761.5 million, appropriated-statutory reserve of THB202.9 million, unappropriated retained earnings of THB2,113.9 million less other components of shareholders equity of THB687.7 million and non-controlling interests of the subsidiaries of THB55.5 million.

As at December 31, 2017 and 2018, the Company's return on equity is 37.1% and 20.1%, respectively. The decrease in the Company's return on equity as at December 31, 2018, was primarily due to the increase in shareholders' equity.

Liquidity and adequacy of capital

1. Liquidity

Our principal sources of liquidity are cash generated from our operations and loans from financial institutions. The availability of funding from external sources and the cost of such funding is subject to a number of factors that are beyond our control, including general economic and capital market conditions, interest rates, availability of credit from banks and other lenders, lender and/or investor confidence in TOA, tax and securities laws that may be applicable to us, and political and economic conditions in the markets in which we operate and internationally.

Our expectation of cash flow from operating activities, as well as cash and cash equivalents are adequate for the capital commitments in 2019.

2. Cash Flows

The following table sets out certain information from our consolidated condensed statements of cash flows for the periods indicated.

Cash Flow Data	Year Ended December 31,	
	2017 THB million	2018 THB million
Net cash flows from operating activities	1,803.6	1,997.9
Net cash flows used in investing activities	(4,373.9)	(829.4)
Net cash flows from (used in) financing activities	2,776.8	(1,120.7)
Effect of exchange rate on cash and cash equivalents	(17.7)	45.9
Decrease in translation adjustments	(85.9)	(43.3)
Net increase in cash and cash equivalents	102.9	50.4
Cash and cash equivalents at the beginning of the year	1,713.3	1,816.2
Cash and cash equivalents at the end of the year	1,816.2	1,866.6

(1) Operating Activities

Net cash flows from operating activities was THB1,997.9 million for the year ended December 31, 2018 and was primarily from our profit before tax for the period of THB2,269.9 million, as adjusted for reconciliation of net profit in cash receivable (payable) provided by operating activities of THB296.8 million, primarily comprising depreciation and amortization of THB341.7 million, interest expense of THB25.5 million

and the increase in operating assets and liabilities of THB99.5 million, primarily comprising an increase of inventory of THB165.8 million and an increase of trade receivables and other receivables of THB112.5 million, partially offset by an increase of trade payables and other payables of THB136.8 million including cash paid for corporate income tax of THB469.2 million.

(2) Investing Activities

Net cash flows used in investing activities was THB829.4 million for the year ended December 31, 2018, which was primarily from the acquisition of plant and equipment amounting to THB673.0 million and an increase of investment in intangible assets of THB165.5 million.

(3) Financing Activities

Net cash flows used in financing activities was THB1,120.7 million for year ended December 31, 2018, which was primarily from a decrease in short-term loans of THB220.0 million and dividend payment of THB 710.1 million.

Analysis of key financial ratios

Set out below is a discussion of certain key financial ratios.

1. Current Ratio

As at December 31, 2017 and 2018, our current ratio was 2.2 times and 2.3 times, respectively. The increase in current ratio as at December 31, 2018, was primarily due to a decrease in current liabilities as a result of a decrease in short-term loans from financial institutions.

2. Debt Service Coverage Ratio

As at December 31, 2017 and 2018, our debt service coverage ratio was 0.4 times and 1.0 times, respectively.

3. Total Liabilities to Equity Ratio

As at December 31, 2017 and 2018, our total liabilities to equity ratio 0.7 times and 0.6 times, respectively. The total liabilities to equity ratio decreased as at December 31, 2018, primarily due to an increase in shareholders' equity and a decrease in interest-bearing debt.

4. Interest-Bearing Debt to equity Ratio

As at December 31, 2017 and 2018, our interest-bearing debt to equity ratio was 0.2 times and 0.1 times, respectively. Total interest bearing debt to equity ratio decreased as at December 31, 2018, primarily due to an increase in shareholders' equity as a result of capital injection and a decrease in interest-bearing debt.



REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

Independent Auditor's Report

To the Shareholders of TOA Paint (Thailand) Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of TOA Paint (Thailand) Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of TOA Paint (Thailand) Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TOA Paint (Thailand) Public Company Limited and its subsidiaries and of TOA Paint (Thailand) Public Company Limited as at 31 December 2018, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

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

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

Revenue Recognition

Revenue from sales is significant to the financial statements. Moreover, the Group has sales transactions with a large number of customers under a variety of conditions, pertaining to matters such as sales promotions, discounts and special discounts to boost sales. As a result, revenue from sales is a significant account which directly affects the Group's operating results.

I have assessed and tested the effectiveness of the internal controls of the Group relevant to the revenue cycle by examining supporting documents, on a sampling basis, for actual sales transactions occurring during the year and expanding the scope of audit near the end of the reporting period. I also examined credit notes issued by the Group after the period-end. In addition, I performed analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

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



Supachai Phanyawattano

Certified Public Accountant (Thailand) No. 3930

EY Office Limited

Bangkok: 27 February 2019

FINANCIAL STATEMENTS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Statement of financial position

TOA Paint (Thailand) Public Company Limited and its subsidiaries

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Assets					
Current assets					
Cash and cash equivalents	7	1,866,641,741	1,816,185,467	473,279,744	628,192,289
Investments in trading securities	8	4,483,283,523	4,467,957,349	4,302,622,760	4,401,788,927
Trade and other receivables	9	3,068,611,317	2,936,259,326	2,905,767,221	2,501,804,091
Current portion of long-term hire purchase receivables	10	62,270,226	77,347,502	58,711,979	72,095,879
Short-term loans to related parties and interest receivable	6	-	-	436,394,301	138,384,183
Inventories	11	2,395,623,395	2,231,669,788	1,684,178,793	1,609,929,812
Other current assets		156,406,474	168,749,564	68,994,496	115,734,373
Total current assets		12,032,836,676	11,698,168,996	9,929,949,294	9,467,929,554
Non-current assets					
Long-term hire purchase receivables, net of current portion	10	125,875,242	137,461,802	122,342,532	131,357,325
Investments in subsidiaries	12	-	-	2,876,744,949	2,372,121,859
Other long-term investments	13	5,710,000	10,000	5,710,000	10,000
Investment properties	14	14,339,082	16,989,082	14,339,082	16,989,082
Property, plant and equipment	15	2,295,174,131	1,945,021,716	1,261,815,045	1,286,184,322
Intangible assets	16	329,114,817	153,590,867	119,340,412	54,871,259
Deferred tax assets	23	75,273,194	57,412,309	44,911,615	29,065,149
Other non-current assets		57,600,806	86,411,474	384,166	48,895,262
Total non-current assets		2,903,087,272	2,396,897,250	4,445,587,801	3,939,494,258
Total assets		14,935,923,948	14,095,066,246	14,375,537,095	13,407,423,812

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

Statement of financial position (continued)

TOA Paint (Thailand) Public Company Limited and its subsidiaries

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	17	985,000,000	1,205,000,000	850,000,000	1,050,000,000
Trade and other payables	18	3,986,970,179	3,825,781,559	3,232,293,009	3,188,437,967
Current portion of long-term loan from financial institution	19	-	166,400,000	-	166,400,000
Income tax payable		205,978,738	175,273,431	195,875,506	167,294,132
Other current liabilities		67,039,533	49,794,934	31,373,836	25,855,186
Total current liabilities		5,244,988,450	5,422,249,924	4,309,542,351	4,597,987,285
Non-current liabilities					
Provision for long-term employee benefits	20	314,475,778	245,710,214	262,179,356	208,856,546
Other non-current liabilities		12,395,224	14,080,231	-	-
Total non-current liabilities		326,871,002	259,790,445	262,179,356	208,856,546
Total liabilities		5,571,859,452	5,682,040,369	4,571,721,707	4,806,843,831
Shareholders' equity					
Share capital					
Registered, issued and fully paid					
2,029,000,000 ordinary shares of Baht 1 each		2,029,000,000	2,029,000,000	2,029,000,000	2,029,000,000
Share premium		5,761,532,800	5,761,532,800	5,761,532,800	5,761,532,800
Retained earnings					
Appropriated - statutory reserve	21	202,900,000	168,286,990	202,900,000	168,286,990
Unappropriated		2,113,880,995	1,033,759,880	1,874,514,265	678,052,808
Other components of shareholders' equity		(687,743,333)	(554,624,717)	(64,131,677)	(36,292,617)
Equity attributable to owners of the Company		9,419,570,462	8,437,954,953	9,803,815,388	8,600,579,981
Non-controlling interests of the subsidiaries		(55,505,966)	(24,929,076)	-	-
Total shareholders' equity		9,364,064,496	8,413,025,877	9,803,815,388	8,600,579,981
Total liabilities and shareholders' equity		14,935,923,948	14,095,066,246	14,375,537,095	13,407,423,812

