



2019 ANNUAL REPORT

รายงานประจำปี 2562



RICH ASIA
CORPORATION PUBLIC COMPANY LIMITED



Contents

Message from Board of Directors	1
Board of Directors	2
Audit Committee Report	3
Policy and Overview of Business	5
Nature of Business	16
Risk Factors	43
General and Others Substantial Information	46
Securities and Shareholders Information	49
Other Securities	50
Management Structure	51
Corporate Governance	58
Corporate Social Responsibility	77
Internal Audit and Risk Management	88
Related Parties Transactions	90
Financial Highlights	97
Management's Discussion and Analysis (MD&A)	98
Resume of Directors and Managements	111
Report of Board of Director's Responsibilities to Financial Statements	120

Appendix

Financial Statements of the Company and its subsidiaries for the year ended
December 31, 2019



Message from Board of Directors

2019 is another year that the global economy has considerably decelerated and shrunk which has been affected by the trade war between the United States and China since 2018 and causing the private sector to delay investment. However, due to the large-scale government investment projects according to the country's strategy such as high-speed electric train, the High-Speed Rail Linked 3 Airport Project as well as the Eastern Economic Corridor Project (EEC) have been pushed the projects to be effected as well as the motorway projects in both routes have been restarted continually which could be stimulate steel consumption for a certain level. However, there is still excess supply, therefore, competition in the domestic steel price still remained which is an obstacle to the expansion of the overall domestic steel industry.

For the business operations of the conglomerate that focused on the new business of environmentally friendly and accord to the government's policy that is the 100% battery electric vehicle business. Whereby the submission of investment promotion application to the Office of the Board of Investment in December 2018, and have been approved the investment promotion privilege from the Board of Investment in November 2019. Thus, the conglomerate has created several collaborations with private sectors, state university as well as the state enterprises related to such business to develop and expand the advance of new technology of the 100% battery electric vehicle business onward.

The company is confident that the conglomerate could operate business operation as set forth policy, this can solve the previous continually problem and will enable the conglomerate to have a stable income and generated a good return to all parties concerned.

The Board of Directors, on this occasion, would like to express our appreciation towards the shareholders of the Company, clients, business partners, creditors, and staffs for their consistency supporting to the Company's business.

General

(Watanachai Chaimuanwong)

Chairman

(Miss Angkakarn Tantiviroon)

Chief Executive Officer



BOARD OF DIRECTORS



General Watanachai Chaimuanwong

Chairman

(Independent Director)



Mr. Surapong Churangsarit

Vice Chairman

(Independent Director) /

Chairman of Audit Committee /

Nomination and Remuneration

Committee



Pol.Lt.Gen. Mongkol Kamolbutra

Independent Director /

Audit Committee /

Risk Management Committee



Asst.Prof.Dr. Nakhun Thoraneenitiyan

Independent Director /

Audit Committee /

Chairman of Risk Management Committee



Ms. Angkarn Tantiviroon

Director /

Chief Executive Officer /

Nomination and Remuneration

Committee



Mr. Somkiat Vongsarajana

Director /

Managing Director /

Risk Management Committee



Mr. Teera Phoncharoensuk

Director /

Executive Committee



Dr. Rittirong Intarajinda

Director /

Chairman of Nomination and

Remuneration Committee



Mrs. Pimsiri Keeratitensiri

Director



Audit Committee Report

At present, The Audit Committee of Rich Asia Corporation Public Company Limited consists of 3 independent directors as follows:

- | | |
|--|----------------------------------|
| 1. Mr. Surapong Churangsarit | Chairman of Audit Committee |
| 2. Pol.It.Gen. Mongkol Kamolbutra | Audit Committee |
| 3. Asst.Prof. Dr. Nakhun Thoraneenitiyan | Audit Committee |
| and Mr. Vorapoj Chaisantana | Secretary to the Audit Committee |

The Audit Committee have fulfilled their duties and responsibilities, as per their assignments. The mission and major responsibilities have included reviewing financial statements to be conformed with accounting standards and adequate information disclosure, reviewing systems of internal control and appropriated internal audit, review the company's compliance with applicable laws and principles of corporate governance in order to avoid conflict of interest and consider for the accuracy and complete disclosure of related transaction including considerations of the appointment of Certified Public Accountant (external auditor) for the company.

For the fiscal year ended December 31, 2019, The Audit Committee has organized 4 meetings to consider and review company's activities as followings.

Audit Committee	Attending Meeting / Total Meeting
Mr. Surapong Churangsarit	4/4
Pol.It.Gen. Mongkol Kamolbutra	4/4
Asst.Prof. Dr. Nakhun Thoraneenitiyan	4/4

1. Reviewed company's quarterly and audited financial statements of 2019 which have reported financial status and operation in 2019 and related transactions as stated in financial statement including management's clarification prior submission to the Board of Directors. The financial statements are stated in general accepted accounting principles and carried out with adequate information disclosure.

2. Reviewed the reasonability of related transactions and operation transactions between company with related person and/or business which have been expressed through normal and general business transaction according to business necessity and company's optimized benefit.



3. Approved annual internal audit plan and quarterly review audit operation, audit report, progress of operation plan and viewed that the company has an adequate, appropriate and efficient internal audit system.
4. Assess the adequacy of the company's internal control system with consideration from Management and viewed that company has an adequate, efficient internal control system. The company has developed and adjusted accordingly to current circumstances and no significant errors occurred.
5. Examined company's risk management and advised the Management periodically and frequently to review and improve risk management plan to be in accordance with any change of circumstances.
6. Examined company's compliance with Securities and Stock Exchange (SET) law and other laws relevant to company's business.
7. Advised the Management on focusing fully on good corporate governance pursuant to regulations of Stock Exchange of Thailand in order to confirm confidence to the shareholders and all concerned parties.
8. Selected and proposed to the Board of Directors for approval to nominate Mr. Ampol Chamnongwat CPA No. 4663 or Ms. Ms.Praphasri Leelasupha CPA No. 4664 or Mr. Naris Saowalaksakul CPA No. 5369 of the company's office. AMC Ltd. As auditors for the year 2019 and setting up the auditing fee amount of Baht 1,100,000 which exclusive others audit expenses.

The Audit Committee has carefully examined the works under assigned responsibility - providing advice to the company and company's management, which have cooperated to solve any issues within an appropriate period. The Audit committee has conclusion that the company conform a good corporate governance and adequate internal control system including company's financial report audited by the Certified Public Accountant are in general accepted accounting principles and carried out an adequate information disclosure.

Mr. Surapong Churangsarit
Chairman of Audit Committee



Policy and Overview of Business

Vision

To become internationally recognized as the leading manufacturer and distributor of quality construction products.

Mission Strategy

Produce and distribute international standard quality products to gain satisfaction from business partners and all concerned parties including promote and preserve the good quality social and environment.

Strategy

- 1. Develop production systems to achieve international standard quality.*
- 2. Enhance satisfaction of business partners and stakeholders.*
- 3. Develop employee's competency and quality of life to work with happiness.*
- 4. Promote conservation of energy and environment, as well as establish good relationship with the community.*
- 5. Develop management system with transparency.*

Background

Rich Asia Corporation Public Company Limited, changed its name on May 17, 2016 (former name: Rich Asia Steel Public Company Limited), was established by Thai and Hong Kong investors on May 10, 1999 as Rich Asia Trading (Thailand) Co., Ltd., with an initial registered capital of 1 million Baht. The Company aimed to provide and distribute steel products by trading and contracting other manufacturers to produce steel products for the Company. In 2003, the Company has expanded its business to be a manufacturer of structural steel products and the Company increased registered capital to 250 million Baht providing that to purchased machinery to support production and sales increased. In 2004 increased registered capital to 400 million Baht providing that to purchased machinery, investment in distribution center for supporting the growth of sales. In 2006 The Company being listed in the Stock Exchange of Thailand and increased registered capital to 500 million Baht for business expansion, investment of land, plants, machinery for industrial structural steel and for working capital. In 2007 increased registered capital of 1,000 million Baht to support expansion of sales and working capital. Currently, the company has issued and paid-up capital amount of 3,115,269,786 Baht and the business has managed by Miss Angkakarn Tantiviroon.



The Company's major development can be summarized as follows:

- 1999 May - Established the company named "Rich Asia Trading (Thailand) Co., Ltd." with initial registered capital of 1.00 million Baht to operate as a trading company to provide steel products such as hot rolled coil and sheets, structural steels, lip channel steels, billets and other steel products.
- 2000 January - Employed Rich Asia Industry Co., Ltd.* to provide steel production services.
- February - Employed Inter Metal Tube Alliance Co., Ltd. to provide steel processing services.
- 2001 January - Increased its registered capital to 5 million Baht to be used as working capital.
- 2002 June - Increased its registered capital to 75 million Baht to be used as working capital.
- 2003 June - Set up plant and warehouse to expanded its business to become a manufacture of steel pipes.
- November - Launch its processing steel products for sale in domestic.
- December - Increased its registered capital to 250 million Baht to purchase a steel pipe machine.
- 2004 December - Increased its registered capital to 400 million Baht to be used as working capital.
- 2005 August - Purchase C-Channel machine.
- 2006 March - Changed the name from "Rich Asia Trading (Thailand) Co., Ltd." to "Rich Asia Steel Plc."
- Increased registered capital from 400 million Baht to 500 million Baht and changed par value from 100.00 Baht to 1.00 Baht each which resulted in an increase in the number of ordinary shares from 5 million shares to 500 million shares and converted the company to be public company with the intention to be listed on the Stock Exchange of Thailand.
- August - Listing date as at 31 August 2006 (Trading commencement on 31 August 2006 by Initial Public Offering totaling 100 million shares)
- October - Achieved the approval certificate from Thai Industrial Standards Institute 107-2533 for Hollow structural steel.
- November - Achieved the approval certificate from Thai Industrial Standards Institute 1228-2537 Cold-formed structural steel.
- Operated the local Distribution Center (D/C) at Tambol Pantainorasingh, Amphor Muang Samut Sakhon, Samut Sakhon Province



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- 2007 April - Signed agreement for buying land and building at Tambol Bangprong Amphor Muang Samutprakarn Province for set up hot rolling mill.
- June – July - Signed contract for purchasing machine for hot rolling steel.
- December - Increased registered capital from 500 million Baht to 1,000 million Baht for Allocation to existing shareholders 500 million Baht, offering price 2.00 Baht each, par value 1.00 Baht each, the number of registered ordinary shares increased from 500 million shares to 1,000 million shares
- Complete installation of hot – rolling machine and test run for commercial production
- 2008 May - Changed par value of ordinary shares of the company from the value of 1.00 Baht per share to value of 0.10 Baht per share. As a result, the number of Ordinary shares of the company were increased from 1,000 million shares to 10,000 million shares.
- 2008 July - Increasing registered capital from 1,000 million Baht to 1,500 million Baht by issuing new ordinary shares in number of 5,000 million shares, par value of 0.10 Baht per share for reservation convertible warrants No# 1 which offered to existing shareholders proportionally.
- December - The Board of Directors meeting no. 9/2008 held on 27 December 2008 passed a resolution approving the company's acquisition of ordinary shares of Thai National Product Co., Ltd. in a total amount of 26,100,600,000 shares each of 0.01 Baht par value, representing 100% of Thai National Product Co., Ltd total issued and paid-up shares in the amount not exceeding 650 million Baht. The Company is under request for credit facilities from financial institutes. The Company should perform this transaction within June 30, 2009.
- 2009 May - Decreasing registered capital from 1,500 million Baht to 1,000 million Baht due to the cancellation of the issue and offer of warrants to purchase new ordinary shares of the Company No. 1 in the amount of 5,000,000,000 units to the existing shareholders of the Company in proportion of shareholding.
- August - The Board of Directors meeting no. 4/2009 held on 14 August 2009 passed a resolution approving the extension of schedule the Company's acquisition of ordinary shares of Thai National Product Co., Ltd. and the share payment period from ending June 30, 2009 to ending September 30, 2009. The seller group has agreed and not objected to the extension of schedule as mentioned here above. The seller group reserve the right in case of they can sell such shares to the other persons who offer the higher price. In case of termination



- the transaction, the seller group maintains the condition of return deposit in full amount of 200 million Baht within 60 days without interest charge commencing from the date of termination.
- November - The Board of Directors meeting no. 5/2009 held on 14 November 2009 passed a resolution approving the extension of schedule the Company's acquisition of ordinary shares of Thai National Product Co., Ltd. and the share payment period from ending September 30, 2009 to ending February 28, 2010. The seller group has agreed and not objected to the extension of schedule as mentioned here above. The seller group reserve the right in case of they can sell such shares to the other persons who offer the higher price. In case of termination the transaction, the seller group maintains the condition of return deposit in full amount of 200 million Baht within 60 days without interest charge commencing from the date of termination.
- 2010 April - The Meeting of the Board of Directors no. 3/2010 held on April 2, 2010 has resolved to approved the extension of schedule the Company's acquisition of ordinary shares of Thai National Product Co., Ltd. and the share payment period from end February 28, 2010 to be ended May 31, 2010. The seller group has agreed and not object to the extension of schedule as mentioned here above. The seller group reserve the right in case of they can sell such shares to the other persons who offer the higher price. In case of termination the transaction, the seller group maintains the condition of return deposit in full amount of 200 million Baht within 60 days without interest charge commencing from the date of termination.
- May - The Company has obtained credit facilities support and performed investment transaction in Thai National Product Co., Ltd. by acquisition of ordinary shares in a total amount of 26,100,599,998 shares each of 0.01 Baht par value representing 100% of Thai National Product Co., Ltd. paid-up capital and has registered as shareholder in Thai National Product Co., Ltd. with the Registrar, Business Development Department, Ministry of Commerce. Hence the company has negotiated and agreed to purchase ordinary share at the price 635 million Baht.
- December - The Meeting of the Board of Directors No.8/2010 held on December 23, 2010 has resolved to approved the Company's acquisition of ordinary shares of Rich Asia Industry Co., Ltd.* in a total amount of 10,954,556 shares each of 100 Baht par value, representing 76.88%of Rich Asia Industry Co., Ltd.*'s total issued



- and paid-up capital, at the price of 73 Baht each, in the total amount of 799,682,588 Baht.
- 2011 March - Registration of the alteration of par value from the existing par value of 0.10 Baht each of 10,000 million shares to be at the par value of 1.00 Baht each of 1,000 million shares and the amendment of Clause No. 4 of the Company's Memorandum of Association in accordance with the alteration of the par value and number of the Company's shares.
- Increase of the Company's registered capital from 1,000 million Baht to 1,500 million Baht by issuing 500 million new ordinary shares at a par value of 1.00 Baht to reserve for the company and subsidiaries' working capital and / or to reserve for business expansion of the company and subsidiary company.
- December - The Meeting of the Board of Directors No.8/2011 held on December 2, 2011 passed a resolution approving the sale of partial ordinary shares of Rich Asia Industry Co., Ltd. held by the Company in a total amount of 3,562,106 shares each of 31 Baht par value, representing 25.00% of Rich Asia Industry Co., Ltd.'s total issued and paid-up capital, at the price of 80 Baht each, in the total amount of 284,968,480 Baht to Wealth Fortune Assets Ltd total of 2,849,685 shares and Mr. Sunthorn Chitboonthaweek total of 712,421 shares.
- 2012 July - Decrease the registered capital from 1,500 million Baht to 1,000 million Baht by deducting the unissued registered shares of 500 million shares with the par value of 1.00 Baht per share before increase the new capital.
- August - Increase the registered capital from 1,000 million Baht to 4,000 million Baht by issuing 3,000 million new ordinary shares with the par value of 1.00 Baht per share which consists of issue and offer 2,000 million new ordinary shares to the existing shareholders and reserve for exercising the right of Warrant-PP allotted to through private placement the lenders who agrees to grant loan to the Company and/or its subsidiaries in the amount of not exceeding 1,000 million shares.
- September - Registered the paid-up capital from 1,000 million Baht to 1,002,913,226 Baht and amended Clause No. 4 of the Company's Memorandum of Association with Department of Business Development, Ministry of Commerce.
- December - Relocate Head Office from 272 Soi Wat Channok, Rama III Road, Bangkoklaem, Bangkok 10120 to 636 Bangkhuntien-Chaitaley Road, Thakham, Bangkhuntien, Bangkok 10150 due to the rental contract was expired.



- 2013 November - Mr. Prapat Chongsanguan, governor of State Railway of Thailand and Management team has visited Thai National Product Co., Ltd. factory (Currently is Associated Company) which has diversified a new product: "Concrete Sleepers".
- 2014 April - Decrease the registered capital from 4,000 million Baht to 1,002,913,226 Baht by deducting the unissued registered shares of 2,997,086,774 shares with the par value of 1.00 Baht per share before increase the new capital.
- Increase the registered capital from 1,002,913,226 Baht to 1,322,913,226 Baht by issuing 320 million new ordinary shares with the par value of 1.00 Baht per share as reservation for conversion of right of convertible debentures for the issue and offer for sale of convertible debentures in a sum of not exceeding Singapore Dollar 20 million or an equivalent amount in other currency to a specific foreign investor (Private Placement) that is Advance Opportunities Fund ("AO Fund").
- June - Issue and offer for sale of the newly Convertible Debentures to AO Fund totaling SGD 400,000 which is 10 million Baht (Exchange rate of 25 Baht per SGD 1)
- Registered the paid-up capital from 1,002,913,226 Baht to 1,025,640,498 Baht with Department of Business Development, Ministry of Commerce.
- November - Decrease the registered capital from 1,322,913,226 Baht to 1,025,640,498 Baht by deducting the unissued registered shares of 297,272,728 shares with the par value of 1.00 Baht per share before increase the new capital.
- Increase the registered capital from 1,025,640,498 Baht to 2,400 million Baht by issuing 1,374,359,502 new ordinary shares with the par value of 1.00 Baht per share to accommodate the allocation of the newly issued shares to the shareholders proportionate to their shareholding (Rights Offering) at a ratio of 1 existing share per 1 new share, at the offering price of 0.30 Baht per share and to four specific persons (Private Placement) who are not connected persons of the Company, namely, (1) Mr. Wichai Wachiraphong (2) Mr. Kiaticchai Lohachitranont (3) Miss Suratsawadee Raiput and (4) Miss Ornuma Supornsirikul at the price of 0.30 Baht per share.
- December - Registered the paid-up capital from 1,025,640,498 Baht to 2,400 million Baht with Department of Business Development, Ministry of Commerce.
- Disposal of the shares in Thai National Product Co., Ltd. ("TNP"), a subsidiary of the Company (Presently as associated company), amounting to 18 million shares at the par value of 10 Baht or equivalent to 66.42 percent of TNP's registered capital, at the price of 30 Baht per share, totaling of 540 million Baht



- to (1) Dr, Phasin Suebsubanunt (2) Mr. Thiti Kittipattananon and (3) Miss Duendara Limthanakul.
- 2015 February - Invest by setting up a subsidiary, G.Y.T. Engineering Co., Ltd., was established on February 19, 2015, which operates supply of equipment and technology, including invest in utilities and infrastructure. The company holds shares in the proportion of 90% of its registered capital amount of 1.00 million Baht.
- May - Issued and offered the 1st debentures in the amount of 500 million Baht. The form of debentures are identified holder, unsubordinated, unsecured and without debenture holders' representative; by offering to the Private Placement and/or institutional investors under the II/HNW Rule on April 27 - 29, 2015, in which the Company has already received proceeds in full. The debenture's age is about 1 year 9 months (from April 30, 2015 to January 30, 2017), with interest rate 6.50% per year.
- July - Issued and offered the 2nd debentures in the amount of 500 million Baht. The form of debentures are identified holder, unsubordinated, unsecured and without debenture holders' representative; by offering to the Private Placement and/or institutional investors under the II/HNW Rule on July 13 - 15, 2015, in which the Company has already received proceeds in full. The debenture's age is about 2 years (from July 16, 2015 to July 16, 2017), with interest rate 6.50% per year.
- October - Issued and offered the 3rd debentures in the amount of 300 million Baht. The form of debentures are identified holder, unsubordinated, unsecured and without debenture holders' representative; by offering to the Private Placement and/or institutional investors under the II/HNW Rule on October 26 - 28, 2015, in which the Company has already received proceeds in amount of 230 million Baht. The debenture's age is about 1 year 11 months 29 days (from October 29, 2015 to October 28, 2017), with interest rate 6.20% per year.
- 2016 January - G.Y.T. Engineering Co., Ltd. (Subsidiary) was increase the registered capital from 1.00 million Baht to 80.00 million Baht by registered the paid-up capital amount of 20.75 million Baht. The company holds shares in the proportion of 95% of its registered capital which the subsidiary will be used the increased capital as invest to expand the business.



- March - Invest by setting up a subsidiary, Rich Asia Utilities Co., Ltd., was established on March 23, 2016, which operates supply and management of water resources and related public utilities. The company holds shares in the proportion of 99.9994% of its registered capital amount of 5 million Baht and paid-up registered capital amount of 1.25 million Baht.
- May - The Company changed its name from "Rich Asia Steel Public Company Limited" to "Rich Asia Corporation Public Company Limited" since May 17, 2016.
- November - Increase of the registered capital from 2,400 million Baht to be 9,600 million Baht by issuing 7,200 million new ordinary shares with the par value of 1.00 Baht per share by offering 4,800 million new ordinary shares to the existing shareholders of the Company in proportion to the number of shares held by each shareholder. And allocation of 2,400 million new ordinary shares to reserve for the exercise of the 1st series of warrants (RICH-W1).
- December - Registered the paid-up capital from 2,400 million Baht to 3,115,268,236 Baht with Department of Business Development, Ministry of Commerce.
- 2017 March - The Company filed a petition for business rehabilitation with the Central Bankruptcy Court on March 6, 2017, Black Case No.For 13/2017, and the court had accepted the petition, whereby the petition investigation was scheduled for May 29, 2017.
- May - The Central Bankruptcy Court has scheduled an investigation for the business rehabilitation petition, due to 20 creditors had filed objections on the petition for business rehabilitation. The court has scheduled a witness examination of the petitioners and the opposition between September and December 2017.
- October - G.Y.T. Engineering Co., Ltd. (Subsidiary) has decreased its registered capital from Baht 80 million to Baht 20.75 million. The paid-up capital is Baht 20.75 million, of which the Company holds 94.82% shares of the registered capital.
- December - The Central Bankruptcy Court ordered to revoke the Company's business rehabilitation on December 27, 2017.
- 2018 December - Registered the paid-up capital from 3,115,268,236 Baht to 3,115,269,786 Baht with Department of Business Development, Ministry of Commerce on December 27, 2018 due to the exercise of the 1st series of warrants (RICH-W1).



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- 2019 February - Rich Asia Utilities Co., Ltd. (Subsidiary) changed its name to “Skywell (Thailand) Co., Ltd.” and operates the business of 100% battery electric vehicle distributor instead of the previous business.
- August - Rich Asia Industry Co., Ltd. (Subsidiary) has performed transferring Lands and Buildings ownership registration to Chote Pittayachai 3 Co., Ltd. (Attorney of the debenture creditors) for partial debt repayment at Baht 550 million to the debenture creditors on behalf of the Company, and the debenture creditors has transferred the ownership of the debentures value of Baht 550 million to the Subsidiary Company to subrogate the rights as the creditor instead of the existing debenture creditors.
- September - Dispose of the Skywell (Thailand) Co., Ltd. (SKY-T)’s ordinary shares in the amount of 400,000 shares, equivalent 80% of the total registered capital. Therefore, the Company holds 19.99% of SKY-T. This disposing of SKY-T’s ordinary shares will benefit the Company and shareholders in the future, which the Company can reduce the risk of acquisition of capital for investment by the Company. Therefore, Skywell (Thailand) Co., Ltd. status being as associate company.
- The Company has been held the 100% battery electric vehicle business grand opening on September 26, 2019. The Conglomerate has a new business plan with good prospects of 100% battery electric vehicle business, in which Rich Asia Industry Co., Ltd. (the Subsidiary Company) will be the 100% battery electric vehicle manufacturer. The electric vehicles which are fully assembled by the Subsidiary Company would forward to Skywell (Thailand) Co., Ltd. (Associated Company) as the distributor and responsible for marketing and after sales services.
- November - Rich Asia Industry Co., Ltd. (the Subsidiary Company) has been approved from the Board of Investment of Thailand (BOI) being promote the category 4.18, business of Battery Electric Vehicles (BEV) and parts, and has received privileges and benefits according to the Investment Promotion Act B.E. 2520.
- December - The Company has submitted Rehabilitation Petition on December 12, 2019 as per black case No. ForFor. 25/2019 according to the Bankruptcy Act B.E. 2483 and the amended version and the Bankruptcy Court has already accepted such petition. Investigation the petition has been scheduled on February 18, 2019.



Structure of shareholding in Subsidiaries

Currently, The Company has 3 subsidiaries.

1. Rich Asia Industry Co., Ltd. operated in business of manufacturing and distribution of structural steel, steel pipes and services in steel pipe manufacturing, which is related in the current business for, enhance the production and distribution and support customers' demand immediately. In 2019, there were additional business of assembling of vans and trucks and also expanding to new business of 100% battery electric vehicle business which has plan to import vehicle parts for assembling and commercial distribution from 2020 onwards.

2. G.Y.T. Engineering Co., Ltd. operated in business of supplying equipment and technology including investment in utilities and infrastructure.

Structure of shareholding in Associate

Currently, the Company has 2 Associates.

1. Thai National Product Co., Ltd., which operates in spun piles manufacturing and piles driving. In 2014, Thai National Product Co., Ltd. has diversified a new concrete product: Concrete Sleepers which used in railway track system of State Railway of Thailand throughout the country.

2. Skywell (Thailand) Co., Ltd. will operate the distributor of 100% battery electric vehicle business (Former name and business: Rich Asia Utilities Co., Ltd., water resource management business and utilities and related consumables)



Currently, Chart of shareholding in subsidiaries and associate as below:



Rich Asia Corporation Public Co., Ltd.
(Registered Capital 9,600 million Baht)
(Paid-up Capital 3,115,269,786 Baht)



Rich Asia Industry Co., Ltd.
Subsidiary (51.88%)
(Registered & Paid-up Capital
441.70 million Baht)



G.Y.T. Engineering Co., Ltd.
Subsidiary (94.82%)
(Registered & Paid-up Capital
20.75 million Baht)



Skywell (Thailand) Co., Ltd.
Associate (19.99%)
(Registered Capital 60 million Baht
(Paid-up Capital 51.75 million Baht)



Thai National Product Co., Ltd.
Associate (29.89%)
(Registered & Paid-up Capital
271.01 million Baht)



Nature of Business

Rich Asia Corporation Public Company Limited is a trader and distributors of various types of steel products including raw materials and finished products. The finished products are composed of structural steel pipes, hot rolled coil and sheets, billets, and other products steel as well as being manufacturer and distributor of steel pipe and C-channel with company's policy of being a manufacturer, trader and distributors of all types and sizes of steel products; hence, the company can be deemed as a "One-Stop-Service Company" by the coordinate of purchasing planning, production planning and hiring other steel plants to produce, and the efficiency of inventory control management, which could supply promptly the required quality and quantity to customers.

In 2019, Rich Asia Corporation Public Company Limited I had invested in 3 subsidiaries and 1 associate company, as follows:

1) Rich Asia Industries Co., Ltd. (RAI)

Rich Asia Industry Co., Ltd. has established in 1993, operate in steel pipe and C-channel manufacturing and distribute various kinds of steel products including manufacturing service and trading the structural steel. RAI located in Muang Samut Sakhon district, Samut Sakhon province, Current registered capital is 441,701,237.00 Baht which fully paid up and 51.88% held by the Company.



In 2019, the company has additional business of assembling of vans and trucks which have a variety of products and support customers' demand. The company has plan a new business of 100% battery electric vehicle business, of which will be the electric vehicle manufacturer. Such electric vehicle business has been held the electric vehicle business grand opening on September 26, 2019 and has submitted investment promotion applications to the Board of Investment to promote the business of importing and assembling electric vehicle for domestic sale and export. On November 6, 2019 the company has been approved from the Board of Investment of Thailand (BOI) being promote the category



4.18, business of Battery Electric Vehicles (BEV) and parts, and has received privileges and benefits according to the Investment promotion Act B.E. 2520.

2) G.Y.T. Engineering Co., Ltd. (GYT)

G.Y.T. Engineering Co., Ltd. was registered in 2015, and operates supply of equipment and technology, including investment in utilities and infrastructure. GYT located in Bangkhuntien District, Bangkok, with registered capital of 1.00 million Baht which fully paid up and 90% held by the Company. On December 30, 2015, the Board of Directors has approved an increase in registered capital and amendment from previous registered capital of 1.00 million Baht to 80.00 million Baht by issuing 7,900,000 new ordinary shares with a par value of Baht 10.00 each to accommodate the allotment of new shares to existing shareholders. The company has registered the capital increase and requested payment of the share capital at Baht 2.50 per share, which has been paid up 20.75 million Baht. As well as the amendment of the Company's Memorandum of Association to be in accordance with the change in the share capital with the Ministry of Commerce on 27 January 2016. On October 3, 2017, the Board of Directors passed a resolution to reduce the Company's registered capital and amend the Company's Memorandum of Association from Baht 80.00 million to Baht 20.75 million divided into 2,075,000 ordinary shares with a par value of Baht 10.00 each which is fully paid up. Currently, the Company holds 94.82% of the shares.

3) Skywell (Thailand) Co., Ltd.

Skywell (Thailand) Co., Ltd. (Former name: Rich Asia Utilities Co., Ltd.) was incorporated in the year 2016, have an objective to operate in the primary business of distribution, selling, trading, importing, exporting of cars, buses, transportation vehicles and all types of vehicles, the office located in Amphur Mueang Samut Sakhon. In 2016, Skywell (Thailand) Co., Ltd. has a registered capital of 5.00 million Baht, with the first payment of 2.50 Baht per share, equal to 1.25 million Baht. The company holds 99.99% of shares. On September 9, 2019, the Board of Directors has resolved for the Company to dispose ordinary shares of Skywell (Thailand) Co., Ltd. (Subsidiary Company") in the amount of 400,000 shares with a par value of Bath 10 per share, which the Company has paid 25% of the shares, equivalent to Bath 2.50 per share, sold to two other persons at the price of 1.00 Baht per share, equivalent to 400,000 Baht. The result of the sale of the above ordinary shares causing the company's shareholding proportion In this company decreased from 99.99% to 19.99% and on December 26, 2019, the Board of Directors has approved an increase in registered capital and amendment from previous registered capital of 5.00 million Baht to 60.00 million Baht by issuing 5,500,000 new ordinary shares with a par value of Baht 10.00 each to accommodate the allotment of new shares to existing shareholders. The company has registered the capital increase and requested payment of the share capital at Baht 2.50 per share, which has been paid up 13.75 million Baht. As well as the amendment of the Company's Memorandum of Association to be in accordance with the change in the share capital with the Ministry of



Commerce on January 3, 2020. On the same day, Skywell (Thailand) Co., Ltd. has registered the change of the authorized directors. Therefore, the Company has assumed control of the company until December 30, 2019.

4) Thai National Product Co.,Ltd. (TNP)

Thai National Products Co., Ltd. has established in 1990, operate in spun pile manufacturing with transport and pile driving services at the maximum capacity of 480,000 tons per year, TNP is located in Bangbuathong-Supunburi Road. Km.24.5 Saiyai Subdistrict. Sainoi District, Nonthaburi Province. Current registered capital is 271,006,000 Baht which fully paid up and 29.89% held by the Company.



Currently, TNP has been trusted from government and private sectors to produce and drive spun pile foundation in the variety large projects, such as electric train, power plants, bridges, express way, office building, factories and other buildings.





In 2013, the company expanded its business by setting up new product line of; in order to support the government policy for the improvement of unsafe railway throughout the country, by replacing wooden sleepers to concrete sleepers, including other projects which use concrete sleepers. The company invests in and tests new products in 2013 and started distribution in 1st quarter of 2014. In 2016, the Company has expanded to produce TIS standard square concrete pile to support the diverse needs of customers. These products can be used in various applications such as construction of electrical towers, telephone poles and other basic infrastructure works. And in 2017 the company has expanded new product of Pre-cast Concrete Plate which is distributed in 2018.



The nature of business of each product line can be classified as follows.