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

Statement of comprehensive income

TOA Paint (Thailand) Public Company Limited and its subsidiaries

For the year ended 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Profit or loss:					
Revenues					
Sales		16,346,585,370	15,717,698,012	13,684,458,363	13,175,362,009
Dividend income	12	14,809,611	45,000	117,460,206	45,000
Other income		92,867,503	107,182,718	141,493,568	153,803,038
Total revenues		16,454,262,484	15,824,925,730	13,943,412,137	13,329,210,047
Expenses					
Cost of sales		10,798,310,067	10,351,116,194	9,285,332,324	8,995,071,113
Selling and distribution expenses		2,314,205,935	2,101,087,401	1,480,558,341	1,307,672,156
Administrative expenses		1,046,339,882	1,192,638,291	772,013,062	1,016,361,305
Total expenses		14,158,855,884	13,644,841,886	11,537,903,727	11,319,104,574
Profit before finance cost and income tax		2,295,406,600	2,180,083,844	2,405,508,410	2,010,105,473
Finance cost		(25,546,793)	(75,345,232)	(21,833,870)	(70,305,255)
Profit before income tax		2,269,859,807	2,104,738,612	2,383,674,540	1,939,800,218
Income tax	23	(480,419,068)	(401,306,675)	(442,452,292)	(387,390,869)
Profit for the year		1,789,440,739	1,703,431,937	1,941,222,248	1,552,409,349
Other comprehensive income:					
<i>Other comprehensive income to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Exchange differences on translation of financial statements					
in foreign currency, net of income tax effect		(94,785,750)	(152,730,040)	-	-
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods - net of income tax		(94,785,750)	(152,730,040)	-	-
<i>Other comprehensive income not to be reclassified</i>					
<i>to profit or loss in subsequent periods</i>					
Actuarial losses, net of income tax effect	20, 23	(34,788,459)	(206,708)	(27,839,060)	-
Other comprehensive income not to be reclassified					
to profit or loss in subsequent periods - net of income tax		(34,788,459)	(206,708)	(27,839,060)	-
Other comprehensive income for the year		(129,574,209)	(152,936,748)	(27,839,060)	-
Total comprehensive income for the year		1,659,866,530	1,550,495,189	1,913,383,188	1,552,409,349

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

Statement of comprehensive income (continued)

TOA Paint (Thailand) Public Company Limited and its subsidiaries

For the year ended 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Profit attributable to:					
Equity holders of the Company		1,824,881,906	1,709,911,600	<u>1,941,222,248</u>	<u>1,552,409,349</u>
Non-controlling interests of the subsidiaries		<u>(35,441,167)</u>	<u>(6,479,663)</u>		
		<u>1,789,440,739</u>	<u>1,703,431,937</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		1,691,763,290	1,553,943,912	<u>1,913,383,188</u>	<u>1,552,409,349</u>
Non-controlling interests of the subsidiaries		<u>(31,896,760)</u>	<u>(3,448,723)</u>		
		<u>1,659,866,530</u>	<u>1,550,495,189</u>		
Basic earnings per share					
Profit attributable to equity holders of the Company	24	<u>0.899</u>	<u>1.030</u>	<u>0.957</u>	<u>0.935</u>

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

Statement of changes in shareholders' equity

TOA Paint (Thailand) Public Company Limited and its subsidiaries

For the year ended 31 December 2018

(Unit: Baht)

Consolidated financial statements

	Equity attributable to owners of the Company											
	Other components of equity										Total shareholders' equity	
	Other comprehensive income					Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total			
	Retained earnings	Share premium	Appropriated - statutory reserve	Unappropriated - statutory reserve	Unappropriated - income tax effect					Actuarial losses, net of income tax effect		Total other comprehensive income
Issued and fully paid-up share capital	Share premium	Appropriated - statutory reserve	Unappropriated - statutory reserve	Unappropriated - income tax effect	Actuarial losses, net of income tax effect	Total other comprehensive income	Deficit from business combination under common control	Deficit from the changes in the ownership interests in subsidiaries	Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total
Balance as at 1 January 2017	900,000,000	-	90,000,000	211,535,270	(34,087,705)	(52,942,709)	(194,893,523)	(150,820,797)	(398,657,029)	802,878,241	(24,859,353)	778,018,888
Profit for the year	-	-	-	1,709,911,600	-	(155,031)	-	-	-	1,709,911,600	(6,479,663)	1,703,431,937
Other comprehensive income for the year	-	-	-	-	(155,031)	(155,967,688)	-	-	(155,967,688)	(155,967,688)	3,030,940	(152,936,748)
Total comprehensive income for the year	-	-	-	1,709,911,600	(155,031)	(155,967,688)	-	-	(155,967,688)	1,553,943,912	(3,448,723)	1,550,495,189
Issuance of new ordinary shares	1,129,000,000	5,761,532,800	-	-	-	-	-	-	-	6,890,532,800	-	6,890,532,800
Unappropriated retained earnings transferred to statutory reserve	-	-	78,286,990	(78,286,990)	-	-	-	-	-	-	-	-
Increase in equity attributable to non-controlling interests of the subsidiaries from additional investments in subsidiaries	-	-	-	-	-	-	-	-	-	-	3,379,000	3,379,000
Dividend paid (Note 27)	-	-	-	(809,400,000)	-	-	-	-	-	(809,400,000)	-	(809,400,000)
Balance as at 31 December 2017	2,029,000,000	5,761,532,800	168,286,990	1,033,759,880	(34,242,736)	(208,910,397)	(194,893,523)	(150,820,797)	(554,624,717)	8,437,954,953	(24,929,076)	8,413,025,877
Balance as at 1 January 2018	2,029,000,000	5,761,532,800	168,286,990	1,033,759,880	(34,242,736)	(208,910,397)	(194,893,523)	(150,820,797)	(554,624,717)	8,437,954,953	(24,929,076)	8,413,025,877
Profit for the year	-	-	-	1,824,881,906	-	(98,436,362)	-	-	-	1,824,881,906	(35,441,167)	1,789,440,739
Other comprehensive income for the year	-	-	-	-	(34,682,254)	(133,118,616)	-	-	(133,118,616)	(133,118,616)	3,544,407	(129,574,209)
Total comprehensive income for the year	-	-	-	1,824,881,906	(34,682,254)	(133,118,616)	-	-	(133,118,616)	1,691,763,290	(31,896,760)	1,659,866,530
Unappropriated retained earnings transferred to statutory reserve (Note 21)	-	-	34,613,010	(34,613,010)	-	-	-	-	-	-	-	-
Increase in equity attributable to non-controlling interests of the subsidiaries from additional investments in subsidiaries	-	-	-	-	-	-	-	-	-	-	1,319,870	1,319,870
Dividend paid (Note 27)	-	-	-	(710,147,781)	-	-	-	-	-	(710,147,781)	-	(710,147,781)
Balance as at 31 December 2018	2,029,000,000	5,761,532,800	202,900,000	2,113,880,995	(68,924,990)	(342,029,013)	(194,893,523)	(150,820,797)	(687,743,333)	9,419,570,462	(55,505,966)	9,364,064,496

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

Statement of changes in shareholders' equity (continued)

TOA Paint (Thailand) Public Company Limited and its subsidiaries

For the year ended 31 December 2018

(Unit: Baht)

Separate financial statements

	Other components of equity					Total shareholders' equity
	Issued and fully paid-up share capital	Retained earnings		Other comprehensive income		
		Share premium	Appropriated - statutory reserve	Unappropriated	Actuarial losses, net of income tax effect	
Balance as at 1 January 2017	900,000,000	-	90,000,000	13,330,449	(36,292,617)	967,037,832
Profit for the year	-	-	-	1,552,409,349	-	1,552,409,349
Total comprehensive income for the year	-	-	-	1,552,409,349	-	1,552,409,349
Issuance of new ordinary shares	1,129,000,000	5,761,532,800	-	-	-	6,890,532,800
Unappropriated retained earnings transferred to statutory reserve	-	-	78,286,990	(78,286,990)	-	-
Dividend paid (Note 27)	-	-	(809,400,000)	(809,400,000)	-	(809,400,000)
Balance as at 31 December 2017	2,029,000,000	5,761,532,800	168,286,990	678,052,808	(36,292,617)	8,600,579,981
Balance as at 1 January 2018	2,029,000,000	5,761,532,800	168,286,990	678,052,808	(36,292,617)	8,600,579,981
Profit for the year	-	-	-	1,941,222,248	-	1,941,222,248
Other comprehensive income for the year	-	-	-	-	(27,839,060)	(27,839,060)
Total comprehensive income for the year	-	-	-	1,941,222,248	(27,839,060)	1,913,383,188
Unappropriated retained earnings transferred to statutory reserve (Note 21)	-	-	34,613,010	(34,613,010)	-	-
Dividend paid (Note 27)	-	-	-	(710,147,781)	-	(710,147,781)
Balance as at 31 December 2018	2,029,000,000	5,761,532,800	202,900,000	1,874,514,265	(64,131,677)	9,803,815,388