Group of Structural steel products and steel products



1. The characteristics of products and services

The Company and subsidiary are provider of products and services for distribution to customers by the both procuring from the purchase, hiring production and manufacturing as following



Products and services from the purchase or hire production

1) Structural Steel Pipe

Steel pipes and Lip channel structural steel, the company procure the structural steel by hiring and orders from other manufacturers or distributors (see details on the topic, procurement of raw materials and products), by pipe steel products that the company provides the main hiring contractors are 3 types such as Square Tube, Black Steel Pipe and Rectangular Tube, size standard length of 6 meters diameter from ½" - 8" and has a thickness ranging from 1.00 to 4.50 mm, In addition the Company also provide products from procurement to be sold to customers to cover the demand in the market both for building structures and various pipeline liquids.

2) Hot Rolled Steel Coil and Sheets

Company provide the hot rolled coil steel both roll type and plate type by order from the distributor of manufacturer to customers such as wholesaler and manufacturer, which will be used in various industries such as construction industry, automotive industry, the furniture industry, etc.

Hot-rolled steel plate product that the company distribute thickness 1.20 – 12.0 mm and size according to customer's requirements Hot rolled steel plates that the company distribute to a hot rolled coil steel, the general level of quality that suitable for use in various types of construction, dock, heavy industries such as machinery in sugar factory, oil refinery, etc.

3) Billet and other products

In addition to the provide and distribution of steel products, structural steel pipe Lip channel steel, hot rolled coils and steel sheets, the company also provides procurement and distribute of billets steel and other steel products such as steel plate, flat steel, angle steel conduit pipes, water joints, structural steel, H-shaped, I-shaped, round Bar, steel bar and wire-frange, etc., which the most added service to facilitate to customers by policy to provide One-Stop-Service.

Product and Service from manufacturing

In addition to being a leading provider of distribution. The company has developed the business into a manufacturer to retailer to meet the demands of more customers. The production and service in year 2018 as follows.



- Rich Asia Corporation Public Company Limited, manufacturer and distributor of structural steel, steel processing industry categories.



The company has one factory, fully capacity 90,000 tons per year, In 2015, the Company allowed another Company to rent the factory short term. Due to the fact that in 2015 the Thai steel industry was still being affected by foreign steel, with foreign steel prices being lower than domestic steel prices, coupled with the fact that the Company has received better revenue by purchasing for resale this year. Also, production requires large cash flow and resources. With the aforementioned reasons, the Company has considered that with the Company's current situation, it is more suitable in 2015 to purchase for resale as the Company's Main business, and have the factory rental income as support instead of producing itself.

In 2016, the steel sector situation had been revived due to the government announcements for precise basic infrastructure investments that lead to growth for the real estate market and the construction sector, which means there would be more demand for structural steel consumption in construction. Year 2017, the company has no production. For the year 2018, only has production from January - February 2018 and rented the plant to other company from November 2018 onwards for a period of 3 years, due to the company has to earn income from the company's assets for regular expenses and in the process of procuring sources of fund for raw materials procurement to produce products for trading.



- Rich Asia Industry Company Limited, manufacturer and distributor of structural steel Type of steel pipe and Lip channel. The company has one factory, fully capacity 480,000 tons per year.



Production of the company and subsidiary are as follows:

1. Steel Pipe Production, which the companies manufactures and distribute can be classified into three types: Square Tube, Black Steel Pipe and Rectangular Tube in length of 6.0 meters and has the following dimensions.

Type of steel	Diameter (inch)	Thickness (mm)
Square Tube	1/2" x 1/2" – 2 1/2" x 2 1/2"	1.00-4.50
Black Steel Pipe	1/2" – 3"	1.00-6.50
Rectangular Tube	2" x 1" – 3" x 1 1/2"	1.20-4.50

2. Lip channel Steel, which the companies manufacture and distribute have size 5"- 8" thickness 1.60 to 3.20 mm for use in general roof structure.



For products which have the size as the machine cannot be produced or the size of product can be produced but unable to produce on time or not worth the cost of the machine to produce products that companies are hiring .

3. Structural industry steel, which steel processing product as the companies manufacture and distribute for use in structural works and construction. The company has a machine with total capacity of 90,000 tons per year.

2. Quality of Products

In addition, the importance to procurement the products delivered to customers according to the size, quantity and period of time specified products that are delivered to have quality according to customer requirement. Steel products of the companies that are a quality product by certified quality according to the international standard from both domestic and international as the following:

Standard	Country	Description
TIS. 1228-2006 TIS. 276-1989 TIS. 277-1989, TIS. 281-1989 TIS. 107-1990	Thailand	Cold formed structural steel steel pipe Galvanized steel pipe Spiral steel pipe for plumbing and general. Hollow structural steel
ASTM A-120, 35A	U.S.A.	Fluid pipe, gas, air
JIS G 3452	Japan	General black steel pipe
JIS G 3101 SS400 (TIS 1479) TIS. 1479-1998	Japan	Hot-rolled carbon steel sheet, strip, plate and sheet for general and processing

Standard	Country	Description
JIS G 3131 SPHC (TIS 528 HR 1) TIS. 528-1997	Japan	Hot-rolled carbon steel sheet, strip, plate and sheet for general structure.
TIS. 348-1997	Thailand	Low carbon steel wire
TIS. 24-2005	Thailand	Concrete reinforcing bars : Deformed bar

The companies have a policy to ensure product quality at all stages starting from inspection of raw materials, such as checking the chemical ingredients and mechanical properties of the material, quality inspection of finished goods to size, form and product quality inspection before delivery to customers to check for damage that may occur from storage, such as rust or dents of the pipe, which the



importance to the quality inspection process the product ensures that our customers receive products as the requirement of quality of service provided by the companies.



The companies obtained a license for the standard industrial products TIS No. 107-1990 of hollow structural steel and TIS 1228-2006 of structural steel cold forming on August 20, 2008, and October 30, 2006, respectively. On October 29, 2015, the Company obtained a license for the standard industrial products TIS No. 24-2458 for produce deformed bars.

3. Marketing and competitive environment

3.1 Competitive strategy

The companies are planning the competitive strategy in steel products of the companies and its subsidiaries as follow

1) Enhancing variety and completeness of the product

The companies have a policy to provide manufacturing and distribution of various steel products with products a wide range and most comprehensive in order to support the different requirement of customers by the customers do not need to make a purchase from several vendors that can find all types of products from only company (One-Stop-Service) to achieve such goals. The company has relied on production planning, purchasing, and inventory management efficiency by the companies have an advantage in terms of sources of product procurement, that the companies can procure products in a manner of trading, and hiring additional manufacturing of the products that a companies cannot be produce that result to the companies can accommodate order for a large number and diverse in terms of size, quantity and quality of raw materials that each customer has different requirements for the purpose of use.



2) Marketing customer group

The companies have a policy in distribution and increase group of the customer. The currently, domestic customers are wholesalers group, retail group and the variety industry group of customers in Bangkok, metropolitan area and the provinces. The Company will expand the market to end users group.

3) Service

The company's focus on services, especially the procurement and delivery of the products to be able to create the highest customer satisfaction of the companies. The Companies also operate capacity sufficient factory party companies to serve orders urgent, so customers can trust that the company is able to supply steel products completely according to the delivery to the Companies also offer fast delivery and on time, which is an important part of time management and transportation costs for the customer and the companies and to make a long-term ongoing relationship with customers. The Companies have prepared the truck for delivery of goods and customer service from factory of contractor for about 30 vehicles for the transport of goods from factories to customers.

4) Warehouse management

The companies have a policy to provide the most complete products so as to meet the requirement of customers all the time in the amount of storage to a minimum to reduce the cost of storage products of the companies by the companies have contracted with a factory production contract to procure products for delivery to customers in size or as that a company cannot produce include the procurement of the products are delivered on time, that result to the companies do not need a large of storage, or storage in a long period, that to reduce the cost of storage.

3.2 The characteristics of the customers and target customers

Currently the main products of the company and subsidiary such as structural steels and hot rolled plates will be used in the primarily of the construction industry, however, in the future, the company aims to expand to customer base to other industry groups.

Therefore, the company's target customers group include distributors steel processing industry entrepreneur in the construction industry, which is currently the main customer group and the automotive industry include the continual industry, that will bring the company's products are used as raw material in the production, such as

Construction industry : structural, such as high rise buildings, electrical plant,
water plant etc.



Transportation industry : various train stations, maintenance depot, large scale bridges and rail system.

Automotive industry : auto parts, such as bumper beams, pickup truck, vacuum trucks etc.

Furniture industry : parts in manufacturing furniture, such as desks, chairs, cabinets, beds, steel window grills etc.

Electric appliances industry: parts in manufacturing various appliances such as washing machine, air conditioning, generator etc.

Food industry : Canned packaging.

Other industries : Other decorative, such as the fence home, shipyard, building doors, sugar plant machinery, oil refinery etc.

In any case, in 2016, the Company aims to expand more towards other markets, focusing on end-users in construction sector, automobile sector, canned food sector, and other markets which will result to more income and gain larger profit margins.

3.3 Distribution and distribution channel

The company provides production and distribution of products, mainly sold through wholesalers that distribute in Bangkok, metropolitan and region of more than 150 vendors for distributed directly to enterprises in the manufacturing sector, which led product of the companies to use as raw material in the production of goods. The portion of the distribution to customers are wholesalers to the customers to become entrepreneurs in the industrial sector is approximately 98 percent: 2 percent.

In order that, the mainly customers of the companies are mostly regular with contact trading for a long time and have a good relationship, by the group of customers of the company classified by the nature of business are as follows

1. Wholesaler

The wholesaler is the main customers of the company and its subsidiaries mainly as the wholesaler in the Bangkok and metropolitan, this group of customers will purchase the products of the companies to sell even to the retailers or manufactures.

2. Retailer

The retail customer group of the company and its subsidiaries based in Bangkok, metropolitan and the provinces. This customer group the company to sell even to consumers directly, which are expected that expand the customer base in more retails.



3. Manufacturers in various industry

The customer in this group such as the construction industry, the automotive industry and furniture industry, this group of customers will purchase the products of the companies to use as raw material in the production of goods, which is mostly enterprises construction and medium-sized factories

4. Procurement of products

4.1 Procurement from purchasing or hiring production

1) Structural steel (Structural Steel Pipe), a type of steel pipe and steel structure of lip channel, that the company has been procuring products for steel structure by hiring contractors and factory production with orders from manufacturers or dealers.

2) Hot Rolled Steel Plates and Sheets

The companies procured all types of hot rolled coil and hot roll sheet steel by purchasing from dealers of manufacturing factory and led to distribute to customers.

3) Long product steel (Billet) and other steel products.

The companies procured long product steel, such as steel plate, flat steel, angle steel conduit pipes, joints, structural steel, H-shaped steel, I-beam, round bar, steel bar and wire flange from Suppliers both domestic and abroad.

4.2 Procurement from production

Procurement of raw material and products

The company's main products and raw materials such as steel plates, hot rolled steel pipe, lip channel steel, steel products and other types of processing steel such as billet, flat steel, angle steel, conduit pipes, joints and slit steel, etc. The company and its subsidiaries have the procurement of raw materials and the products for trading, hiring production and manufacturing.

5. Impact on the environment

The company has given importance to care and protection of the environment throughout. The companies continue to maintain the level of noise generated by the cutting steels in the safe level, according to law of the Department of Labor and social Welfare and In terms of scrap produced in the production process will be collected for distribution to scrap trader.

The companies have regulations to protect the environment in the production process according to the rules defined field offices by the Department of Industrial Works, Ministry of Industry examines factory and environment and concluded that the results of the inspection, which the companies in the benchmark did not cause any problems to the environment.

Since the opening of the factory The company does not dispute or litigation about building environmental impact and have never been warned or fined by the state agency by law must be



followed, including the Company. Factory Act 1992 and Environmental Protection Act 1992 and also received a license from the Department of Industrial Works, especially since the opening of the business.

Group of pile and concrete product

Production

Thai National Products Co., Ltd. has one factory for production of spun pile and concrete sleeper, located in Saiyai Sub-District, Sainoi District, Nonthaburi Province, volume of production as follows:

- Concrete spun pile machine max production capacity 40,000 tons/month or 480,000 tons/year. In 2017 production volume is 14.76% of the maximum capacity.
- Concrete railway sleeper machine in 2018 max production capacity totaling 360,000 pieces. The Company's production volume of 10.91% of the maximum capacity.

1. Product and service

1.1 Spun pile

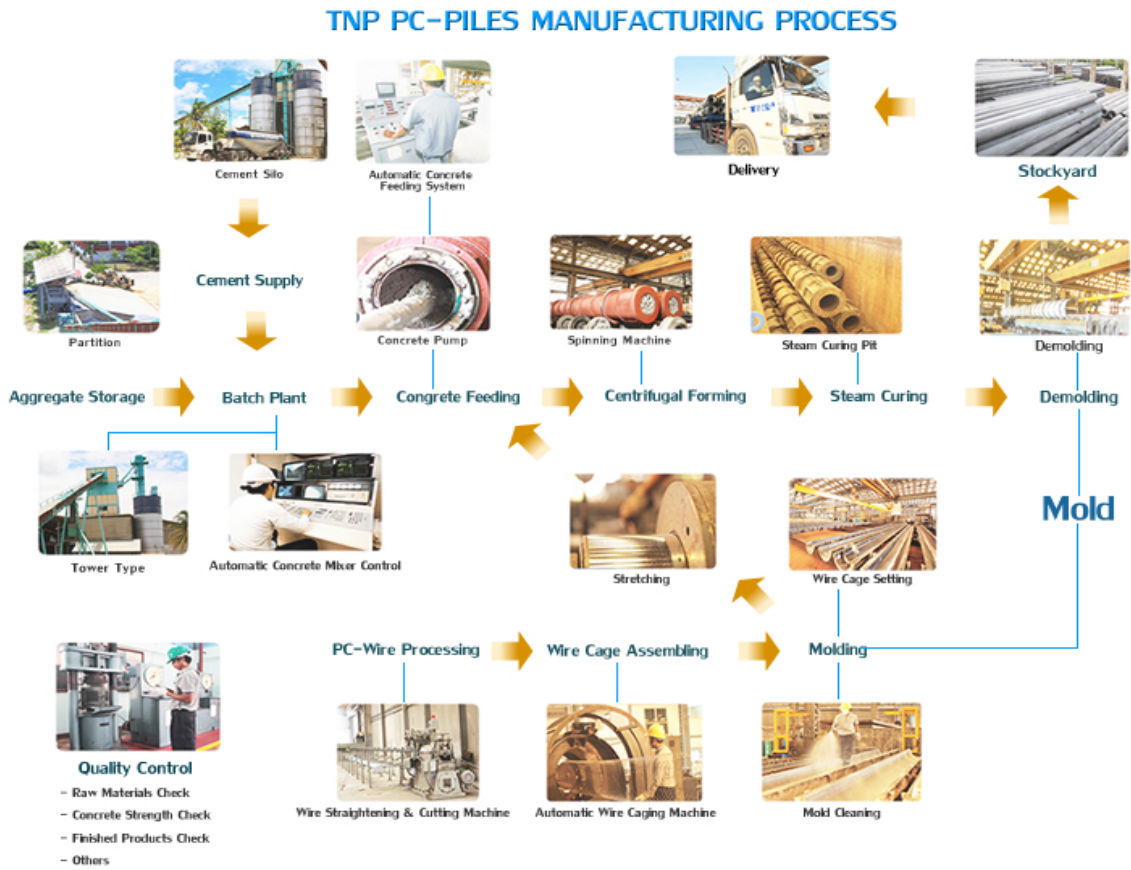
Currently, Thai National Product Company Limited is a manufacturer of spun pile with a delivery and pile driving service for a period of more than 20 years.



Production of spun pile, there's various diameter of, 300, 350, 400, 450, 500, 600 and 800 mm. Which could support several sizes of project at the same time. Pile welding method of TNP is designed at 3 times strength of concrete which is internationally accepted. Welding method is process by Semi Automatic Welding Machine and skilled welders must pass the Welding Standard Test by an accredited institute prior to operating the machines.



Manufacturing process of Spun pile



The company also provides piling services with modern machines and methodology according to customers' demand and environment. The piling methodology deployed includes Pure Drive, Pre-Boring, Auger-Press with Final Drive each of which has been developed for maximum efficiency and pollutions such as vibration, dust, and noise are kept at minimum.



Hydraulic Hammers

HYSINC



specifications

Model	HNC-65	HNC-80	HNC-100	HNC-125
Driving System	PATENTED BSP HYDRAULIC SYSTEM			
Ram Weight(T)	6.5	8.0	10.0	12.5
Driving Energy (T-M)	7.80	9.60	12.00	15.00
Blow Rate/ Min	18-70	18-70	18-70	18-70

NISSHA



specifications

Model	NH-40	NH-70	NH-100
Driving System	Hydraulic, Double action		
Ram Weight(T)	4.0	7.0	10.0
Driving Energy (T-M)	6.08	8.96	14.4
Blow Rate/ Min	28-80	25-70	20-56

1.2 Concrete railway sleeper products

Thai National Product Company Limited has expanded its businesses to concrete railway sleepers 1.00 meter length for distribution to the contractor of The State Railway of Thailand, which is the project to improve the railways including dual-track railway project and medium - high speed railway project.

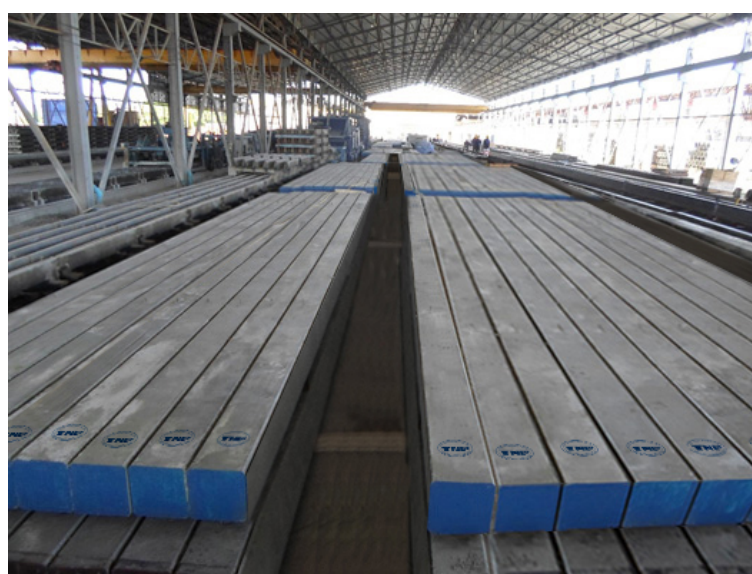




Thai National Product Company Limited has started investments in producing the concrete sleepers (1st phase) in 2013, and ready in time for distribution in 2014 onwards. In 2014, Thai National Product Company Limited has expanded investment for concrete sleepers in phase 2. Currently production capacity is at 360,000 pieces / year. Whereby, Thai National Product Company Limited can produce concrete sleepers in 1.0 meters and 1.435 meters.

1.3 Concrete square pile

In 2016, Thai National Product Co., Ltd. expanded new production line of concrete square pile to support customers' demand of various product. The concrete square piles can be used for the construction of power poles, telephone poles and other basic infrastructure projects, which has started selling since 2017.



1.4 Pre-cast Concrete Plate

In 2017, Thai National Product Co., Ltd. has additional product of Pre-cast Concrete Plate that products used in the double track railway project. Such product is to support customers' demand on various products.



2. Quality of product

2.1 Spun pile



Thai National Product Company Limited's first and foremost philosophy is "Quality Paramount" This philosophy extends not only to our product but to the services we provide. The company fully recognize that the success of any organization is dependent on customer satisfaction. Retaining old customers through trust and reliability whilst encouraging new customers by way of an enviable reputation. The foregoing ensures continued expansion and prosperity based on a "Firm Foundation." Thereby safeguarding the integrity of our whole structure.

Using the most up-to-date, computer-controlled production technology supplied by a specialized Japanese company result to products are of high quality, precision and consistency, meeting the strict requirement of National and International Industrial Standard. To ensure its production quality, Thai National Product have instituted the Quality Control Division equipped with a modern laboratory to strictly inspect and control the quality of works at each stage, from the selection of raw materials up to the services at the job site. Aiming to meet our customer's requirements and maximum satisfaction of the customer as a result, the company's products granted industrial standard (TIS 398-2537) by the production pile diameters ranging from 300, 350, 400, 450, 500, 600 and 800 mm, and the company can also manufacture prestressed concrete piles using a centrifugal terms all kinds of special needs, beyond the standard has been designed to accommodate both small and large projects of all types.

In addition, quality management of Thai National Product Co., Ltd. has been certified with ISO 9001 since 2001. At present, ISO 9001: 2015 certified by SOCOTEC Certification (Thailand) Co., Ltd.



Scope of the certification is on " Design and Manufacture of Prestressed Spun Concrete Piles ". The company has implemented and maintained working environment according to the Requirements, Policies and Operation Plans to achieve the company's goals. And in order to guarantee maximum satisfaction of customers in both products and services, the Quality Policy has always been "Focus on quality and service development sustainably".

2.2 Concrete railway sleepers products

The production of TNP's concrete sleepers developed from TNP's knowledge and experience in spun pile production from the trial production stages onward to commercial production stages. In production process, the Company has stricted to the production quality by selecting good quality of raw materials and also controlling every stage of production process to achieve optimum efficiency in order to ensure the product quality to be accepted by contractor and SRT's specification.



TNP's concrete sleeper products are properly qualified, fully compliant, and certified by the State Railway of Thailand. The concrete sleepers must be passed inspection and strict testing by SRT engineers before delivery to customers.

2.3 Concrete Square Pile

In 2016, Thai National Product Co., Ltd. started to produce concrete square piles, which has been inspected and obtained certification Thai Industrial Standards Institute (TISI) 396-2549 from the Thai Industrial Standards Institute.



2.4 Pre-cast Concrete Plate

The Thai National Product Co., Ltd. has the opportunity to produce and deliver concrete piles to the State Railway of Thailand. The Company notices need of Pre-cast Concrete Plate. The Company, which specializes in concrete products and has been trusted by contractors, have produced the Pre-cast Concrete Plate and has been certified by the State Railway of Thailand to distribute in correlation with the railway construction project, The Pre-cast Concrete Plate, ranging from 0.87 x 0.31 x 0.08 m, 0.92 x 0.31 x 0.10 m and 1.02 x 0.31 x 0.10 m.



3. Marketing and competitive environment

3.1 Competitive strategy

The company is planning the competitive strategy in pile products and concrete product of the company as follow

1) Creating variety and completeness of the product

The company has a policy to increase the variety of products. The original main income of the company was spun pile (spun) only one product. In 2013, the company has increased other concrete products was railway concrete sleepers, these products started selling in the quarter 1 of 2014. In addition, for 2016 the company remains committed to increase other concrete products such as concrete square piles. And in 2017, the Company also expands the product of Pre-cast Concrete Plate to increase revenue and use common resource to net worth which increase profit and diversify the risk in the business of one another.

2) Marketing business group

The customer in this group have both domestic and overseas customers. However, in currently, the main customers are both government and the private sector in construction industry business and general customers such as construction projects, roads, bridges, express ways, power



plants, sky trains, electrical poles, telephone poles, ports, office buildings, factory buildings, etc. The company still have the policy to increase customers' market to have more variety.

3) Service



The company to focus on quality service and fast delivery include the pile driving with quality by modern machinery and process methodology, variety of requirement of customer and the suitability of the construction on the environment, such as pile driving by hydraulic hammer (Pure Drive), drilling system (Pre-Boring), Drilling – Press (Auger-Press with final drive), each system has been developed to work efficiently in parallel with the reduction of pollution, such as vibration, dust, smoke, noise, etc., which is provided by a team that has the experience in period of not less than 20 years and is monitoring and control equipment and safety services to rigorous safety standards. The company set a policy to the Committee of Safety, health and environment to work in every project to provide customers with confidence in the service along with the product.

4) Warehouse management

The company has policy to storage of goods in standard quantity, due to the companies produce goods according to customer's orders. The company has managed the warehouse by speedy delivery in order to utilize the warehouse efficiency.

3.2 The characteristics of the customers and target customers

Currently the main products of the company was spun pile, which will be used in mainly the construction industry and transportation, however, the company aims to expand its customer base to other industry groups to be more focused on other concrete products industry, which is similar industry



and use raw materials, which is a common resource that to the maximize benefits, such as railway concrete sleepers products and other concrete products, which the company's goal is to increase the production to more to achieve the diversity.

The main target customers are both domestic and overseas customers, which are both government sector and private sectors, the construction industry and the general customers to led products to use in various construction projects by classified are 3 categories follow:

- Infrastructure projects, such as construction of a rapid transit, double track railway, airport railed link, motor way, toll way, express way, bridges, dams, docks, waste water treatment project, pumping plants, etc.

- The industrial and energy projects, such as oil depots, power plants

- The buildings such as factories, office buildings, educational buildings, government building, residential buildings, shopping malls, hospitals, etc.

3.3 Distribution and distribution channel

The company produce and distribute of goods by mainly distributed through entrepreneurship, contractor of construction, such as the construction of maintenance subway electric train parking, deep water port, expressway, toll way, etc. And some product to distribute to consumer such as the construction of factory office building, office, residential buildings, hospitals, etc. The distribution is mainly delivered to customers at site projects and construction project, which is distributed both in the Bangkok metropolitan area and other regions.

The portion of customer who are main contractor and general customer is an entrepreneur in the construction 80 percent: 20 percent. Most of company's customers are long-term relation customers who have contacted on regular trading have a good relationship.

4. Procurement of products

4.1 Procurement from production

Procurement of raw material in production

The main raw material used in the production such as steel, cement, gravel, sand and other, which is the main raw material, that the maximize value is 65-70% of the value of raw materials used in production. In 2019, the company procure steel from both domestic and foreign distributors, while for cement, gravel, sand and others only from domestic suppliers.

5. Impact on the environment

With a sense of duty and social responsibility to the environment, the company has the appropriate technology selection and has minimal environmental impact as possible, for example, concrete mixer modern closed systems, which have the device traps dust while working not dispersed



into the atmosphere, and also installed wastewater from production then put back into the cleaned plant for renewable resources to maximize the benefits and then introduced into the deposition process and fill the air and water quality to a level that is not harmful to the environment before it is released to the outside plant.



Control noise pollution



Vibration control

In the field, the company led modern and variety machine for pile driving used by meet the requirement of customer, such as the driving with hydraulic hammer that pollutes the soot vibration and noise, less is more compared to the other driving system, press driving (Auger-Press with final drive) and pre-boring that can reduce vibration almost completely devoid of any pollution.

Additionally, the Company also encourages the planting of trees around the factory to create a tropical atmosphere and fresh air.

Revenue Structure

Revenue Structure of Company and Subsidiaries

Revenue in consolidated statement of the company and subsidiaries ending at 31 December, 2019 total amount of 454.48 million Baht, which consist sale amount of 233.79 million Baht, revenue for sale and service of the separate company 119.04 million Baht.

Revenue from its subsidiaries for the year ended December 31, 2019 as follows:

- Rich Asia Industry Co., Ltd. (proportion of holding shares of the company 51.88%), total revenue amount of 498.43 million Baht, which is sale and services (production for sale, production hiring and procure for trading) amount of 230.87 million Baht.

- G.Y.T. Engineering Co., Ltd. (proportion of holding shares of the company 94.82%) Year 2019 the Company has no revenues for sale and service. Currently in the process of starting a business.

- Skywell (Thailand) Co., Ltd. (Former name: Rich Asia Utilities Co., Ltd.) (proportion of holding shares of the company 19.99%). In 2019 the Company has no revenues from sale and service yet. Currently in the process of starting 100% battery electric distribution business.

Revenue Structure of Associate Company

Revenue from its associate for the year ended December 31, 2019 as follows:

- Thai National Product Co., Ltd. (proportion of holding shares of the company 29.89%), total revenue amount of 369.05 million Baht, which is sale and service (Sale of pile, transportation, driving service and sale of concrete products) amount of 367.07 million Baht.



The company's revenue can be categorized by product type as follows:

Product / Group of business	Operated by	Holding shares (%)	Revenue from consolidated financial statement (Million Baht)					
			2019	%	2018	%	2017	%
Structural steel and other steel	Rich Asia Corporation Public Company Limited		229.57	50.51	264.24	97.92	666.88	97.73
Assembling car in a truck type	Rich Asia Industry Company Limited ¹	51.88	4.22	0.93				
Procurement of material, equipment and technology include investment in utilities and infrastructure projects	G.Y.T. Engineering Company Limited ²	94.82	-	-	-	-	-	-
Operates in the business of Selling, trading, importing, exporting in the business of cars, buses, transportation vehicles and all types of vehicles.	Rich Asia Utilities Company Limited ³	19.99	-	-	-	-	-	-
Pile, delivery and driving and other concrete products	Thai National Product Company Limited ⁴	29.89	-	-	-	-	-	-
Other Revenue	Rich Asia Corporation Public Company Limited and Subsidiaries		220.69	48.56	5.60	2.08	15.49	2.27
Total			454.48	100.00	269.84	100.00	682.37	100.00

- Remark:**
1. Rich Asia Industry Co., Ltd., former name: Siam Ferro Industry Company Limited
 2. G.Y.T Engineering Co., Ltd., was registered as a company limited on February 19, 2015
 3. Skywell (Thailand) Co., Ltd., former name: Rich Asia Utilities Company Limited was registered as a company limited on March 23, 2016 the company has sold some investment in Skywell (Thailand) Co., Ltd., resulting in changing of status from a subsidiary company to associated company. Registration of changing Director's authority has been made on January 3, 2020. Company considered that the Company has authority control over such company until December 30, 2019, therefore, the statement of financial status of Skywell (Thailand) Co., Ltd. does not included in the consolidated statement of financial position as of December 31, 2019, but included operations result and cash flow of Skywell (Thailand) Co., Ltd., for January 1, 2019 until December 30, 2019 in the consolidated income statement and the consolidated cash flow statement
 4. As December 3, 2014, the Company has sold shares in Thai National Product Co., Ltd. as a result, its changing in status from a subsidiary company 100% to an associated company net of holding shares 29.89%. For the years 2016 and 2017, the Company did not include the revenues of Thai National Product Co., Ltd.



Revenue Structure of the separate company

Type of Revenue	2019		2018		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenue from sales						
1. Structural Steel						
1.1 Square tube	24.81	9.59	44.12	19.54	90.48	14.27
1.2 Black steel pipe	-	-	1.37	0.61	29.12	4.59
1.3 Rectangular tube	6.43	2.48	23.70	10.50	95.72	15.10
1.4 Lipped channel	86.10	33.28	82.59	36.58	162.08	25.57
1.5 Angle Bar	-	-	-	-	-	-
1.6 Deformed Bar	0.15	0.06	52.10	23.07	41.58	6.56
1.7 Round bar	-	-	16.29	7.21	85.87	13.54
2. Hot rolled steel coil and Sheets	-	-	-	-	74.64	11.77
3. Billet	0.32	0.12	2.14	0.95	-	-
4. Others *	1.23	0.48	2.54	1.12	25.24	3.98
Total Revenue from sales	119.04	46.01	224.85	99.58	604.74	95.39
Other revenue **	139.70	53.99	0.95	0.42	29.20	4.61
Total Revenue	258.74	100.00	225.80	100.00	633.94	100.00

Remark : * Others consists of scrap, iron tail steel, flat bars steel, plate steel, checkered plates, steel band, round bars steel, square tube, galvanized steel pipe, wide flange steel, end plate and others

** Other revenue consists of revenue from rental, gain on sales of assets, gain on sales of investments in subsidiaries, gain from write-off of trade and other payables, interest revenue and others Income



Trends and Industry Outlook

The trend of the industry related to the production line of steel, production line of spun pile and concrete products are as follows

Steel Industry Outlook 2019

The overview steel situation in 2019. Summary of production details and domestic sale and import as follows:

Production Quantity	95.50	Million Metric Ton	Decreased from 2018 by 10.30% (decrease in both long and flat steel products)
Domestic Sale	18.70	Million Metric Ton	Decreased from 3.40 percent in the year 2018 (decreased in both long and flat steel products)
Import	10.70	thousand Million Dollar	Decreased from 2018 by 1.70 percent (decrease in both long and flat steel products)

Source: Office of Industrial Economics

<http://www.oie.go.th/assets/portals/1/fileups/2/files/Industry%20conditions/annual2019trends2020.pdf.pdf>

The production conditions of the iron and steel industry in 2019 was decreased compared to year 2018 which decreased in both long and flat steel products. The long steel products decreased such as wire rods and hot rolled structural steel products and the flat steel products decreased, such as: hot rolled coils, tinplate.