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

Cash flow statement

TOA Paint (Thailand) Public Company Limited and its subsidiaries

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from operating activities				
Profit before tax	2,269,859,807	2,104,738,612	2,383,674,540	1,939,800,218
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	341,660,503	339,548,987	257,192,693	247,883,033
Allowance for doubtful accounts (reversal)	(13,868,767)	9,894,589	(21,012,628)	1,306,891
Reduction of cost to net realisable value (reversal)	(9,984,652)	7,003,894	(10,972,386)	8,025,890
Allowance for impairment loss on investments in subsidiaries	-	-	-	24,999,600
Loss (gain) on disposals of plant and equipment	(76,180)	665,051	109,008	(914,863)
Gain on disposals of investments in trading securities	(18,365,811)	(10,135,024)	(17,371,340)	(8,890,681)
Other non-current assets written-off	-	524,550	-	524,550
Gain on disposals of other long-term investments	(250,000)	-	(250,000)	-
Long-term employee benefit expenses	30,237,497	28,864,029	22,374,101	22,495,681
Unrealised loss (gain) on exchange	(45,600,530)	19,367,023	8,170,357	79,656,720
Unrealised loss (gain) on changes in value of investments in trading securities	26,396,667	(10,813,759)	26,665,537	(10,856,626)
Dividend income	(14,809,611)	(45,000)	(117,460,206)	(45,000)
Interest income	(24,091,934)	(7,856,802)	(29,725,000)	(7,722,223)
Interest expenses	25,546,793	75,345,232	21,833,870	70,305,255
Profit from operating activities before changes in operating assets and liabilities	2,566,653,782	2,557,101,382	2,523,228,546	2,366,568,445
Operating assets (increase) decrease:				
Trade and other receivables	(112,474,483)	(103,663,471)	(382,829,331)	(166,455,156)
Hire purchase receivables	27,139,023	52,695,775	22,357,147	48,296,415
Inventories	(165,752,564)	(235,305,037)	(68,077,666)	(204,024,203)
Other current assets	12,120,183	(7,861,188)	46,739,876	(21,532,208)
Other non-current assets	(8,943,145)	(44,388,418)	48,511,095	(43,132,291)
Operating liabilities increase (decrease):				
Trade and other payables	136,836,881	213,340,170	19,566,791	150,098,087
Other current liabilities	17,244,599	(43,731,308)	5,518,650	(9,093,599)
Provision for long-term employee benefits	(4,025,764)	(24,807,098)	(3,850,115)	(23,675,170)
Other non-current liabilities	(1,685,007)	(3,001,814)	-	-
Cash flows from operating activities	2,467,113,505	2,360,378,993	2,211,164,993	2,097,050,320
Cash paid for corporate income tax	(469,185,404)	(556,788,091)	(422,757,619)	(523,363,707)
Net cash flows from operating activities	1,997,928,101	1,803,590,902	1,788,407,374	1,573,686,613

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

Cash flow statement (continued)

TOA Paint (Thailand) Public Company Limited and its subsidiaries

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from investing activities				
Increase in short-term loans to related parties	-	-	(299,064,600)	(76,974,292)
Decrease (increase) in investments in trading securities	(22,876,252)	(4,004,657,969)	90,352,747	(3,967,698,000)
Increase in other long-term investments	(5,700,000)	-	(5,700,000)	-
Increase in investments in subsidiaries	-	-	(504,623,090)	(334,521,000)
Proceeds from sales of other long-term investments	250,000	5,000,000	250,000	5,000,000
Acquisition of plant and equipment	(672,980,016)	(370,306,161)	(179,325,025)	(205,294,656)
Acquisition of intangible assets	(165,476,170)	(15,217,878)	(88,668,474)	(14,461,515)
Proceeds from sales of plant and equipment	2,846,760	3,363,774	2,516,422	1,349,986
Cash received from interest income	19,764,905	7,856,802	19,362,941	7,645,495
Cash received from dividend income	14,809,611	45,000	117,460,206	45,000
Net cash flows used in investing activities	(829,361,162)	(4,373,916,432)	(847,438,873)	(4,584,908,982)
Cash flows from financing activities				
Repayment of short-term loans from financial institutions	(220,000,000)	(2,355,000,000)	(200,000,000)	(2,300,000,000)
Repayment of long-term loan from financial institution	(166,400,000)	(166,800,000)	(166,400,000)	(166,800,000)
Proceeds from increase in share capital	-	6,870,416,000	-	6,870,416,000
Proceeds from increase in share capital of subsidiaries	1,319,870	3,379,000	-	-
Cash paid for interest expenses	(25,490,245)	(77,262,853)	(21,777,323)	(72,222,876)
Dividend paid	(710,147,781)	(1,497,900,000)	(710,147,781)	(1,497,900,000)
Net cash flows from (used in) financing activities	(1,120,718,156)	2,776,832,147	(1,098,325,104)	2,833,493,124
Effect of exchange rate on cash and cash equivalents	45,863,106	(17,701,508)	2,444,058	(18,336,754)
Decrease in translation adjustments	(43,255,615)	(85,994,636)	-	-
Net increase (decrease) in cash and cash equivalents	50,456,274	102,810,473	(154,912,545)	(196,065,999)
Cash and cash equivalents at beginning of year	1,816,185,467	1,713,374,994	628,192,289	824,258,288
Cash and cash equivalents at end of year	1,866,641,741	1,816,185,467	473,279,744	628,192,289

Supplemental disclosure of cash flows information

Non-cash transactions

Transfer of inventories to equipment	12,206,168	14,138,721	5,288,995	5,185,020
Transfer of equipment to inventories	487,923	16,720	487,923	16,720
Transfer of other non-current assets to equipment	-	1,782,000	-	-
Transfer of intangible assets to equipment	7,790,000	-	7,790,000	-
Transfer of other non-current assets to intangible assets	47,806,737	-	-	-

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

Notes to consolidated financial statements

TOA Paint (Thailand) Public Company Limited and its subsidiaries
For the year ended 31 December 2018

1. General information

TOA Paint (Thailand) Public Company Limited (“the Company”) is a listed company incorporated and domiciled in Thailand. Its major shareholder is TOA Group Holding Company Limited, which is incorporated in Thailand. The Company is principally engaged in manufacture and distribution of paints and chemicals. The registered office of the Company is at 31/2 Moo 3, Bangna-Trad Road, Tumbol Bangsaotong, Amphur Bangsaotong, Samutprakarn.

2. Basis of preparation

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

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

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

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of TOA Paint (Thailand) Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Country of incorporation	Paid-up capital		Shareholding percentage	
		<u>2018</u> (Million)	<u>2017</u> (Million)	<u>2018</u> (%)	<u>2017</u> (%)
Captain Coating Company Limited	Thailand	300	300	100	100
British Paints Limited	Thailand	375	375	100	100
Professional PC Service Company Limited	Thailand	5	5	100	100
Imagica Company Limited	Thailand	5	5	100	100
TOA Paint (Vietnam) Company Limited	Vietnam	26	26	100	100
TOA Coating Sdn. Bhd.	Malaysia	5	5	100	100
TOA Paint Products Sdn. Bhd.	Malaysia	25	9	100	100
PT TOA Paint Indonesia	Indonesia	28,999	28,999	75	75
PT TOA Coating Indonesia	Indonesia	243,764	185,357	99	99
TOA Paint (Laos) Company Limited	Laos	2	2	100	100
TOA Skim Coat (Cambodia) Company Limited	Cambodia	40	40	65	65
TOA Paint (Cambodia) Company Limited	Cambodia	40	40	100	100
TOA Coating (Cambodia) Company Limited	Cambodia	8	-	100	-
TOA Paint (Myanmar) Company Limited	Myanmar	1	1	65	65
TOA Coating (Myanmar) Company Limited	Myanmar	12	12	99	99

The Group is principally engaged in manufacture and distribution of paints and chemicals except for Professional PC Service Company Limited which is principally engaged in providing staffing service to related companies.

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
 - c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
 - d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
 - e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the statements of changes in shareholders’ equity.
 - f) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
 - g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements present investments in subsidiaries under the cost method.

3 New financial reporting standards

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

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

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

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

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

IFRS 15 Revenue from Contracts with Customers

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

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

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

The management of the Company and its subsidiaries believe that this standard will not have any significant impact on the financial statements when it is initially applied.

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

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

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

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

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

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

Hire purchase interest income

Interest income under hire purchase agreements is recognised based on the effective interest rate. Unearned interest income from hire purchase arrangements is presented net of initial direct costs arising on the inception of the contracts.

Interest income

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

Dividends

Dividends are recognised when the right to receive the dividends is established.

4.2 Cash and cash equivalents

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

4.3 Accounts receivable

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

4.4 Hire purchase receivable

Hire purchase receivable is stated at the outstanding contract amount, which is net of unearned interest income and deferred direct expenses of incurred at the initiation of hire purchase, undue output value added tax and allowance for doubtful accounts.

4.5 Inventories

Finished goods and work in process are valued at the lower of average cost and net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual cost and includes all production costs and attributable factory overheads.