From the information Office of Industrial Economics, Ministry of industry forecasted trend of steel consumption of the steel industry in 2020, the production will be increased slightly approximately 0.0-0.5% compared to the same period of last year which supporting factors from the continuous growth of the industry such as the construction industry, especially the government infrastructure construction project and various stimulus measures of the government according to the cabinet resolution on November 26, 2019, such as supporting housing down payment for people who has income not more than 100,000.00 Baht per month, the result of such measures is expected to stimulate domestic demand to increase sales of housing. For steel consumption in 2020 is expected to be 18.8 million tons, which increasing of 0.77%.



Construction Industry

Information from the Bank of Thailand in 2019, the direction for condominium registration and licensed construction areas throughout the country is in down trend from 2018. For the issuance of land allocation licenses throughout the country is in uptrend from the same period of 2018, as per following details:

	2019	2018	2017
Condominium Registration Nationwide (unit)	70,841	101,581	72,521
Land Development Licences Nationwide (unit)	91,193	81,992	76,079
Construction Areas Permitted in country (Thousand sq. metres)	56,069.80	65,007.11	62,009.01

Source : Bank of Thailand

(https://www.bot.or.th/App/BTWS_STAT/statistics/ReportPage.aspx?reportID=899&language=th)

down, according to the stagnation of the housing construction business which has proportion about 60% of all private sector construction investment. For the construction of government sector is likely to continue expanding from the accelerated disbursement of investment by state enterprises especially the construction of large projects such as the Orange Line (Cultural Center - Min Buri), Yellow Line (Lat Phrao - Samrong), Pink Line (Khae Rai - Min Buri) and double track railway.

Trend of construction industry

The construction investment trend in 2020 Expected that the total construction investment value has a continued growth trend in the next 3 years, which expected to be growth 5-7% in 2020, 7-8% in 2021 and 6-8% in 2022. The driving factors are from the investment in large-scale projects of Government sector especially the project in the Eastern Economic Development Zone (EEC) which will induce the expansion in private investment accordingly.

Source: Business trends / Thai industry 2020-2022 construction business

Rebar and Structural steel industry

Production trends in 2020 the demand of rebar and structural steel is likely to grow at a low level of 0-1% of 4.5-4.7 million tons per year. The major orders are from infrastructure investment projects that will speed up construction investments. Specially the demand for the construction of the first phase, such as foundation work and columns for the elevated railroad project while the purchase orders from construction in the real estate sector are likely to remain sluggish from the existing stock that is still high and the purchasing power may not be improved much.

The production of steel bars and steel bars is likely to be stable. Despite of positive factors from the investment of government construction projects and government policy to push for using domestic steel for basic construction however Thai steel manufacturer still face challenging factors from price competition of imported steel.



The price of steel bars and steel products in the country tend to remain stable at a low level continuously from the pressure of excess supply in the world that is still at a high level. While private housing construction projects in the country are still sluggish.

Source: Thai business and industry trends for the year 2020-2022 / Krungsri Research

https://www.krungsri.com/bank/getmedia/31002845-7acb-46f5-95fb-c96309fed66f/IO_Industry_Outlook_2020_2022_TH_EX.aspx

Automotive Industry

The automotive industry uses several types of steel as essential components in automotive manufacturing, using cold-rolled steel sheet, hot-rolled steel sheet, and steel pipe. In 2019, The Federation of Thai Industries summarized the domestic automotive production volume to 2,000,000 cars, when compared to the same period last year the production volume of 2,167,694 units decreased by 7.74 percent, which is divided into production of passenger cars 42%, pickup trucks 1 ton 56% and other commercial vehicles 2%.

	2019	2018	2017
The volume of domestic automotive production (car)	2,000,000	2,167,694	1,988,823
The volume of domestic automotive sale (car)	1,000,000	1,041,739	871,650

Source: The Federation of Thai industries

<http://www.oie.go.th/assets/portals/1/fileups/2/files/Industry%20conditions/annual2019trends2020.pdf.pdf>

Car sales in each category: has rate of increase and decrease from 2018 as follows:

Type of car	Sale in 2019 (car)	% Increase (Decrease) from the Year 2018
Commercial vehicles	50,000	11.95%
Passenger car	950,000	(4.72%)

The decrease in car sales was decreased in the domestic market due to the slowdown economy in the country which result from the financial institutions' stringency in approving car loans and also the economic slowdown of export countries.

Trend of automotive industry

Automotive industry trends in 2020 based on the forecast of the automotive industry, The Federation of Thai Industries (FTI) expects production of about 2,050,000 units, an increase of 2.50%, which is attributed the production for domestic 1,000,000 units and production for export of approximately 1,050,000 units, increased by 5%, divided into production for domestic sales approximately 40-45% and production for exports by approximately 55-60%.



Risk factors

1. Risks in business

Risk to the operations of the Company and its subsidiaries are as follows:

1.1 Risk from trend of raw material and finished goods price

Demand for steel bars and steel products which is the main product in the long steel group. There is a low growth trend in 2019 and improved 4-6% in 2020 and 2021 due to accelerated public and private investment. The demand for steel bars and steel sections is mainly for the construction of the first phase, such as foundation work and columns of the elevated railway project.

Production of rebar and section steel during 2019-2021 is expected to increase according to domestic demand. The government thrust to consume try to domestic steel production for infrastructure construction. However, Thai steel manufacturers are still facing price competition with imported steel and the expansion of steel mills of Chinese investors who established in Thailand.

The price of rebar and section steel in the country is likely to decrease during the year 2019-2020, in accordance with the world steel price which will decrease from the increasing of excess supply. However, the price is expected to slightly rebound in 2021 due to the increased demand in many construction projects that expected to be increased according to the growth of the construction and real estate sectors.

Source: Thai steel industry trends 2019-2021 (<https://riverplus.com/thai-steel-industry/>)

Therefore, in order to reduce the risk from the tendency of raw material and product prices to increase or decrease in various situations, the management of the company has monitored the change of raw material prices of steel and hot rolled coils. And other steel products both domestically and internationally closely And evaluating the trend of domestic steel prices compared with foreign steel prices all the time For the benefit of cost management in steel prices In order to manage the cost of raw materials and products to be low Which will benefit the company's performance

The pricing policy of the company's products is determined by the cost of sales and the market price at that time in order that the company will have increased gross profits.

1.2 Risk of law changes in competition

Currently, Thailand has developed infrastructure for public utilities and logistics including the necessity to accelerate the industrialization into 4.0 industry, which the steel industry is a basic industry that is needed in many downstream industries Therefore, the steel industry must be developed in parallel with the continuous coordination and discussion between the steel industry operators and related government sectors which has been presented 4.0 Steel Industry Development Plan, including existing problems and obstacles in order to develop to the target set as Thai steel, Balance, Stable, Sustainable.



However, the steel industry In Thailand, there are still many accumulated problems, such as the problem of oversupply and under Utilization, resulting to domestic steel entrepreneurs cannot fully utilize its production capacity, which caused to the production cost per unit quite high, unable to compete with imported steel and the entrepreneurs have to face with the continuous lose. In addition, the most important problems at the moment are the moving of old, inferior quality machinery and outdated technology from abroad to Thailand that may introduce in environmental problems, therefore it is necessary and appropriate to have measures to accelerate the resolution of the problem in order to upgrade good quality to the steel industry to support the mentioned 4.0 industry.

The Ministry of Industry has announced the Ministry of Industry on prohibiting the establishment or expansion of steel reinforced concrete or steel bars for steel reinforcing bars of all sizes in all areas in the Kingdom B.E. 2562. This announcement dated November 25, 2019 and effective shall come into force on the day following the date of its publication in the Government Gazette and has a term of five years from the effective date of this announcement.

Source: Government Gazette (http://www.ratchakitcha.soc.go.th/DATA/PDF/2563/E/008/T_0008.PDF)

However, the company has follow any changes of laws closely relating to steel production and distribution in order to set up plan to prevent various area of risks, including the data summarize to analyze the opportunities in steel production and guidelines to resolve other problems concerned.

2. Financial Risks

Risk from the contingent liabilities from issuance of debentures and loan

As of December 31, 2019, the company had liabilities amount of 2,455.26 million Baht partially from issuance the debenture amount of 1,230 million Baht and loans from financial institutions amount of 15.40 million Baht). Shareholder's equity (1,912.52) million Baht.

For the separate financial statements debt of 1,230.00 million Baht in debt at the value of 550.00 million Baht. Rich Asia Industry Company Limited (a subsidiary company) has transferred ownership of land and buildings. In order to pay the debt of the company to the existing debenture holders and Rich Asia Industry Company Limited (a subsidiary company) has been transferred the right to claim from the existing debenture holders. For the remaining debt burden, the company is in the process of negotiating solutions for debt repayment with creditors.

The company submitted a petition for business rehabilitation on December 12, 2019 and the Central Bankruptcy Court has issued an order accepting the business rehabilitation request. The company believes that if the court issues an order to rehabilitate the business. The company will receive support from new investors and all creditors which will enable the company to run the business in accordance with the guidelines in the rehabilitation plan and result to the company having an opportunity



to make a profit from sales revenue as well as the dividends which expected to be received from subsidiaries and associates that will enable the company to have sufficient cash flow to gradually repay debts to creditors.

3. Risks affecting shareholders' right and investment

The risk of the company's retained deficit

As of December 31, 2019 the Company had net loss on consolidate financial total amount of 65.92 million Baht, a net profit attributable to the equity holders of the parent amount of 68.53 million Baht. For the operating performance of the separate company had net loss of 157.99 million Baht, which the company had the retained deficit as of December 31, 2019 according to the consolidated financial statements amount of 4,080.15 million Baht, the separate financial statement had retained deficit amount of 4,102.58 million Baht.

The Company has retained deficits which affected the inability of dividend payments. The shareholders have a risk on such inability according to dividend policy.

According to the company has submitted the business rehabilitation on December 12, 2019 and the Central Bankruptcy Court has ordered to accept the rehabilitation petition. The company confident that in case the court has order to rehabilitate the business. The company will receive support from new investors and all group of creditor. The company has established guidelines for capital by reducing capital, increasing capital, as well as convert debt into equity which can solve the company's capital issue in the shareholders' equity less than zero.

**General and Others Substantial Information****Company's Name, Location and Business Type**

Company's Name	:	Rich Asia Corporation Public Company Limited
Symbol	:	RICH
Nature of Business	:	Seller and supplier of steel products which acquired from trading as well as hiring other steel plants to produce the products for the company, the company is also a trader and supplier of other types of steel products including raw materials and finished products. The finished products are composed of, for example, structural steel pipe, lipped channel, hot rolled coil and sheets, billets, and others.
Head Office	:	636 Bangkhuntien-Chaitaley Road, Thakham, Bangkhuntien, Bangkok 10150 Tel. 0 2453 6277 Fax. 0 2453 6288
Factory	:	141/3-141/4 Moo 3, Tambol Bangprong, Amphur Muang Samut Prakarn, Samutprakarn 10270 Tel. 0 2383 0572
Registration No.	:	0107549000050
Home Page	:	www.richasiacorp.com
Customers Care Center	:	Tel. 0 2453 6277 ext. 219
(Customers' Complain Center)	:	E-mail : customerscare@richasiacorp.com
Registered Capital	:	9,600,000,000 Baht
Ordinary Shares	:	3,115,268,236 Shares
Par Value	:	1.00 Baht per share
Paid-up Capital	:	3,115,269,786 Baht
Paid-up Ordinary Shares	:	3,115,269,786 Shares

Investors can study additional company's information in Annual Registration Statement (Form 56-1) which is shown in www.sec.co.th or www.richasiacorporation.com



Referrals and Their Locations

Common Stock Registrar

Thailand Securities Depository Co., Ltd.

93 Ratchadaphisek Road

Dindaeng, Dindaeng, Bangkok 10400

Tel. 0 2009 9000

Fax. 0 2009 9991

Auditor

SAM NAK-NGAN A.M.C. Co., Ltd.

4th Unit, 19th Floor, Silom Complex Building

191 Silom Road, Bangrak

Bangkok 10500

Tel. 0 2231 3980 - 7

Fax. 0 2231 3988



Currently, The corporate name that the company holds 10 percent or more of Issued and Paid-up Share Capital

Items	Company/Location	Type of Business	Type of Share	Issued Share Capital	Number of Shares	%
1	Rich Asia Industry Co., Ltd. 88 Moo 2 Tambol Kahlong Amphur Muang Samutsakhon Samutsakhon 74000 Tel. 0 3485 1018 - 21 Fax. 0 3485 1028	1. Steel pipe and tube manufacturer including manufacturing service 2. Assemble a van truck and various types of trucks 3. Manufacture 100% battery electric vehicle	Ordinary Shares	14,248,427	7,392,450	51.88%
2	G.Y.T. Engineering Co., Ltd. 636 Bangkhuntien-Chaitaley Road, Thakham, Bangkhuntien, Bangkok 10150 Tel. 0 2453 6424-5, 0 2453 6468 Fax. 0 2453 6469	Supply of equipment and technology including invest in utilities and infrastructure	Ordinary Shares	2,075,000	1,967,500	94.82%
3	Skywell (Thailand) Co., Ltd.* 88 Moo 2, Tambol Kahlong Amphur Muang Samutsakhon Samutsakhon 74000 Tel. 0 3485 1018 Fax. 0 3485 1028	Distributor of 100% battery electric vehicle	Ordinary Shares	6,000,000	1,199,997	19.99%
4	Thai National Product Co., Ltd. 33/3 Moo 4, Bang Bua Thong - Suphanburi Rd., Tambol Sai Yai, Amphur Sai Noi, Nonthaburi 11150 Tel. 0 2985 5300 Fax. 0 2985 5309	Spun pile manufacturer	Ordinary Shares	27,100,600	8,100,598	29.89%

Note * Rich Asia Utilities Co., Ltd. has changed its name to Skywell (Thailand) Co., Ltd. on February 12, 2019.



Securities and Shareholders Information

Company's Securities

Registered Capital and Paid-up Capital as of December 31, 2019

Registered Capital	:	9,600,000,000 Baht comprised of ordinary shares 9,600,000,000 shares at par value of 1.00 baht per share
Paid-up Capital	:	3,115,269,786 Baht comprised of ordinary shares 3,115,269,786 shares at par value of 1.00 baht per share

Shareholders

Major Shareholders as of November 4, 2019

Ranking	Shareholders	Number of shares	Percentage
1.	Mr. Taweecat Jurangkool	330,000,000	10.59
2.	Miss Angkakarn Tantiviroon's group		
	1.1 Mrs. Pimsiri Keeratitensiri	66,900,000	2.15
	1.2 Miss Angkakarn Tantiviroon	46,550,000	1.49
	1.3 Mr. Chen Marcus	1,475,000	0.05
	1.4 Miss Chen Ming Ming	890,625	0.03
	Total	115,815,625	3.72
3.	Mr. Narong Whangjaroenwong	111,210,100	3.57
4.	Mr. Nuttapol Jurangkool	92,360,100	2.96
5.	Mr. Sitthichai Srisa-nguankul	81,664,600	2.62
6.	Mrs. Wassana Srisa-nguankul	80,011,000	2.57
7.	Mrs. Nada Thepawatanasuk	68,000,000	2.18
8.	Thai NVDR Co.,Ltd.	65,154,963	2.09
9.	Mr. Jatuporn Wongthongsan	60,000,000	1.93
10.	Mr. Silpchai Seemawongnant	50,000,040	1.60
	Total	1,054,216,428	33.84
	Other Shareholders	2,061,053,358	66.16
	Total Shareholders	3,115,269,786	100.00

Dividend Payment Policy

The Company has dividend payment policy at least 50% of the net profit (after deduction of corporate income tax and legal reserve). However, the Company may determine the rate of dividend payment less than the above policy rate, depending on the performance, financial status, liquidity and needs in utilizing operating fund for operation, business expansion and other factors involving management of the Company.