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

4.6 Investments

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in non-marketable equity securities, which the Company and its subsidiaries classify as other investments, are stated at cost net of allowance for impairment loss (if any).
- c) Investments in subsidiaries are accounted for in the separate financial statements using the cost method net of allowance for impairment loss (if any).

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of debt instruments is determined based on yield rates quoted by the Thai Bond Market Association. The fair value of unit trusts is determined from their net asset value.

The weighted average method is used for computation of the cost of investments.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

4.7 Investment properties

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

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 20 years. Depreciation of the investment properties is included in profit or loss.

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

4.8 Property, plant and equipment/Depreciation

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

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

Land improvements	-	20	years
Buildings and building improvements	-	5 - 20	years
Machinery and equipment	-	5 - 20	years
Furniture, fixtures and office equipment	-	3 - 5	years
Motor vehicles	-	5	years

Depreciation is included in profit or loss.

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

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

4.9 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the year they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.10 Intangible assets

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

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

Computer software	-	5	years
Leasehold rights	-	26 - 75	years

4.11 Related party transactions

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

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

4.12 Long-term leases

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

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

4.13 Foreign currency

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

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

Gains and losses on exchange are included in profit or loss.

4.14 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment, intangible assets and investment properties whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

4.15 Employee benefits

Short-term employee benefits

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

Post-employment benefits and other long-term employee benefits

Defined contribution plans

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

Defined benefit plans and other long-term employee benefits

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law and other employee benefit plans. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan. In addition, the Company and its subsidiaries provide other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plans is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from defined benefit plan are recognised immediately in other comprehensive income.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in profit or loss.

4.16 Provisions

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

4.17 Income tax

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

Current tax

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

Deferred tax

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

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

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

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.18 Fair value measurement

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

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

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

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

5. Significant accounting judgments and estimates

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

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Impairment of investments

The Company and its subsidiaries treat investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement of the management.

Property, plant and equipment/Depreciation

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

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

Post-employment benefits under defined benefit plans and other long-term employee benefits

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

6. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon among the Company, its subsidiaries and those related parties.

(Unit: Million Baht)

	For the years ended 31 December				Transfer Pricing Policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	782	623	Reference to market price
Purchases of goods	-	-	1,202	1,363	Reference to market price
Service income	-	-	24	25	Contract price
Promotion expenses	-	-	387	332	Contract price
Rental income	-	-	6	7	Contract price
Other income	-	-	31	38	Contract price
Interest income	-	-	9	2	3.00% - 7.00% per annum
Dividend Income	-	-	103	-	Announced rate
<u>Transactions with related parties</u>					
Sales of goods	658	627	650	621	Reference to market price
Purchases of goods	641	687	637	682	Reference to market price
Service income	7	7	7	6	Contract price
Rental income	7	8	7	8	Contract price
Rental expenses	115	117	115	117	Contract price
Other income	1	3	1	2	Contract price
Subcontractor expenses	2	3	2	2	Contract price
<u>Transactions with related person</u>					
Sales of goods	2	2	-	-	Reference to market price
Rental expenses	2	2	-	-	Contract price

As at 31 December 2018 and 2017, the balances of the accounts between the Company, its subsidiaries and those related companies were as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Trade and other receivables - related parties (Note 9)</u>				
Subsidiaries	-	-	870,555	531,139
Related companies (being under common director/shareholder)	240,675	246,514	238,924	242,762
Total trade and other receivables - related parties	<u>240,675</u>	<u>246,514</u>	<u>1,109,479</u>	<u>773,901</u>

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Trade and other payables - related parties (Note 18)				
Subsidiaries	-	-	265,966	283,799
Related companies (being under common director/shareholder)	175,445	193,809	172,285	188,566
Total trade and other payables - related parties	<u>175,445</u>	<u>193,809</u>	<u>438,251</u>	<u>472,365</u>

Short-term loans to related parties and interest receivable

During 2018, movements of short-term loans to related parties and interest receivable were as follows:

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 1 January 2018	During the year		Balance as at 31 December 2018
		Increase	Decrease	
Subsidiaries				
Imagica Co., Ltd.	1,500	45	(37)	1,508
TOA Paint (Cambodia) Co., Ltd.	9,730	12,602	(3,012)	19,320
TOA Paint Products Sdn. Bhd.	-	134,108	(4,341)	129,767
PT TOA Coating Indonesia	94,689	197,054	(5,944)	285,799
PT TOA Paint Indonesia	32,465	2,177	(34,642)	-
Total	<u>138,384</u>	<u>345,986</u>	<u>(47,976)</u>	<u>436,394</u>

As at 31 December 2018, these clean loans carried interest at the rates between 3.00% and 7.00% per annum and would be due at call (2017: 3.00% and 7.00% per annum).

Directors and management's benefits

During the years 2018 and 2017, the Company and its subsidiaries had employee benefit expenses of their directors and management as below.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Short-term employee benefits	91	88	89	84
Post-employment benefits	1	2	1	2
Total	<u>92</u>	<u>90</u>	<u>90</u>	<u>86</u>

7. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash	1,871	1,716	298	464
Bank deposits	1,864,771	1,814,469	472,982	627,728
Total	1,866,642	1,816,185	473,280	628,192

As at 31 December 2018, bank deposits in saving accounts carried interest at the rates between 0.050% and 1.250% per annum (2017: between 0.080% and 1.250% per annum) (Separate financial statements: between 0.050% and 0.400% per annum, 2017: between 0.100% and 0.375% per annum).

8. Investments in trading securities

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Investments in marketable equity securities	113,918	-	113,918	-
Investments in unit trusts of mutual fund	3,854,241	4,456,712	3,673,906	4,390,601
Government and state-owned enterprise bonds	76,823	-	76,823	-
Private sector debt securities	453,454	-	453,454	-
Total investments in trading securities, at cost	4,498,436	4,456,712	4,318,101	4,390,601
Unrealised gain (loss) on changes in value of investments	(15,152)	11,245	(15,478)	11,188
Investments in mutual fund, fair value	4,483,284	4,467,957	4,302,623	4,401,789

9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	142,229	150,792	421,356	349,875
Past due				
Up to 3 months	54,308	58,218	155,101	159,272
3 - 6 months	20,903	14,707	102,390	79,219
6 - 12 months	1,036	4,527	123,697	86,750
Over 12 months	18,773	18,486	578,752	410,305
Total	237,249	246,730	1,381,296	1,085,421
Less: Allowance for doubtful debts	(15,289)	(15,275)	(338,371)	(367,687)
Total trade receivables - related parties, net	221,960	231,455	1,042,925	717,734
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	2,136,620	2,109,146	1,459,470	1,442,230
Past due				
Up to 3 months	415,796	348,985	280,220	231,374
3 - 6 months	66,190	62,283	17,126	20,481
6 - 12 months	59,573	33,683	15,512	9,047
Over 12 months	164,165	197,734	71,730	63,769
Total	2,842,344	2,751,831	1,844,058	1,766,901
Less: Allowance for doubtful debts	(148,128)	(170,488)	(74,774)	(66,548)
Total trade receivables - unrelated parties, net	2,694,216	2,581,343	1,769,284	1,700,353
Total trade receivables - net	2,916,176	2,812,798	2,812,209	2,418,087
<u>Other receivables</u>				
Other receivables - related parties	4,776	6,869	11,456	14,932
Other receivables - unrelated parties	75,068	42,111	4,848	1,295
Accrued income - related parties	13,939	8,190	55,098	41,235
Accrued income - unrelated parties	58,652	66,291	22,156	26,255
Total other receivables	152,435	123,461	93,558	83,717
Total trade and other receivables - net	3,068,611	2,936,259	2,905,767	2,501,804

10. Hire purchase receivables

10.1 Hire purchase receivables aged based on payment dates due per the contracts were as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	2018		2017	
	Hire purchase receivables balance *	Allowance for doubtful accounts	Hire purchase receivables balance *	Allowance for doubtful accounts
Current	180	(1)	204	(2)
Past Due				
Not over 1 month	-	-	-	-
1 to 3 months	1	-	2	-
Over 3 months	16	(8)	20	(9)
Total	197	(9)	226	(11)

(Unit: Million Baht)

	Separate financial statements			
	2018		2017	
	Hire purchase receivables balance *	Allowance for doubtful accounts	Hire purchase receivables balance *	Allowance for doubtful accounts
Current	173	(1)	194	(2)
Past Due				
Not over 1 month	-	-	-	-
1 to 3 months	1	-	2	-
Over 3 months	15	(7)	16	(7)
Total	189	(8)	212	(9)

* Net of unearned interest income and undue output value added tax

10.2 Hire purchase receivables

As at 31 December 2018 and 2017, receivables of the Company and its subsidiaries under hire purchase agreements comprised hire purchase agreements for tinting machine. The terms of the agreements are generally between 1 and 12 years and under agreements interest is charged at a fixed rate as specified in the agreements.