Other Securities

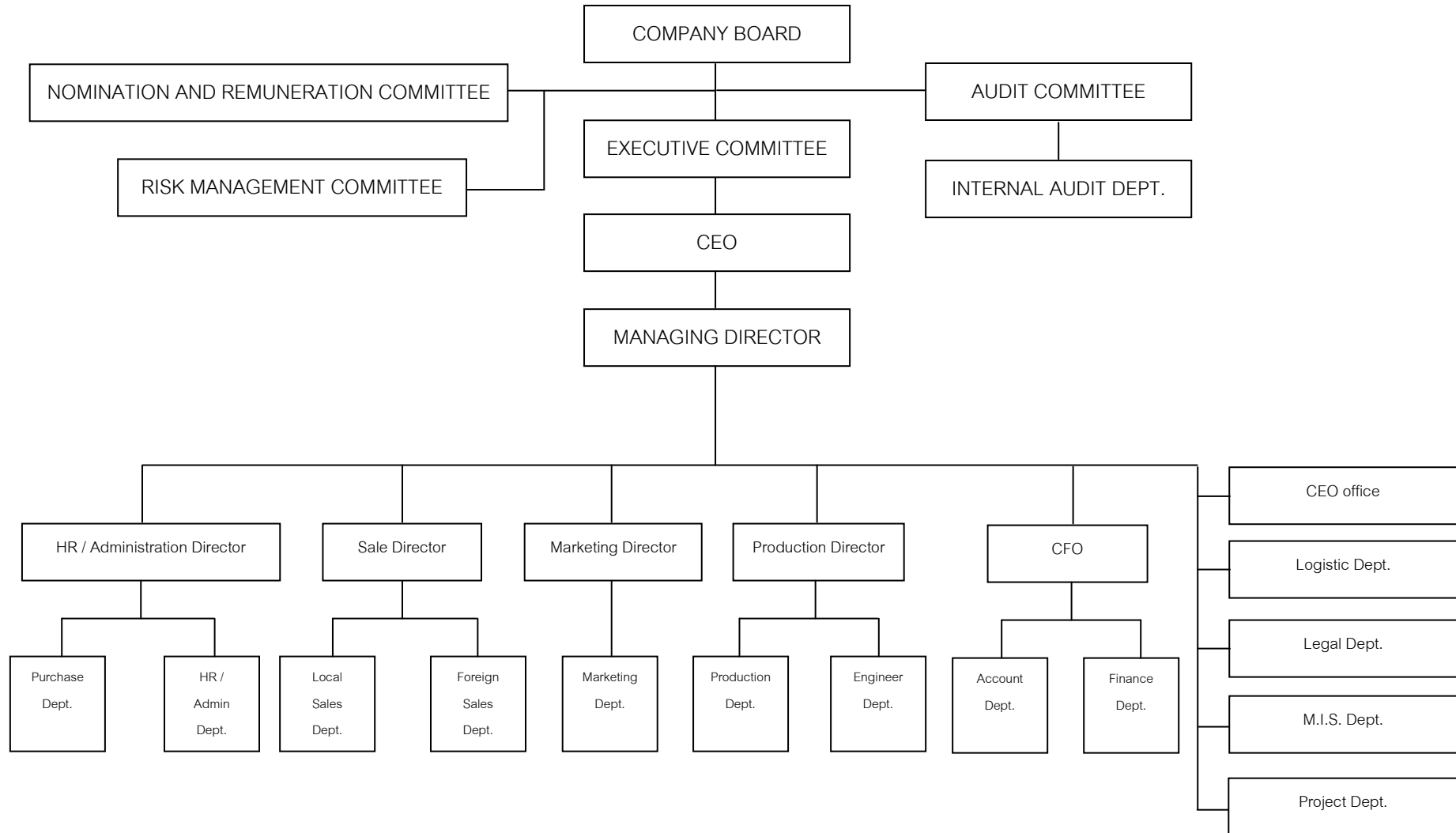
Issuance of debentures

In 2015 the Company has issued debentures of company No.1/2015, redeem in 2017 amount of Baht 500 million, debentures of company No.2/2015, redeem in 2017 amount of Baht 500 million and debentures of company No.3/2015, redeem in 2017 amount of Baht 230 million. The all 3 debentures total amount of Baht 1,230 million has been automatically due and technical default from default payment with institution creditor in 2017. The Company has already resolved partial outstanding debt with the debenture creditors. On August 23, 2019, Rich Asia Industry Co., Ltd., the Subsidiary Company, has transferred the Subsidiary Company's land and buildings in the value of Baht 550 million to repay the debenture debt on behalf of the Company, and the debenture creditors has transferred the ownership of the debentures value of Baht 550 million to the Subsidiary Company to subrogate the rights as the creditor instead of the existing debenture creditors. The remaining outstanding debt of Baht 1,230 million is in the process of resolving with the creditors.



Management Structure

Organization Chart





Board of Directors

Company's regulation specifies that Board of Directors comprises at least 5 directors. Not less than one half of all directors must have domicile in Thailand. Independent directors shall represent at least one-third of the total number of Board members and not less than 3 members. The Board is responsible for the overall duties and performance which is maximized benefit to the Company and shareholders. The Board structure, term of directorship and Roles, duties and responsibilities of the Board has shown in item 9. Corporate Governance.

As of December 2019, Board of Directors comprises of 9 members:

- Executive Directors 3 members
- Non-Executive Directors 2 members
- Independent Directors 4 members

Independent Directors

The company has 4 Independent Directors represent to 44% of total directors. Chairman is an Independent Director and not hold the title in top Management. Board of Directors resolves to define the qualifications of Independent Directors and the meeting of Board of Directors No.4/2013 has resolved to adjusted amount of shareholding from not over 1% to 0.5% which is more strictly than the minimum requirements of the Capital Market Supervisory Board. The details of qualify of Independent Director has show in item 9. Corporate Governance.

Board of Directors' Name

1. Gen. Watanachai	Chaimuanwong	Chairman (Independent Director)
2. Mr. Surapong	Churangarit	Vice Chairman / Chairman of Audit Committee (Independent Director)
3. Mrs. Pimsiri	Keeratithiansiri	Director (Non-Executive Director)
4. Dr. Rittirong	Intarajinda	Director (Non-Executive Director)
5. Miss Angkarn	Tantiviroon	Director (Executive Director)
6. Mr. Somkiat	Vongsarajana	Director (Executive Director)
7. Mr. Teera	Phoncharoensuk	Director (Executive Director)
8. Asst.Prof.Dr. Nakhun	Thoraneenitayan	Director / Audit Committee (Independent Director)
9. Pol.Lt.Gen. Mongkol	Kamolbutra	Director / Audit Committee (Independent Director)

Authorized Directors on behalf of the Company

Authorized Directors: Mrs. Pimsiri Keeratithiansiri, Mr. Somkiat Vongsarajana, Mr. Teera Phoncharoensuk, Miss Angkarn Tantiviroon, 2 of 4 persons co-sign with the company's seal.

**Board of Directors' Meetings**

Meeting schedule for each year has been planned and sent to each director in advance. In 2019, The Company has set up Board of Directors' meeting 6 times. of Directors' attendance is summarized as follows:

Name	Position	Attending Meeting / Total Meeting (Times)
1. Gen. Watanachai Chaimuanwong	Chairman (Independent Director)	6/6
2. Mr. Surapong Churangsarit	Vice Chairman (Independent Director)	6/6
3. Mrs. Pimsiri Keeratitensiri	Director	6/6
4. Dr. Rittirong Intarajinda	Director	6/6
5. Miss Angkakarn Tantiviroon	Director	5/6
6. Mr. Somkiat Vongsarajana	Director	6/6
7. Mr. Teera Phoncharoensuk	Director	6/6
8. Asst.Prof.Dr. Nakhun Thoraneenitiyan	Director (Independent Director)	6/6
9. Pol.Lt.Gen. Mongkol Kamolbutra	Director (Independent Director)	6/6

Management

As of December 31, 2019, Company's Management as per SEC regulations consists of 3 members, as follows:

- | | | |
|-------------------|----------------|---|
| 1. Miss Angkakarn | Tantiviroon | Chief Executive Officer |
| 2. Mr. Somkiat | Vongsarajana | Managing Director/
HR / Administration Director (Deputy)/
Sales Director (Deputy) |
| 3. Mr. Teera | Phoncharoensuk | Production Director |
| 4. Ms. Vachira | Chobchoopol | Acting Chief Financial Officer/
Financial Manager |

(Details of Directors and Managements appears in appendix 1)

Chief Financial Officer

The person who responsible in finance and accounting is Ms. Wachira Chobchoopol, Acting Chief Financial Officer, has been appointed on January 1, 2019. Audit Committee commented that Ms.Vachira Chobchoopol has qualifications with a bachelor's degree and financial work experience that is directly beneficial to the business operation and working period, according to the announcement (details and qualification as shown in appendix 1).



Accounting controller

The person who supervise accounting is Mr.Suwit Butprom, Assistant Accounting Manager, has the qualifications and conditions of being an accountant in accordance with the criteria prescribed in the announcement of the Department of Business Development, was appointed on February 1, 2012 (details and qualification as shown in appendix 1).

Company Secretary

Board of Directors' meeting no. 1/2008 held on February 1, 2008 has resolved to appointed Miss Nongluck Sarochsuwan, to be Company Secretary, who graduated in accounting and passed the training course "Law and regulation for new secretary of the Securities and Exchange Law" (details and qualification as shown in appendix 1) to support in practice Board of Directors and the Company's duty pursuant to the relevant laws and regulations.

Director and Management Remuneration

1. Monetary Remuneration

Directors Remuneration

Extraordinary General Meeting of Shareholders No.1/2019 on December 25, 2019 has resolved to fix the remuneration for Board of Directors for year 2017 - 2019 i.e. remuneration, Bonus on operation as follows:

1) Remuneration of Board of Directors' meeting as follows.

Chairman	20,000 Baht / time
Vice Chairman	15,000 Baht / time
Directors	10,000 Baht / time

(Only for attending Directors)

2) Bonus on operation for 2017 - 2019 at the rate 10% of dividend paid in 2017 - 2019 but not excess 7 Million Baht.

Director who is managements will received salary as remuneration.

3) Remuneration for Sub-committee i.e. Audit Committee, directors who have been nominated as member of Sub-committee will received additional remuneration on meeting as follows.

Chairman of Audit Committee	20,000 Baht / time
Audit Committee	10,000 Baht / time

(Only for attending Directors)



Thus, Directors' remuneration is considered from Company's performance, responsibility of the Board and compared to the remuneration of similar business in the same and similar size business.

As of December 31, 2019, the Company has accrued remuneration to each director which is meeting fee for year 2018 and 2019 as follows:

Name	Position	Remuneration Year 2017 ¹⁾ (Baht)	Remuneration Year 2018 ²⁾ (Baht)
1. Gen. Watanachai Chaimuanwong	Chairman	80,000	120,000
2. Mr. Surapong Churangarit	Vice Chairman / Chairman of Audit Committee	105,000	170,000
3. Mrs. Pimsiri Keeratitiensiri	Director	40,000	60,000
4. Mr. Rittirong Intarajinda	Director	30,000	60,000
5. Miss Angkakarn Tantiviroon ²⁾	Director	-	-
6. Mr. Somkiat Vongsarojana ²⁾	Director	-	-
7. Mr. Teera Phoncharoensuk ²⁾	Director	-	-
8. Asst.Prof.Dr.Nakhun Thoraneenitiyan	Director / Audit Committee	70,000	100,000
9. Pol.Lt.Gen. Mongkol Kamolbutra	Director / Audit Committee	70,000	100,000
Total		395,000	610,000

Remark 1) Remuneration paid upon meeting attendance of each director.

2) Director who is managements will received salary as remuneration.

3) There is no other non-cash remuneration.

In 2018 and 2019, the company does not pay bonus on operation of the Board.

Management's Remuneration

In 2019 the company has 3 Managements for accounting period of December 31, 2019 the company has paid remuneration to the Managements as follows:

Total Managements Remuneration

Type of Remuneration	Amount (Baht)
Salary	9,774,000
Provident Fund	406,080
Total	10,180,080

Remark Only first 4 managements starting from Chief Executive Officer who is top management and management who hold the position in equal level of management No. 4.



2. Other remuneration

Other remuneration of the company is Provident Fund which established on May 1, 2006 in the rate of 2% of their salary, beginning since May 2006 as mentioned in the table above.

Report the holding of common shares of Directors and Managements as of December 31, 2019

Name	Dec. 31, 2019	Dec. 31, 2018	Increase (Decrease)
1. Gen. Watanachai Chaimuanwong	-	-	-
2. Mr. Surapong Churangsarit	-	-	-
3. Mrs. Pimsiri Keeratitensiri	66,900,000	66,900,000	-
4. Mr. Rittirong Intarajinda	-	-	-
5. Miss Angkarn Tantiviroon	46,550,000	46,550,000	-
6. Mr. Somkiat Vongsarajana	4,000,000	4,000,000	-
7. Mr. Teera Phoncharoensuk	3,000,000	3,000,000	-
8. Asst.Prof.Dr.Nakhun Thoraneenitiyan	-	-	-
9. Pol.Lt.Gen. Mongkol Kamolbutra	-	-	-

Personnel

As of December 31, 2019 the Company has a total of 29 staffs (exclude Managements). The Company has paid remuneration to the employees who are not Managements consisting of salary and provident fund for a total of 11.99 million Baht. In addition, Subsidiaries: Rich Asia Industry Co., Ltd. has paid remuneration for a total of 10.28 million Baht and G.Y.T. Engineering Co., Ltd. has remuneration for a total of 0.56 million Baht.

Labor dispute for last 3 years

- No -

Human Resource Development Policy

The Company has set the training program for employee which divided into 2 levels as follows:

1. Operation Level Focus on working knowledge, security in workplace, encourage to have more discipline and develop positive thinking toward organization by giving an opportunity for employee to express idea and solving problem within function.
2. Command Level Focus on management, technical and modern management. The company has conducted the training program for internal and external.



Therefore, in 2019 the company has conducted internal and external training program to improve working skill, knowledge, develop attitude of positive thinking toward organization for both operation level and command level which consists of 7 internal training programs and 15 external training programs with total numbers of 38 participants.

The company has the policy to appoint or promote employee in appropriate position every year for employee who has ability and capability according to development plan and career path. The company also supports employee for further study, which the employee can request leniency on working time in appropriate to studying program.

The company has encouraged Director and top Management to participate in Thai Institute of Directors (IOD) and other programs to develop knowledge and understand of role and ability on being a director and management team.

The table shows the numbers of employee for each division on December 31, 2019.

Division	Employee amount (person)
Purchase	1
Human Resource & Administration	8
Sale	3
Accounting	6
Finance	2
Internal Audit	1
Law	1
Information Technology	2
Logistics	1
C.E.O. Office	4
Total	29

Remark: Employee amount exclude Managements



Corporate Governance

Due to The Stock Exchange of Thailand has improved good governance principle for listed companies in 2012 in order to comply with the guidelines assessment the corporate governance of listed companies under the ASEAN CG Scorecard. Thus, the meeting of Board of Directors No. 4/2013 held on November 13, 2013 has resolved to adjust the Company's Corporate Governance and Code of Business Ethics in order to comply with such good governance principle and exalt the Company's Standards and Principles of Good Corporate Governance. The Company has announced to Directors, Management and all employees adhere as a guideline to achieve in the workplace and create a confidence to shareholders, investors, stakeholders and all concerned parties including corporate social responsibility. The Company has been disclosed through Company's website: www.richasiacorp.com in topic "Corporate Governance Policy" and "Code of Business Ethics".

The Board of Directors has acknowledged the Corporate Governance Code for Listed Companies 2017 ("CG Code") of SEC. and recognized to the role and duty of leadership to create value for business sustainability which the Board of Directors will consider and review Company's Corporate Governance Policy and Code of Business Ethics in compliance with CG Code and adaptation to apply onward.

Corporate Governance Policy

For the latest corporate governance policy reviewed by the Board of Directors on October 18, 2019 and compliance with good corporate governance principles as follows:

Chapter 1 Rights of Shareholders

The Board of Directors recognizes the importance of the rights of shareholders, and engages in no conduct that will be in violation to or deprive the shareholders of their rights.

1. Basic rights

Shareholders enjoy their basic rights, such as buying, selling or transfer of shares, sharing of the Company's profits, access to adequate news or information, attending shareholders' meeting to vote on appointment or removal of directors, determination of directors' remuneration, appointment of auditor, fixing the audit fee, and such issues that may impact the Company as allocation of dividend, capital increase or write-down, approval of extra transactions, etc.

2. Shareholders' meeting

The Company has set the guidelines for the Annual General Shareholder's Meeting as follows:

2.1 The Company has sent the notice of the shareholders' meeting which contains such details as date, time and venue of the meeting, as well as details of the meeting agenda and accompanying documents to the shareholders in advance as prescribed by law and also disseminate such information through the Company's website: www.richasiacorp.com at least 30 days before the



meeting date, and then notify the Stock Exchange of Thailand (SET) of such dissemination, so that the shareholders will have sufficient time to study the information before receiving the printed document.