(Unit: Million Baht)

Consolidated financial statements				
as at 31 December 2018				
Amounts of installments due under the contract				
	Less than		Over	
	1 year	1 - 5 years	5 years	Total
Hire purchase receivables	86	134	25	245
Unearned interest income	(11)	(19)	(2)	(32)
Undue output value added tax	(5)	(9)	(2)	(16)
	70	106	21	197
Allowance for doubtful accounts	(8)	(1)	-	(9)
Hire purchase receivables - net	62	105	21	188

(Unit: Million Baht)

Consolidated financial statements				
as at 31 December 2017				
Amounts of installments due under the contract				
	Less than		Over	
	1 year	1 - 5 years	5 years	Total
Hire purchase receivables	102	152	20	274
Unearned interest income	(11)	(19)	(2)	(32)
Undue output value added tax	(6)	(9)	(1)	(16)
	85	124	17	226
Allowance for doubtful accounts	(8)	(3)	-	(11)
Hire purchase receivables - net	77	121	17	215

(Unit: Million Baht)

Separate financial statements

as at 31 December 2018

	Amounts of installments due under the contract			
	Less than	Over		Total
	1 year	1 - 5 years	5 years	
Hire purchase receivables	82	129	25	236
Unearned interest income	(11)	(19)	(2)	(32)
Undue output value added tax	(4)	(8)	(2)	(14)
	67	102	21	190
Allowance for doubtful accounts	(8)	(1)	-	(9)
Hire purchase receivables - net	59	101	21	181

(Unit: Million Baht)

Separate financial statements

as at 31 December 2017

	Amounts of installments due under the contract			
	Less than	Over		Total
	1 year	1 - 5 years	5 years	
Hire purchase receivables	96	143	21	260
Unearned interest income	(11)	(19)	(3)	(33)
Undue output value added tax	(5)	(9)	(1)	(15)
	80	115	17	212
Allowance for doubtful accounts	(8)	(1)	-	(9)
Hire purchase receivables - net	72	114	17	203

11. Inventories

(Unit: Thousand Baht)

Consolidated financial statements

	Cost		Reduction of cost to net realisable value		Inventories-net	
	2018	2017	2018	2017	2018	2017
Finished goods	1,148,648	1,019,584	(55,661)	(62,665)	1,092,987	956,919
Work in process	229,204	184,913	(4,632)	(4,773)	224,572	180,140
Raw materials	876,179	911,821	(9,703)	(12,385)	866,476	899,436
Packing materials	74,509	67,594	(1,128)	(1,351)	73,381	66,243
Spare parts and factory supplies	34,322	31,765	-	-	34,322	31,765
Goods in transit	103,885	97,167	-	-	103,885	97,167
Total	2,466,747	2,312,844	(71,124)	(81,174)	2,395,623	2,231,670

(Unit: Thousand Baht)

Separate financial statements

	Cost		Reduction of cost to net realisable value		Inventories-net	
	2018	2017	2018	2017	2018	2017
Finished goods	738,019	650,512	(42,461)	(48,087)	695,558	602,425
Work in process	219,222	176,650	(4,616)	(4,749)	214,606	171,901
Raw materials	681,148	745,603	(4,439)	(9,443)	676,709	736,160
Packing materials	35,065	38,603	(1,107)	(1,316)	33,958	37,287
Spare parts and factory supplies	34,322	31,765	-	-	34,322	31,765
Goods in transit	29,026	30,392	-	-	29,026	30,392
Total	1,736,802	1,673,525	(52,623)	(63,595)	1,684,179	1,609,930

Movements in the allowance for diminution in value of inventory account during the years 2018 and 2017 are summarised below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Balance as at beginning of the year	(81,174)	(75,242)	(63,595)	(55,570)
Add: Increase during the year	(23,006)	(51,932)	(10,275)	(26,962)
Less: Allowance reversed during the year	32,991	44,928	21,247	18,937
Translation adjustment	65	1,072	-	-
Balance as at ending of the year	(71,124)	(81,174)	(52,623)	(63,595)

Loss on diminution in value of inventories was included in cost of sales. The reversal of allowance for diminution in value of inventories was recorded as a deduction against the value of inventories recognised as expenses during the year.

12. Investments in subsidiaries

Details of investments in subsidiaries as presented in the separate financial statements are as follows:

Company's name	(Unit: Thousand Baht)	
	Cost	
	2018	2017
Captain Coating Co., Ltd.	300,000	300,000
British Paints Ltd.	374,998	374,998
Professional PC Service Co., Ltd.	5,000	5,000
Imagica Co., Ltd.	5,000	5,000
TOA Paint (Vietnam) Co., Ltd.	876,383	876,383
TOA Coating Sdn. Bhd.	57,592	57,592
TOA Paint Products Sdn. Bhd.	218,582	93,158
PT TOA Paint Indonesia	78,621	78,621
PT TOA Coating Indonesia	594,300	463,633
TOA Paint (Laos) Co., Ltd.	80,302	80,302
TOA Skim Coat (Cambodia) Co., Ltd.	234	234
TOA Paint (Cambodia) Co., Ltd.	349	349
TOA Coating (Cambodia) Co., Ltd.	248,532	-
TOA Paint (Myanmar) Co., Ltd.	26,473	26,473
TOA Coating (Myanmar) Co., Ltd.	405,053	405,053
Total	3,271,419	2,766,796
Less: Allowance for impairment	(394,674)	(394,674)
Net	2,876,745	2,372,122

On 4 December 2017, the Company's Board of Directors' meeting no. 9/2017 passed a resolution to establish TOA Coating (Cambodia) Co., Ltd. in Cambodia, with a registered share capital of USD 7,630,000 or approximately Baht 249 million (763,000 ordinary shares of USD 10 each), with the Company to hold a 100% interest. The Company paid such share subscription in August and December 2018.

On 26 March 2018, the Company's Board of Directors' meeting no. 3/2018 passed a resolution to increase the share capital of TOA Paint Products Sdn. Bhd. by MYR 16 million or approximately Baht 125 million. The Company paid for the shares on 24 December 2018.

On 12 November 2018, a meeting of the Company's Board of Directors passed the following significant resolutions:

- a) To approve an increase of USD 4.0 million or approximately Baht 131 million (4,000,000 ordinary shares of USD 1 each) in the registered capital of PT TOA Coating Indonesia. The Company paid for the shares on 24 December 2018.
- b) To approve the Company's conversion of the loan and interest receivable from PT TOA Coating Indonesia, amounting of USD 8.9 million or approximately Baht 290 million, to 8,889,692 ordinary shares with a conversion value of USD 1 per share. At present, this debt to equity conversion has not yet occurred.

On 20 March 2018, the Annual General Meeting of shareholders of TOA Paint (Laos) Co., Ltd. passed a resolution approving this subsidiary's payment of a dividend of LAK 114,056 per share, or a total of LAK 27,373 million (approximately Baht 103 million) to the shareholders. The Company recognised the dividend income from the subsidiary, amounting to Baht 103 million, in the statement of comprehensive income for the year 2018.

13. Other long-term investments

	Percentage of		(Unit: Thousand Baht)	
	shareholding by the		Consolidated and	
	Company (%)		Separate financial	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deckcor (Thailand) Co., Ltd.	8	-	2,200	-
Dezignsync Co., Ltd.	12	-	3,500	-
Others			10	10
Total			5,710	10

14. Investment properties

The net book value of investment properties (building for rent) as at 31 December 2018 and 2017 is presented below.

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	<u>2018</u>	<u>2017</u>
Cost	53,000	53,000
Less Accumulated depreciation	(5,952)	(3,302)
Allowance for impairment	(32,709)	(32,709)
Net book value	<u>14,339</u>	<u>16,989</u>

A reconciliation of the net book value of investment properties for the years 2018 and 2017 is presented below.

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	<u>2018</u>	<u>2017</u>
Net book value at beginning of year	16,989	19,639
Depreciation charged	(2,650)	(2,650)
Net book value at end of year	<u>14,339</u>	<u>16,989</u>

The fair value of the investment properties as at 31 December 2018 and 2017 stated below:

	(Unit: Million Baht)	
	Consolidated and separate financial statements	
	<u>2018</u>	<u>2017</u>
Building for rent ⁽¹⁾	35	34

⁽¹⁾ Including fair value of leasehold right which has net book value of Baht 10 million (2017: Baht 10 million)

The fair value of the above investment properties has been determined based on valuation performed by an accredited independent valuer. The fair value of the building held for rent has been determined using the income approach. Key assumptions used in the valuation include yield rate, inflation rate, long-term vacancy rate and long-term growth in real rental rates.