2.2 The Company has delivered together with the notice of the shareholders' meeting the proxy form in the format as prescribed by the Ministry of Commerce for the shareholders who cannot attend the meeting in person to appoint any other persons or any of the Company's independent directors as proxies to attend the meeting on their behalf in order to retain their rights at the meeting.

2.3 Duty stamps are prepared for shareholders attending by proxy free of charge.

2.4 Chairman, Chief Executive Officer, and 6 Directors, total 8 persons, together with auditors have attended shareholders meeting to give relevant information and answer questions.

2.5 Before starting consideration on the agenda items, the shareholders will be informed of the meeting procedure, and vote casting and vote count method for each agenda item.

2.6 The Company facilitated the meeting attendance registration by using software and technology to provide convenience and save time for the shareholders and the proxy holders.

2.7 The Company prepared ballots for each agenda item, and for the agenda on the election of directors, the ballots will be segregated to allow for the shareholders' voting on individual directors.

2.8 The meeting has been proceed sequentially in accordance with the agenda, and there in no alteration of agenda sequence nor request to consider any other issue which is not specified in agenda in case of without adequate supporting reasons.

2.9 The shareholders have been allowed and given enough time to express opinions and ask questions in the meeting, as well as submit questions prior to the meeting, for more clarity and fairness to the shareholders and the parties concerned.

2.10 The Company has reported the voting result of each agenda item showing the number of votes of approval, disapproval and abstention through the SET's electronics system on the following business day and on the Company's website: www.richasiacorp.com.

2.11 The minutes of the shareholders' meeting has been taken, containing vote casting and vote count method, details of key points of questions raised and answers given at the meeting, and voting result of each agenda item, as well as name-list of attending and absent directors. The Company has sent a copy of the minutes to the SET, post on its website: www.richasiacorp.com within 14 days from the date of the meeting and inform the SET of such notification. The meeting has also been recorded in VDO and be posted in clip file on the company's website.

The Company did not hold the Annual General Meeting of Shareholders for the year 2019. However, the Company held the Extraordinary General Meeting of Shareholders No.1/2019 on December 25, 2019 at Chaopraya Room, the third floor, at the Montien Riverside Hotel No. 372 Rama III Road, Bangklo, Bangkorlaem, Bangkok.



Chapter 2 Equitable Treatment of Shareholders

The Company believes in equitable treatment of all shareholders, whether they are major shareholders, minor shareholders, institutional investors, or foreign shareholders.

1. The Company recognizes the rights of shareholders and treatment of all shareholders on a fair and equitable basis. It gives opportunity for minor shareholders to propose issues considered beneficial to the Company for inclusion in the agenda and qualified candidates for directorship at least three months before the ordinary meeting of shareholders. The criteria and procedure have been posted on the Company's website: www.richasiacorp.com.

2. Voting rights in the meeting has been determined according to member of shareholding on the basis of one share for one vote.

3. The Company has set up a policy regarding securities trading and use of inside information not yet disclosed to the public to prevent Directors, Managements and Employees from using inside information for personal and others' benefits, and instructed all people in the organization to follow. Directors and Managements have duty to report their securities holding as prescribed by the Office of the Securities and Exchange Commission to the Board (SEC) on a regular basis.

4. The Board and Managements shall disclose information of beneficial interests and related parties for Board's consideration on the transactions that may have conflict of interest and has decision for the Company's benefits. Directors and Managements are duty-bound to report the Company of their or related parties' beneficial interests, which are related to administration and management of the Company and subsidiaries. The Company has prepared the form on reporting interests of Directors and Managements as prescribed by law. Directors and Managements have to report any change to the Company and review such report on immediate report prior making any connected transaction. Company Secretary will send copies of such report to Chairman of the Board and Chairman of Audit Committee for information. Directors and Management who have beneficial interests in any transaction will not be entitled to vote on such transaction. The Company will strictly comply with the laws, notifications and criteria of the SET and the SEC.

Chapter 3 Role of Stakeholders

The Company recognized the importance of stakeholders' rights, engages in no conduct that violates the stakeholders' rights and promotes the cooperation between the Company and stakeholders concerned which will enhance ensure the Company's sustainable stability.

Stakeholders of the Company comprise of shareholders, customers, trade partners/creditors, competitors, employees, government sector, community/society, and environment.

1. The Company has developed and adopted a code of business ethics for all its Directors, Management and employees to acknowledge and strictly follow as guidelines in work performance, and



imposed penalty in case of non-compliance, which has disclosed through Company's website: www.richasiacorp.com in topic "Code of Business Ethics".

2. The Company has established a corporate social responsibility policy and conducted activities that represent its implementation of such policy, as well as promoted and supported its employees' participation in such implementation, which have show in item 10. "Corporate Social Responsibility" (CSR).

3. The Company has mapped out an anti-bribery and anti-corruption policy, and supported activities that promote and encourage all employees to perform in conformity to the relevant rules and laws, which has disclosed through Company's website: www.richasiacorp.com in topic "Code of Business Ethics".

4. The Board has imposed whistle blowing and complaint measures in relation to possible legal offenses, accuracy of financial report, defective internal control system, or breach of code of ethics, and put in place mechanism to protect the rights of whistle blowers and complainants, such as keeping their identities in confidentiality, etc., to encourage stakeholders to join in taking care of the interests of the Company more efficiently.

Direct channel for whistle blowing or complaint filing to Audit Committee members (independent directors) of the Company are

1. By post: Send to Audit Committee members of Rich Asia Corporation Plc., No. 636 Bangkhunthian-Chaithalay Road, Thakham Subdistrict, Bangkhunthian District, Bangkok 10150

2. By email: audit@richasiacorp.com

Chapter 4 Disclosure and Transparency

The Board gives importance to complete, timely and transparent disclosure of important information relating to the Company, both financial and non-financial, to the shareholders and investors as well as parties concerned on an equitable and reliable basis.

1. The Company provide dissemination of news and information according to SEC and SET regulation, including other relevant information such as financial statements, operating results, annual disclosure registration (form 56-1), annual report, and other information disclosed to the public via the SET's electronics system for investors on complete, timely and equal access.

2. Besides information disclosure as per regulation via SET channel, the Company has disclosed major information relating to the Company, such as business information, list of Directors and Managements, financial report, shareholding structure, structure of group of companies, details on shareholders' meeting, form 56-1, annual report, news report to the SET, and corporate governance policy on the Company's website. Investors may read and/or download updated information at www.richasiacorp.com.



3. The Board has report of the Board of Directors' responsibility for financial reports accompanied with auditor's report in the annual report to exhibit the accuracy, truthful and reasonably Company's financial reports in compliance with the accounting standards and appropriated policies on a consistency practice.

4. The Board encourage the Company to provide clarification of management discussion and analysis (MD&A) to disclosed in annual financial statements so that investors can better acknowledge information and understand changes occurring in the Company's financial position and operating results in each year which is not solely numeral data in the financial statements.

5. The Board ensures to disclose audit fee and other service fees.

6. The Board ensures to disclose of name-list, roles and responsibilities of the Board and Committees, number of meetings held, and number of meeting attendance by each director in each year, including professional knowledge and training of Board and committee members.

7. The Board ensures to disclose policy on remuneration payment Directors and top Managements, and amount of remuneration paid to top four Directors and Managements from Chairman of Executive Committee downward. The amount disclosed will also include remuneration received by each director in subsidiaries (if any).

8. The Company assigns Company Secretary to take charge of communicating with investors/shareholders as center for disseminating the Company's news and information. For more information, investors/shareholders may contact Company Secretary, telephone: 0 2453 6277 ext. 313, or email: secretary@richasiacorp.com.

Chapter 5 Responsibilities of the Board

The Company recognized the importance of the Board of Directors' roles and responsibilities for the Company and the shareholders, whereby the Board is responsible for overall performance of duties in the best benefits of the Company and the shareholders.

1. Board structure

1.1 The Board is composed of at least five members, and half of them must have domicile in the kingdom. Independent directors shall represent at least one-third of the total number of Board members and be no fewer than three.

1.2 The Board members comprise professionals with leadership, vision, knowledge, capabilities and experience in the fields beneficial to the Company, and possessing qualifications as prescribed by law and articles of association of the Company, as well as dedication of time and efforts in performing duties properly with integrity, prudence and due care for the best benefits to the Company and fairness to the shareholders.

1.3 The Board requires qualifications of independent directors to be more strictly than those prescribed by the notification of the Capital Market Supervisory Board as follows,



1) Not hold shares of the Company in excess of 0.5% of the total number of voting shares of the Company, or the Company's parent, subsidiary or associated company, or the Company's major shareholder, or the person having controlling power over the Company, while the number of shares held by any person related to the independent director must also be counted.

2) Not be and have not been a director participating in management role, an employee, an officer, an advisor who receives regular salary, or a person having controlling power over the Company, the Company's parent company, subsidiary, associated company, subsidiary at the same level, or major shareholder, or a person having controlling power over the Company, unless such independent director has not been a person referred to above for at least two years, excluding independent director who has been a government official or advisor to a government agency which is the Company's major shareholder or a person having controlling power over the Company.

3) Not be a person having relationship either through bloodline or legal registration as the father, mother, spouse, sibling and child, as well as the spouse of a child of an Management, major shareholder, a person having controlling power, or a person to be nominated as the Management or that who has controlling power over the Company or its subsidiary.

4) Have no or have had no any business relationship with the Company or its parent company, subsidiary, associated company, major shareholder, or person having controlling power over the Company, in a manner that may prevent his/her due and independent use of discretion; and also not be and have not been a shareholder in material respect or a person who has controlling power over the person with business relationship with the Company, its parent company, subsidiary, associated company, major shareholder, or a person having controlling power over the Company, unless such independent director has not been a person referred to above for at least two years.

Business relationship in the above paragraph shall cover any ordinary course of business or trade for business engagement purpose, property rent or lease, transaction relevant to asset or service, giving or receiving financial assistance in form of loan or guarantee, offering assets as collateral, and any other similar conduct, which causes the Company or its counterparty to be liable for debt settlement to another party in an amount equivalent to 3% or more of the net tangible assets of the Company or 20 million Baht or more, whichever is lower. The calculation of the said debt shall accord with the calculation of a connected transaction prescribed in the Capital Market Supervisory Board's notification regarding criteria on connected transactions mutatis mutandis. However, consideration of the said debt shall include the debt incurred during the 1 year period prior to the date on which such business relationship takes place.

5) Not be and have not been an auditor of the Company, its parent company, subsidiary, associated company, major shareholder, or a person having controlling power; and not be and have not been a shareholder in material respect, a person having controlling power, a partner of an



auditing firm for which the auditor of the Company, or that of its parent company, subsidiary, major shareholder, or a person with controlling power over the Company has been working, unless such independent director has not been a person referred to above for at least two years.

6) Not be and have not been a professional advisor, including legal or financial advisor, who obtains fee more than two million Baht a year from the Company, its parent company, subsidiary, associated company, major shareholder, or a person having controlling power over the Company; and not be and have not been a shareholder in material respect, a person with controlling power, or a partner of such professional service provider, unless the independent director has not been a person referred to above for at least two years.

7) Not be a director who has been appointed as a representative of the Company's director, the major shareholder, or the shareholder related to the Company's major shareholder.

8) Not engage in the business of the same nature as or competing with that of the Company or its subsidiary; or not be a partner in material respect in a partnership, or director participating in management role, an employee, officer, or advisor obtaining regular salary, or a shareholder holding more than 1% of total voting shares of any other company which engages in the business of the same nature as or competing with that of the Company or its subsidiary.

9) Not have any characteristics that prevent the director from giving independent opinions on the Company's operations.

1.4 The Company has segregated responsibilities between the Board of Directors and top Managements. Chairman of the Board shall be an independent director, not being the same person as the top Management and having no relationship with the management. The Board shall take the lead and play a vital role in deciding on policies, supporting and giving suggestions on business operations, and not being involved in normal daily operation which is under the management's responsibilities. Particularly, the independent director has a significant role of giving opinions to the Company. This will help balance the power of reviewing the Company's business administration.

1.5 The Board has appointed a qualified person as Company Secretary to perform as below:

1) Arrange shareholders' meetings and Board meetings in accordance with the applicable law, articles of association of the Company, and other relevant procedures.

2) Prepare and retain directors register, invitation notice and minutes of Board meetings, invitation notice and minutes of shareholders' meetings, and annual report.

3) Maintain reports of beneficial interests of directors and Managements for submission as required by law.

4) Ensure disclosure of news and information in the part under responsibility to the relevant regulatory bodies.



5) Provide preliminary advice and recommendations pertaining to legal, regulatory and governance issues and practices to the Board.

6) Follow up activity and support performance of duties of the Board and the Company to conform to the applicable law, the Board resolutions, the resolutions of the shareholders' meetings, and relevant rules and regulations.

2. Term of directorship

2.1 At every annual general meeting of shareholders, at least one-third of the directors shall retire by rotation. If the number of directors is not a multiple of three, the number of directors closest to one-third shall vacate. The director to vacate in the first year and the second year after the Company's establishment registration shall be determined by drawing lots, and in the years afterward, the director who has held office longest shall vacate. A retiring director is eligible for re-election.

The Company has not stipulated the number of term of directorship each director is entitled to, viewing that its directors knowledgeable and competent, having set policies and given advice on solutions of problems in the business operations at the standards expected by the Company. Therefore, to ensure consistency in the business management and for the benefits of the Company, election of qualified persons to assume directorship is the right of the shareholders to decide on the persons to perform duties on their behalf in formulating policies and overseeing the Company owned by the shareholders.

Besides retiring by rotation, a director shall vacate in any of the following cases:

- (1) death
- (2) resign
- (3) disqualified or prohibited as prescribed by public company law
- (4) resolution of the shareholders' meeting
- (5) the court's order

2.2 Any vacancy among Board members occurring otherwise than by rotation, the Board may elect any person having qualifications and not prohibited as prescribed by the public company law as director to fill the vacancy at the next meeting, unless the remaining duration of the director's term of office is less than two months. Any person who be appointed on substitution shall retain the remaining term of the vacating director.

2.3 Each director may hold directorship not more than five listed companies.

2.4 Directorship of Chairman of the Executive Committee and top Managements of the Company in other companies shall be subject to approval by the Board.

3. Roles, duties and responsibilities of the Board

3.1 Perform duty in conformity to the law, and the objectives and articles of association of the Company, as well as the resolutions of the general shareholders' meetings; and have the power to perform as specified in the memorandum of association or those related thereto. The Board may assign



any one or several persons to perform on the Board's behalf. By such assignment, the assignee shall have no power to approve the transaction in which he/she or a person that may have conflict ("person that may have conflict" shall be defined as prescribed in the notification of the SEC) has beneficial interests or may have conflict of interest in any other nature with the Company or subsidiary.

3.2 Oversee and determine the Company's significant policies regarding principles in business operations, finance, fund raising, capital management, and risk management.

3.3 Consider investment matters, by approving budgets for investment projects of the Company, and monitoring the implementation of such projects in line with the plans set out.

3.4 Oversee the Company's business operation to make sure it meets or exceeds the targets set forth, and lay down solution guidelines to cope with any problems and obstacles in order to meet or exceed the targets set forth.

3.5 Ensure the Company prepares reports on general and financial information to be submitted to the shareholders and stakeholders or investors in general in an accurate and timely manner and as prescribed by the law.

3.6 Acknowledge significant audit reports of Audit Committee or Internal Audit Department as well as the external auditor and advisors of the Company, and have the duty to establish guidelines for improvement or remedy in case of finding any material deficiencies.

3.7 Review and opine on adequacy and appropriateness of the Company's internal control and risk management systems.

3.8 Put in place a succession plan for human resource management.

3.9 Appoint Audit Committee members and endorse scope of power, duties and responsibilities of Audit Committee

3.10 Appoint Executive Committee and endorse scope of power, duties and responsibilities of Executive Committee.

3.11 Consider matters with conflict of interests with prudence, with clear guidelines and in the best interests of the Company and the shareholders as a whole, as well as ensuring persons with beneficial interests not participating in the decision making process; and monitor to ensure performance conforms to the criteria and procedure in place and disclosure of such transactions is accurate and complete.

3.12 Establish written corporate governance policy and ensure review of the policy and the implementation of which is carried out at least once a year.

3.13 Draw up written code of business ethics for all Directors, Managements and employees to understand the business framework and work procedure and practice; and ensure review of the code and the implementation of which is carried out at least once a year as well as there is strict compliance with which regularly.