15. Property, plant and equipment

(Unit: Thousand Baht)

Cost	Consolidated financial statements						Assets under installation and construction in progress	Total
	Land	Land improvements	Buildings and building improvements	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles		
As at 1 January 2017	55,042	164,817	1,237,340	2,746,364	298,415	182,919	4,831,869	
Additions	-	-	422	24,946	7,473	20,494	376,250	
Disposals	-	-	-	(13,857)	(2,234)	(8,917)	(28,104)	
Transfer in (out)	157,530	(157,531)	15,748	214,771	2,205	889	6,791	
Translation adjustment	(16,440)	-	(19,850)	(58,518)	(3,557)	(1,892)	(110,852)	
As at 31 December 2017	196,132	7,286	1,233,660	2,913,706	302,302	193,493	5,075,954	
Additions	6,187	-	51,903	66,567	10,866	20,139	697,951	
Disposals	-	-	-	(32,530)	(9,810)	(9,518)	(52,131)	
Transfer in (out)	-	-	20,760	50,626	26,426	156	18,849	
Translation adjustment	(12,029)	-	(2,944)	(11,309)	(1,169)	(676)	(54,072)	
As at 31 December 2018	190,290	7,286	1,303,379	2,987,060	328,615	203,594	5,686,551	
Accumulated depreciation								
As at 1 January 2017	-	922	599,286	1,914,268	239,077	142,894	2,896,447	
Depreciation for the year	-	365	56,616	227,670	24,548	11,426	320,625	
Depreciation on disposals	-	-	-	(13,321)	(1,837)	(8,917)	(24,075)	
Depreciation on transfer in (out)	-	-	111	(3,765)	(6,592)	1,134	(9,112)	
Translation adjustment	-	-	(7,776)	(40,943)	(2,795)	(1,439)	(52,953)	
As at 31 December 2017	-	1,287	648,237	2,083,909	252,401	145,098	3,130,932	
Depreciation for the year	-	364	52,557	231,604	21,641	13,664	319,830	
Depreciation on disposals	-	-	-	(30,249)	(9,593)	(9,518)	(49,360)	
Depreciation on transfer out	-	-	-	(659)	-	-	(659)	
Translation adjustment	-	-	(747)	(7,438)	(808)	(373)	(9,366)	
As at 31 December 2018	-	1,651	700,047	2,277,167	263,641	148,871	3,391,377	
Net book value								
As at 31 December 2017	196,132	5,999	585,423	829,797	49,901	48,395	1,945,022	
As at 31 December 2018	190,290	5,635	603,332	709,893	64,974	54,723	2,295,174	
Depreciation for the year								
2017 (Baht 199 million included in manufacturing cost, and the balance in selling and administrative expenses)							320,625	
2018 (Baht 210 million included in manufacturing cost, and the balance in selling and administrative expenses)							319,830	

Separate financial statements

	Land improvements	Buildings and building improvements	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and construction in progress	Total
Cost							
As at 1 January 2017	7,286	979,812	2,038,939	249,669	148,562	137,573	3,561,841
Additions	-	-	6,712	5,490	19,475	179,539	211,216
Disposals	-	-	(13,273)	(1,522)	(5,544)	(32)	(20,371)
Transfer in (out)	-	15,046	185,104	9,584	2,280	(215,957)	(3,943)
As at 31 December 2017	7,286	994,858	2,217,482	263,221	164,773	101,123	3,748,743
Additions	-	-	9,402	5,171	14,840	176,368	205,781
Disposals	-	-	(29,216)	(9,659)	(6,627)	(210)	(45,712)
Transfer in (out)	-	20,760	41,201	26,426	156	(76,611)	11,932
As at 31 December 2018	7,286	1,015,618	2,238,869	285,159	173,142	200,670	3,920,744
Accumulated depreciation							
As at 1 January 2017	922	507,810	1,433,300	201,899	114,985	-	2,258,916
Depreciation for the year	365	44,341	157,423	20,601	9,911	-	232,641
Depreciation on disposals	-	-	(12,828)	(1,514)	(5,544)	-	(19,886)
Depreciation on transfer out	-	-	(9,112)	-	-	-	(9,112)
As at 31 December 2017	1,287	552,151	1,568,783	220,986	119,352	-	2,462,559
Depreciation for the year	364	40,801	168,565	18,146	12,239	-	240,115
Depreciation on disposals	-	-	(27,015)	(9,444)	(6,627)	-	(43,086)
Depreciation on transfer out	-	-	(659)	-	-	-	(659)
As at 31 December 2018	1,651	592,952	1,709,674	229,688	124,964	-	2,658,929
Net book value							
As at 31 December 2017	5,999	442,707	648,699	42,235	45,421	101,123	1,286,184
As at 31 December 2018	5,635	422,666	529,195	55,471	48,178	200,670	1,261,815
Depreciation for the year							
2017 (Baht 181 million included in manufacturing cost, and the balance in selling and administrative expenses)							232,641
2018 (Baht 193 million included in manufacturing cost, and the balance in selling and administrative expenses)							240,115

As at 31 December 2018, certain plant and equipment items had been fully depreciated but were still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 2,471 million (2017: Baht 2,429 million) (Separate financial statements: Baht 2,091 million, 2017: Baht 2,047 million).

A subsidiary has mortgaged its land, buildings and machinery with net book values amounting to approximately Baht 103 million (2017: Baht 107 million) as collateral against its credit facilities received from a financial institution.

16. Intangible assets

(Unit: Thousand Baht)

	Consolidated financial statements			
	Computer software	Computer software under installation	Leasehold rights	Total
Cost:				
As at 1 January 2017	156,785	1,431	138,062	296,278
Additions	10,870	12,428	-	23,298
Transfer in (out)	11,059	(11,059)	-	-
Translation adjustment	(525)	-	(13,465)	(13,990)
As at 31 December 2017	178,189	2,800	124,597	305,586
Additions	1,691	85,494	76,308	163,493
Transfer in (out)	6,587	(14,377)	47,807	40,017
Translation adjustment	(123)	-	(9,083)	(9,206)
As at 31 December 2018	186,344	73,917	239,629	499,890
Accumulated amortisation:				
As at 1 January 2017	121,348	-	16,827	138,175
Amortisation for the year	12,780	-	3,495	16,275
Translation adjustment	(246)	-	(2,209)	(2,455)
As at 31 December 2017	133,882	-	18,113	151,995
Amortisation for the year	14,718	-	4,463	19,181
Translation adjustment	(79)	-	(322)	(401)
As at 31 December 2018	148,521	-	22,254	170,775
Net book value:				
As at 31 December 2017	44,307	2,800	106,484	153,591
As at 31 December 2018	37,823	73,917	217,375	329,115

(Unit: Thousand Baht)

	Separate financial statements			
	Computer software	Computer software under installation	Leasehold rights	Total
Cost:				
As at 1 January 2017	152,518	1,431	10,548	164,497
Additions	10,114	12,428	-	22,542
Transfer in (out)	11,059	(11,059)	-	-
As at 31 December 2017	173,691	2,800	10,548	187,039
Additions	1,192	85,494	-	86,686
Transfer in (out)	6,587	(14,377)	-	(7,790)
As at 31 December 2018	181,470	73,917	10,548	265,935
Accumulated amortisation:				
As at 1 January 2017	119,440	-	135	119,575
Amortisation for the year	12,187	-	406	12,593
As at 31 December 2017	131,627	-	541	132,168
Amortisation for the year	14,021	-	406	14,427
As at 31 December 2018	145,648	-	947	146,595
Net book value:				
As at 31 December 2017	42,064	2,800	10,007	54,871
As at 31 December 2018	35,822	73,917	9,601	119,340

17. Short-term loans from financial institutions

The Company's short-term loans from a financial institution are subject to interest at the rates between 2.10% and 2.18% per annum (2017: between 2.10% and 2.37% per annum).

The subsidiaries' short-term loans from a financial institutions are subject to interest at the rate of 2.70% per annum (2017: 2.44% per annum). The loans are secured by certain of the subsidiaries' land, buildings and machinery.

18. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Trade payables - related parties	141,432	164,302	351,485	397,872
Trade payables - unrelated parties	2,969,124	2,823,466	2,261,574	2,164,229
Other payables - related parties	34,013	29,507	86,766	74,493
Other payables - unrelated parties	218,080	226,200	185,029	209,613
Accrued expenses	624,321	582,307	347,439	342,231
Total trade and other payables	<u>3,986,970</u>	<u>3,825,782</u>	<u>3,232,293</u>	<u>3,188,438</u>

19. Long-term loan from financial institution

	(Unit: Thousand Baht)	
	Consolidated and Separate	
	financial statements	
	<u>2018</u>	<u>2017</u>
Long-term loan	-	166,400
Less: Current portion of long-term loan	-	(166,400)
Long-term loan - net of current portion	<u>-</u>	<u>-</u>

As at 31 December 2017, the loan carries interest at a rate of 3.25% per annum for the loan amount drawn down within 15 January 2016 and carries interest at a rate based on BIBOR 1 month for the loan amount drawn down after 15 January 2016. The loan are repayable in 36 monthly installments starting from January 2016. During the year 2018, the Company repaid such loans in full.

20. Provision for long-term employee benefits

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Provision for long-term employee benefits				
at beginning of the year	245,710	242,242	208,857	210,036
Included in profit or loss:				
Current service cost	22,992	21,911	16,371	16,708
Interest cost	7,246	6,953	6,003	5,787
Included in other comprehensive income:				
Actuarial losses				
Demographic assumptions changes	2,974	-	2,326	-
Financial assumption changes	408	276	-	-
Experience adjustments	39,726	-	32,472	-
Benefits paid during the year	(4,026)	(24,807)	(3,850)	(23,674)
Translation adjustment	(554)	(865)	-	-
Provision for long-term employee benefits				
at end of year	<u>314,476</u>	<u>245,710</u>	<u>262,179</u>	<u>208,857</u>

Long-term employee benefit expenses included in the profit or loss are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cost of sales	11,791	8,827	8,027	7,732
Selling and administrative expenses	18,447	20,037	14,347	14,763

The Company and its subsidiaries expect to pay Baht 86 million of long-term employee benefits during the next year (2017: Baht 15 million) (Separate financial statements: Baht 77 million, 2017: Baht 14 million).

As at 31 December 2018, the weighted average durations of the liabilities for long-term employee benefit were between 14 years and 16 years (Separate financial statements: 16 years).

Principal actuarial assumptions at the valuation date are as follows:

	(% per annum)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Discount rate	3.00 - 8.35	3.00 - 8.55	3.00	3.00
Future salary increase rate (depending on age)	3.50 - 12.00	6.00 - 15.00	6.00	6.00
Staff turnover rate (depending on age)	3 - 35	3 - 40	3 - 18	3 - 18

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

	(Unit: Million Baht)			
	As at 31 December 2018			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase 1.0%	Decrease 1.0%	Increase 1.0%	Decrease 1.0%
Discount rate	(24)	28	(15)	17
Salary increase rate	27	(24)	17	(15)

	(Unit: Million Baht)			
	As at 31 December 2017			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase 1.0%	Decrease 1.0%	Increase 1.0%	Decrease 1.0%
Discount rate	(20)	23	(16)	18
Salary increase rate	21	(19)	17	(15)

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation at a rate of not less than that of the last 400 days, based on the final wage rate. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional liabilities for long-term employee benefits of Baht 85 million (The Company only: Baht 74 million). The Company and its subsidiaries will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective.

21. Statutory reserve

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

22. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Advertising and promotion expenses	749	655	872	738
Salary and wages and other employee benefits	2,231	2,143	1,267	1,247
Depreciation and amortisation	342	340	257	248
Subcontractor expenses	120	115	120	115
Rental expenses	206	208	163	163
Raw materials and consumables used	8,569	8,040	7,307	6,915
Changes in inventories of finished goods and work in process	(173)	(7)	(130)	(2)

23. Income tax

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current income tax:				
Current income tax charge	490,061	390,208	451,339	376,302
Income tax directly related to shareholders' equity	-	20,117	-	20,117
Deferred tax:				
Relating to origination and reversal of temporary differences	(9,642)	(9,018)	(8,887)	(9,028)
Income tax reported in the statements of comprehensive income	<u>480,419</u>	<u>401,307</u>	<u>442,452</u>	<u>387,391</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deferred tax relating to actuarial losses	8,319	69	6,960	-
	<u>8,319</u>	<u>69</u>	<u>6,960</u>	<u>-</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Accounting profit before tax	<u>2,269,860</u>	<u>2,104,739</u>	<u>2,383,675</u>	<u>1,939,800</u>
Applicable tax rate	7.5% - 25%	7.5% - 25%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	444,740	412,308	476,735	387,960
Adjustment in respect of income tax of previous year	10,844	-	-	-
Adjustment in respect of deferred tax assets for tax losses of previous year	(1,409)	(12,948)	-	-
Effects of:				
Income which is not taxable	(2,962)	(9)	(23,492)	-
Non-deductible expenses	17,438	22,326	5,084	11,246
Additional expense deductions allowed	(32,665)	(36,509)	(15,875)	(11,815)
Tax losses for the year which deferred tax assets have not been recognised	43,075	16,325	-	-
Others	1,358	(186)	-	-
Total	26,244	1,947	(34,283)	(569)
Income tax reported in the statement of comprehensive income	<u>480,419</u>	<u>401,307</u>	<u>442,452</u>	<u>387,391</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deferred tax assets				
Allowance for doubtful accounts	22,560	20,786	14,955	13,310
Allowance for diminution in value of inventories	11,813	14,352	10,525	12,719
Provision for long-term employee benefits	62,362	48,424	52,436	41,771
Others	20,222	20,365	8,680	7,780
Total	116,957	103,927	86,596	75,580
Deferred tax liabilities				
Accumulated depreciation	41,684	46,515	41,684	46,515
Total	41,684	46,515	41,684	46,515
Deferred tax assets - net	75,273	57,412	44,912	29,065

As at 31 December 2018, the subsidiaries have deductible temporary differences and unused tax losses totaling Baht 245 million (2017: Baht 191 million), on which deferred tax assets have not been recognised.

The unused tax losses amounting to Baht 245 million will expire in 2019 to 2025.

24. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

The following table sets forth the computation of basic earnings per share for the years ended 31 December 2018 and 2017:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit for the year (Thousand Baht)	1,824,882	1,709,912	1,941,222	1,552,409
Weighted average number of ordinary shares (Thousand shares)	2,029,000	1,660,542	2,029,000	1,660,542
Earnings per share (Baht per share)	0.899	1.030	0.957	0.935

25. Segment information

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

The Company and its subsidiaries are principally engaged in the manufacture and distribution of paints and chemical. Their operations are carried on in Thailand and Southeast Asia. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain exclusively to the aforementioned reportable operating segment.

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

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Revenue from external customers		
Thailand	14,016,547	13,645,777
Overseas	2,330,038	2,071,921
Total	<u>16,346,585</u>	<u>15,717,698</u>

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Non-current assets (other than financial instruments and deferred tax assets)		
Thailand	1,535,776	1,512,981
Southeast Asia	1,102,852	602,620
Total	<u>2,638,628</u>	<u>2,115,601</u>

For the year 2018 and 2017, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

26. Provident fund

The Company, its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company and its subsidiaries contribute to the fund monthly at the rates of 3 - 5 percent of basic salary. The fund, which is managed by an authorised fund manager, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2017 amounting to approximately Baht 40 million (2017: Baht 35 million) (Separate financial statements: Baht 28 million, 2017: Baht 24 million) were recognised as expenses.

27. Dividends

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Interim dividends for 2017	Board of Directors meeting on 8 August 2017	809	0.456
Total for 2017		809	0.456
Dividends for 2017	Annual General Meeting of the shareholders on 24 April 2018	284	0.140
Interim dividends for 2018	Board of Directors meeting on 14 August 2018	426	0.210
Total for 2018		710	0.350

28. Commitments and contingent liabilities

28.1 Capital commitments

As at 31 December 2018, the Company and its subsidiaries had capital commitments of approximately Baht 512 million (2017: Baht 346 million) (Separate financial statements: Baht 127 million, 2017: Baht 141 million) relating to the construction of buildings and building improvements and the purchase of machinery, equipment and computer software.

28.2 Operating lease commitments

The Company and its subsidiaries have entered into several lease agreements in respect of the lease of land, building, motor vehicles and equipment. The terms of the agreements are generally between 1 and 26 years.

Future minimum lease payments required under these operating lease contracts were as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Payable within:				
In up to 1 year	148	163	132	139
In over 1 and up to 5 years	238	285	225	268
In over 5 years	190	240	190	240

28.3 Guarantees

- a) As at 31 December 2018, the Company has guaranteed bank credit facilities of subsidiaries approximately Baht 340 million and USD 3 million (31 December 2017: Baht 340 million and USD 3 million).
- b) As at 31 December 2018, there were outstanding bank guarantees of approximately Baht 17 million (2017: Baht 17 million) (Separate financial statements: Baht 16 million, 2017: Baht 16 million) issued by the banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of business.

29. Fair value hierarchy

As at 31 December 2018 and 2017, the Company and its subsidiaries had the assets that were measured or disclosed at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	As at 31 December 2018			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investments in trading securities				
Investments in marketable equity securities	106	-	-	106
Private sector debt securities	-	453	-	453
Government and state-owned				
enterprise bonds	-	77	-	77
Investments in mutual fund	-	3,847	-	3,847
Assets for which fair value are disclosed				
Investment properties and leasehold right	-	-	35	35

(Unit: Million Baht)

	Consolidated financial statements			
	As at 31 December 2017			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investments in trading securities				
Investments in mutual fund	-	4,468	-	4,468
Assets for which fair value are disclosed				
Investment properties and leasehold right	-	-	34	34

(Unit: Million Baht)

	Separate financial statements			
	As at 31 December 2018			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investments in trading securities				
Investments in marketable equity securities	106	-	-	106
Private sector debt securities	-	453	-	453
Government and state-owned enterprise bonds	-	77	-	77
Investments in mutual fund	-	3,667	-	3,667
Assets for which fair value are disclosed				
Investment properties and leasehold right	-	-	35	35

(Unit: Million Baht)

	Separate financial statements			
	As at 31 December 2017			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investments in trading securities				
Investments in mutual fund	-	4,402	-	4,402
Assets for which fair value are disclosed				
Investment properties and leasehold right	-	-	34	34

30. Financial instruments

30.1 Financial risk management

Financial instruments of the Company and its subsidiaries, as defined under Thai Accounting Standard No. 107 “Financial Instruments: Disclosure and Presentations”, principally comprise cash and cash equivalents, trade and other receivables, loans, investments, and short-term and long-term borrowings. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

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

Interest rate risk

Exposure of the Company and its subsidiaries to interest rate risk relates primarily to its cash at banks, loans and borrowings. Most of financial assets and liabilities of the Company and its subsidiaries bear floating interest rates or fixed interest rates which are close to the market rate.

Significant financial assets and liabilities classified by type of interest rate are summarised in the tables below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2018						
Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
Within 1 year	1-5 years	Over 5 years				
Financial Assets						
Cash and cash equivalents	1	-	874	992	1,867	Note 7
Investments in trade securities	530	-	-	3,953	4,483	1.59 - 4.83
Trade and other receivables	-	-	-	3,069	3,069	-
Hire purchase receivables	62	105	21	-	188	7.00
	593	105	874	8,014	9,607	
Financial liabilities						
Short-term loans from financial institutions	985	-	-	-	985	Note 17
Trade and other payables	-	-	-	3,987	3,987	-
	985	-	-	3,987	4,972	

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2017

	Fixed interest rates					Total	Effective interest rate (% p.a.)
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non-interest bearing		
Financial Assets							
Cash and cash equivalents	13	-	-	1,333	470	1,816	Note 7
Investments in trade securities	-	-	-	-	4,468	4,468	-
Trade and other receivables	-	-	-	-	2,936	2,936	-
Hire purchase receivables	77	121	17	-	-	215	7.00
	90	121	17	1,333	7,874	9,435	
Financial liabilities							
Short-term loans from financial institutions	1,205	-	-	-	-	1,205	Note 17
Trade and other payables	-	-	-	-	3,826	3,826	-
Long-term loan from financial institution	17	-	-	149	-	166	Note 19
	1,222	-	-	149	3,826	5,197	

(Unit: Million Baht)

Separate financial statements as at 31 December 2018

	Fixed interest rates					Total	Effective interest rate (% p.a.)
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non-interest bearing		
Financial Assets							
Cash and cash equivalents	-	-	-	429	44	473	Note 7
Investments in trade securities	530	-	-	-	3,773	4,303	1.59 - 4.83
Trade and other receivables	-	-	-	-	2,906	2,906	-
Hire purchase receivables	59	101	21	-	-	181	7.00
Short-term loans to related parties and interest receivable	430	-	-	-	6	436	Note 6
	1,019	101	21	429	6,729	8,299	
Financial liabilities							
Short-term loans from financial institutions	850	-	-	-	-	850	Note 17
Trade and other payables	-	-	-	-	3,232	3,232	-
	850	-	-	-	3,232	4,082	

(Unit: Million Baht)

Separate financial statements as at 31 December 2017

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
	Within 1 year	1-5 years	Over 5 years				
Financial Assets							
Cash and cash equivalents	-	-	-	574	54	628	Note 7
Investments in trade securities	-	-	-	-	4,402	4,402	-
Trade and other receivables	-	-	-	-	2,502	2,502	-
Hire purchase receivables	72	114	17	-	-	203	7.00
Short-term loans to related parties and interest receivable	138	-	-	-	-	138	Note 6
	<u>210</u>	<u>114</u>	<u>17</u>	<u>574</u>	<u>6,958</u>	<u>7,873</u>	
Financial liabilities							
Short-term loans from financial institutions	1,050	-	-	-	-	1,050	Note 17
Trade and other payables	-	-	-	-	3,188	3,188	-
Long-term loan from financial institution	17	-	-	149	-	166	Note 19
	<u>1,067</u>	<u>-</u>	<u>-</u>	<u>149</u>	<u>3,188</u>	<u>4,404</u>	

Foreign currency risk

The Company and its subsidiaries' exposure to foreign currency risk arise mainly from trading transactions that are denominated in foreign currencies.

The balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Consolidated financial statements						
Foreign currency	Financial assets as at 31 December		Financial liabilities as at 31 December		Average exchange rate as at 31 December	
	<u>2018</u> (Million)	<u>2017</u> (Million)	<u>2018</u> (Million)	<u>2017</u> (Million)	<u>2018</u>	<u>2017</u>
US dollar	15	21	4	4	32.4498	32.6809
Euro	-	-	1	-	37.1252	39.0273
Japanese yen	-	-	7	30	0.2931	0.2898

Separate financial statements						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	46	31	3	3	32.4498	32.6809
Euro	-	-	1	-	37.1252	39.0273
Japanese yen	-	-	7	30	0.2931	0.2898
Malaysian ringgit	16	-	-	-	7.8055	8.0584
Vietnamese dong	20,240	23,426	-	-	0.0014	0.0014

As at 31 December 2018 and 2017, foreign exchange contracts outstanding are summarised below.

Consolidated financial statements						
Foreign currency	Bought amount		Contractual exchange rate		Contractual maturity date	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(Million)	(Million)	(Baht per 1 foreign currency unit)			
US dollar	1.8	0.5	32.3274 -	32.6400 -	April 2019 -	May 2018 -
			32.5800	32.9945	July 2019	July 2018

Separate financial statements						
Foreign currency	Bought amount		Contractual exchange rate		Contractual maturity date	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(Million)	(Million)	(Baht per 1 foreign currency unit)			
US dollar	1.3	-	32.3274 -	-	April 2019 -	-
			32.5800		July 2019	

30.2 Fair values of financial instruments

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

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

- a) For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, accounts receivable and short-term loans, accounts payable and short-term borrowings, their carrying amounts in the statement of financial position approximate their fair value.
- b) For debts securities, their fair value is generally derived from quoted market prices.
- c) For equity securities, their fair value is generally derived from quoted market prices.
- d) For long-term loans, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.
- e) For fixed rate long-term loans, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.
- f) For long-term loans carrying interest approximate to the market rate, their carrying amounts in the statement of financial position approximates their fair value.
- g) For derivatives, their fair value has been determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies, interest rate yield curves and commodity price yield curves. The Company and its subsidiaries had considered to counterparty credit risk when determining the fair value of derivatives.

During the current year, there were no transfers within the fair value hierarchy.

31. Capital management

The primary objective of the Company and its subsidiaries' capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2018, the Group's debt-to-equity ratio was 0.60:1 (2017: 0.68:1) and the Company's was 0.47:1 (2017: 0.56:1).

32. Events after the reporting period

On 27 February 2019, a meeting of the Company's Board of Directors approved the proposal of a dividend payment of Baht 0.18 per share, totaling Baht 365 million, in respect of the year 2018 operating results.

33. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2019.

GENERAL INFORMATION AND OTHER SIGNIFICANT INFORMATION

1. General Information

Name	TOA Paint (Thailand) Public Company Limited
Stock Symbol	TOA (Listed Company in The Stock Exchange of Thailand)
Registered Number	0107560000133
Type of Business	Manufacture and distribution of decorative, non-decorative paint and coating products for general consumers
Website	http://www.toagroup.com
Established Year	1997
First Trade Date	October 10, 2017
Headquarter Location	31/2 Moo 3, Bang Na-Trad Road, Bang Sao Thong Subdistrict, Bang Sao Thong District, Samut Prakan Province, 10570, Thailand
Registered Capital	THB 2,029 million including issued and paid-up ordinary shares totaling 2,029 million shares
Par value	Ordinary share : THB 1 per share
Preferred Stock	None
Accounting Period	January 1 - December 31
Contact	Headquarter Telephone : (+662) 335-5555 Fax : (+662) 312-8919 Email : contact@toagroup.com Company Secretary Telephone : (+662) 335-5555 ext. 5875 Fax : (+662) 312-8923 Email : companysecretary@toagroup.com Investor Relations Telephone : (+662) 335-5555 ext. 1520 and 1528 Fax : (+662) 312-8923 Email : ir@toagroup.com

2. References

Security Registrar	Thailand Securities Depository Company Limited (TSD)
Address	1 st Floor, The Stock Exchange of Thailand Building 93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400, Thailand Telephone : (+662) 009-9999 Fax : (+662) 009-9991 Website : http://www.set.or.th/tsd
Auditor	EY OFFICE LIMITED By Mr. Supachai Phanyawattano , Certified Public Accountant No. 3930 or Mr. Narong Puntawong , Certified Public Accountant No. 3315 or Ms. Krongkaew Limkittikul , Certified Public Accountant No. 5874
Address	33 rd Floor, Lake Rajada Office Complex 193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110, Thailand Telephone : (+662) 264-0777 Fax : (+662) 264-0789-90 Website : http://www.ey.com/th/en/home



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