3.14 Institute an internal audit work unit to take charge of examining the internal control system and significant transactions on a regular basis, to make sure the system is efficient which will enhance reliability of the Company's financial statements. Audit Committee shall be tasked with supervising the internal audit work unit, covering operation, compliance, dealing with irregularities, and appropriate risk management for the maximum benefits of the Company.

3.15 Make available whistle blowing channel to Audit Committee members via the Company's website.

3.16 Put in place a governance mechanism on subsidiaries to protect the Company's investment benefits, thereby the Company will consider candidates qualified for charging on the boards of subsidiaries to control subsidiaries' operations in line with the Company's policy and to ensure their transactions are carried out with adherence to the law, and the SET and the SEC criteria.

4. Nomination and appointment Directors and top Management

The Nomination Process for Directors and top Management, the Nomination and Remuneration Committee will consider qualified persons pursuant to Section 68 of the Public Limited Companies Act, B.E. 2535 (1992) and other relevant laws, and focusing on persons with capabilities, knowledge, competence, experience and expertise from diverse fields.

5. Board meeting

5.1 Meeting schedule for each year is planned and sent to each director in advance.

5.2 Board meeting is held at least four times a year.

5.3 Chairman of the Board and Chairman of the Executive Committee will jointly consider issues to be put on the agenda, and also allow directors to propose issues considered beneficial to the Company for the agenda.

5.4 Invitation notice and meeting documents are sent to all directors at least five business days in advance so that directors will have enough time to consider and study the details, except in urgent case where the document may have to be sent less than five business days in advance.

5.5 Each director should attend the meeting at least 75% of the total number of meetings held in each year.

5.6 Chairman of the Board will allocate adequate time for the management to present information and discuss major problems, and promote prudent exercise of discretion and adherence to good corporate governance.

5.7 The Board encourages top Managements to attend the meeting to give additional details of the issues under consideration as they are related directly to such issues.

5.8 The Board can acquire additional information as required from the management and company secretary, and if necessary, the Board may seek independent opinions from external advisors or professionals at the Company's expense.



6. Assessment of Board's performance

The Board has laid down criteria and made available assessment of the whole Board's performance once a year using the assessment form according to the SET guidelines and adjusted to be appropriate for the Company. The assessment form covers six topics, i.e. Board structure and qualifications; roles, duties and responsibilities of the Board; Board meeting; Board's performance of duties; relationship with the management; and Board's self-development and development of Managements. The assessment is not on an individual basis. It aims to allow all Board members to jointly consider and review their performance, problems and obstacles facing throughout the past year, in order to work out improvement and rectification. Result of the assessment will be concluded by the management and proposed for the Board's information. In 2018, the assessment of Board's performance is 96.86%.

7. Director remuneration

The Nomination and Remuneration Committee has considered the appropriateness of director remuneration based on the company's performance, assigned level of responsibilities, in comparison with similar businesses of similar size. It is then submitted to the shareholders' meeting for approval every year.

Director remuneration is composed of meeting allowance and performance bonus.

Committee members whose assigned duties are additional duties from normal Board duties, i.e. Audit Committee members, are entitled to receive meeting allowance.

Managements receive remuneration in form of monthly salaries and annual bonus, mainly performance-based.

The Company's annual payment of remuneration for Board and committee members and Managements shall not be too high when compared with average remuneration of listed companies on the SET and with maximum benefits of the Company taken into account.

The details of Director and Management remuneration have shown in item 8. Management Structure.

8. Development of directors and Managements

8.1 The Board encourages and supports training and provision of knowledge to Board members, Audit Committee members, and company secretary to ensure consistent improvement of their performance.

8.2 When a new director is appointed, the management or the persons assigned will prepare and make available documents and information beneficial to performance of duty of the new director, including introduction of the Company's nature of business and business direction to the new director.

8.3 The Board ensures the Company has drawn up a Management development and succession plan to cope with the situation when any of the top Managements cannot perform duty.



9. Committees

The Board has set up the Committee to assist in monitoring and scrutinizing significant issues. Currently, there are 4 committees consisting of Audit Committee, Executive Committee, Nomination and Remuneration Committee, and Risk Management Committee.

9.1 Audit Committee

Audit Committee is composed of at least three independent directors, with the term of office 3 years, who are not directors assigned by the Board to decide on the business operations of the Company, the Company's parent company, subsidiary, associated company, subsidiary at the same level, or major shareholder, or a person having controlling power over the Company, and not directors of the parent company, subsidiary, or subsidiary at the same level that is a listed company, and appointment of whom shall be made by the Board. At least one of the appointed Audit Committee members shall have adequate knowledge and experience in reviewing the reliability of the financial statements. Duties and responsibilities shall be as assigned by the Board and meeting shall be held at least quarterly.

Currently, Audit Committee consists of 3 members, all of whom are Independent Directors.

In 2019, Audit Committee's named and attending meeting as follow:

Name	Position	Attending Meeting / Total Meeting (Times)
1. Mr. Surapong Churangsarit	Chairman of Audit Committee	4/4
2. Asst.Prof.Dr. Nakhun Thoraneenitiyan	Audit Committee	4/4
3. Pol.Lt.Gen. Mongkol Kamolbutra	Audit Committee	4/4

Members of the Audit Committee No.1 and 2 have sufficient knowledge and experience to review the reliability of financial statements.

Scope of power, duties and responsibilities of Audit Committee

- 1) Review the Company's financial statements to ensure accuracy and adequacy.
- 2) Review and ensure that the Company has suitable and efficient internal control system and internal audit system, and review to ascertain that internal audit function is independent, as well as concur appointment, transfer or removal of head and/or officers of internal audit work unit or any other unit with task related to internal audit.
- 3) Review to ensure compliance with the laws on securities and exchange, the SET regulations, and other applicable laws relevant to the Company's business.
- 4) Select, nominate and recommend appointment of a person with independence as the Company's external auditor and fixing of the audit fee, as well as attend the meeting with the external auditor without participation by the management at least once a year.



5) Review connected transactions or transactions that may lead to conflict of interest to ensure transactions are conducted in compliance with the law and regulations of the SET and that transactions are entered with reasonableness for the maximum benefits to the Company.

6) Prepare Audit Committee report, signed by the Audit Committee Chairman, and disclose it in the annual report of the Company, containing at least the following information:

(a) Opinion on the accuracy, completeness and integrity of the Company's financial statements.

(b) Opinion on the adequacy of the Company's internal controls.

(c) Opinion on compliance with the laws on securities and exchange, the SET regulations, and other applicable laws relevant to the Company's business.

(d) Opinion on suitability of the Company's external auditor.

(e) Opinion on transactions that may lead to conflict of interest.

(f) Number of meeting held during the year and number of each member's attendance.

(g) Overall opinion and remark from performance of duties according to the charter.

(h) Other information, within the scope of the roles and responsibilities assigned by the Board, which is deemed necessary for the shareholders and general investors.

7) Other functions as assigned by the Board and with the consent of the Audit Committee.

9.2 Executive Committee

Executive Committee is prescribed by the Board to be composed of at least three members, but not exceeding five members, selection of whom is made from among Board members or employees or persons with knowledge and competence and not being members of Audit Committee. Duties and responsibilities shall be to supervise the Company's business operations as assigned by the Board and with reporting directly made to the Board.

Currently, Executive Committees consist of 3 members as follow:

1. Miss Angkarn	Tantiviroon	Chief Executive Officer
2. Mr. Somkiat	Vongsarojana	Executive Committee
3. Mr. Teera	Phoncharoensuk	Executive Committee

Scope of power, duties and responsibilities of Executive Committee

1) Have power to decide on the Company's significant operational issues by determining scope, type or size of the business, objectives, business framework and policy within the scope of power delegated, and supervising and monitoring the overall business operations, productivity, and relationship with customers, as well as having accountability for the Board.

2) Consider and approve the Company's procurement and investments for business expansion, including acquisition of fixed assets, for submission to the Board for approval in case such procurement



and investments for business expansion, including acquisition of fixed assets, are beyond the scope of power and duties assigned by the Board.

3) Have power to decide on procurement and selling of raw materials in the production and/or the products and/or the component parts of the products, which is in the normal course of business operations, at the weight of not exceeding 30,000 tons per transaction.

4) Have power to approve expenses in the normal course of business operations.

5) Have power to conduct and express oneself as representative of the Company to external parties in the business related to and beneficial to the Company.

6) Consider the Company's fund raising activity for submission to the Board meeting.

7) Approve appointment of advisors in various fields as necessary to the business operations.

8) Conduct activity in relation to general business administration of the Company.

9) Consider and approve action plans of all departments, and requests submitted by them on the issues beyond their scope of authority.

For the purpose, the Executive Committee may authorize each Executive Committee, if any, to conduct any activities within the specified scope of work, duties and responsibilities of the Executive Committee. Therefore, the authorized persons have no authority to approve any transaction which himself or any person who will be beneficiary or conflict of interest to the company or subsidiaries. All this matter must pass the approval of the Board of Director's meeting and/or the shareholder's meeting. Except the matter that is a normal company's business or the matter that already approved to ensure compliance with the securities and exchange law, regulations of the Exchange or laws. (Definition of "The person who may has conflict" means according to the announcement of Securities and Exchange Commission)

Establishment of Authority Approval

Executive Committee has authority to approve purchasing and procedure under the scope as specified in Regulations of Executive Committee's Authority which details as following.

1. Executive Committee has authority approval to purchase raw material and/or finished goods and/or which is normal business transaction not over 1,200 million Baht per transaction, and can approve to purchase and sell assets including normal business transaction i.e. operating expense and selling and administration expense not over 50 million Baht per transaction. In case of beyond authorized limit, must propose to Board of Directors for approval.
2. Chief Executive Officer has authority approval to purchase raw material and/or finished goods and/or which is normal business transaction not over 200 million Baht per transaction, and can approve to purchase and sell assets including normal business transaction i.e. operating expense and selling and administration expense not over 20 million Baht per transaction. In case of beyond authorized limit, must propose to the Executive Committee for approval.



3. Managing Director has authority approval to purchase raw material and/or finished goods and/or which is normal business transaction within approval limit by Board of Directors, and can approve to purchase and sell assets including normal business transaction i.e. operating expense and selling and administration expense not over 0.5 million Baht per transaction. In case of beyond authorized limit, must propose to Chief Executive Officer for approval.

Authorities and responsibilities of Chief Executive Officer

- 1) Oversee all managerial matters.
- 2) Ensure that all company plans and managements reach the company's policy and the approved budget and/or the company's Executive committee.
- 3) Have authority and delegate to representative approve to purchase and employ for company's benefit. Such approval to purchase raw material and/or finished goods and/or which is normal business transaction not over 200 million Baht per transaction and can approve to purchase and sell assets include expenses which is normal business transaction i.e. operating expense, selling and administration expense not over 20 million Baht per transaction. In case of beyond the budget or authorized limit, must propose to the Executive Committee for approval.
- 4) Issuing order, regulation, announcement and report that will make the company reach their policy and benefit to the company.
- 5) Empower to act as the company representative with other person for any transaction which is benefit to the company.
- 6) Assign and approve all counselors for the company.
- 7) Be the authorized person who is charge in manage the company to reach their objective, policy, rules and regulation, and also meet the Board of Director's minute of meeting.

However, this authorization of Director/Chief Executive Officer or other authorized person, are excluded the approval of the matter that will be conflict of interest to the company or subsidiary. All this matter must pass the approval of the Board of Director's meeting and/or the shareholder's meeting. Except the matter that is a normal company's business or the matter that already approved to ensure compliance with the securities and exchange law, regulations of the exchange or laws.

Authorities and responsibilities of Managing Director

- 1) Oversee all managerial matters.
- 2) Ensure that all company plans and managements reach the company's policy and the approved budget and/or the company's Executive committee.
- 3) Have authority and delegate to representative approve to purchase and employ for company's benefit. It is approval to purchase and sell raw material and/or finished goods



and/or which is normal business transaction within approval limit by Board of Directors and can approve to purchase and sell assets include expenses which is normal business transaction i.e. operating expense and selling and administration expense not over 0.5 million Baht per transaction. In case of beyond the budget or authorized limit, must propose to the Chief Executive Officer for approval.

- 4) Issuing order, regulation, announcement and report that will make the company reach their policy and benefit to the company.
- 5) Empower to act as the company representative with other person for any transaction which is benefit to the company.
- 6) Assign and approve all counselors for the company.
- 7) Be the authorized person who is charge in manage the company to reach their objective, policy, rules and regulation, and also meet the Board of Director's minute of meeting.

However, this authorization of Managing Director or other authorized person, are excluded the approval of the matter that will be conflict of interest to the company or subsidiary. All this matter must pass the approval of the Board of Director's meeting and/or the shareholder's meeting. Except the matter that is a normal company's business or the matter that already approved to ensure compliance with the securities and exchange law, regulations of the exchange or laws.

9.3 Nomination and Remuneration Committee

Nomination and Remuneration Committee consists of at least three directors, and 1 of the 3 members must be an independent director with duration term of 3 years, whereby the director of The Nomination and Remuneration Committee who has vacated their term may be reappointed by the Company's Board of Directors. The Nomination and Remuneration Committee is directly responsible to the Board of Directors for their duties and responsibilities and shall hold meetings at least once per year.

Currently, Nomination and Remuneration Committee consist of 3 members as follows:

Name	Position
1. Dr. Rittirong Intarajinda	Chairman of Nomination and Remuneration Committee
2. Mr. Surapong Churangarit	Nomination and Remuneration Committee
3. Miss Angkakarn Tantiviroon	Nomination and Remuneration Committee

Remark: In 2019, there is no meeting of Nomination and Remuneration Committee.

Scope of power, duties and responsibilities of Nomination and Remuneration Committee

1. Recruitment

- 1.1 Consider the suitability of the structure and composition of the company's Board of Directors



- 1.2 Defining the suitable characteristics of the Directors, Managing Directors, and Chief Executive Officer, as well as the methods for recruitment to fill the position of Director, Managing Director, and Chief Executive Officer. In addition to a review of the qualifications of the Directors, Managing Directors, and Chief Executive Officer and evaluate performance of Director, Managing Director, and Chief Executive Officer whose term has been due.
- 1.3 Determine the methods and procedures for the preparation of suitable personnel to serve as Directors, Managing Directors, and Chairman

2. Remuneration

- 2.1 To set a fair and reasonable remuneration policy for Directors, Chief Executive Officer, Managing Directors and other Committees who have been appointed by the Company's Board of Directors.
- 2.2 Determine the remuneration, reward, meeting allowance, bonuses and other benefits for the Board of Directors and other Committees who have been appointed by the Board of Directors and submit to the Board of Directors for approval consideration by shareholders' meeting.
- 2.3 Performance evaluation, as well as consideration for remuneration and other benefits for Chief Executive Officer.
- 2.4 The Board of Directors may also assign the Remuneration Committee to deal with matters relating to the remuneration and other benefits of senior executives, in order to achieve the objectives of the company on the following matters:
 - 1) To define and implement policies, including Human Resources plans for top executives to be in accordance with the company's business goals.
 - 2) To ensure that the remuneration and benefits for top executives are competitive level compared to other business in the same industry.
 - 3) To maintain qualified top executives with the company

9.4 Risk Management Committee

The Risk Management Committee consists of at least 3 members, whereby at least 1 of 3 must be an expert in Finance, Accounting, or Risk Management. The Risk Management Committee may not be a director of the Company. Duration term of is 3 years, and being in accordance with the term of Directorship (In the event that the member of The Risk Management Committee is also a member of the Board of Directors). Risk Management Committee who has vacated their term may be reappointed as a member of the Risk Management Committee and the meeting must be held at least twice per year.



Currently, Risk Management Committees consist of 3 members whom attended meetings in 2019 as follows:

Name	Position	Attend Meeting / Total Meeting (Times)
1. Asst.Prof.Dr. Nakhun Thoraneenitiyan	Chairman of Risk Management Committee	1/1
2. Pol.Lt.Gen. Mongkol Kamolbutra	Risk Management Committee	1/1
3. Mr. Somkiat Vongsarojana	Risk Management Committee	1/1

Scope of power, duties and responsibilities of Risk Management Committee

1. Reviewing Risk that the company is currently experiencing or anticipate future risks that may have affects to the Company, as well as define policies and comments on risk management both outside and within the organization, to include the following 4 items.
 - 1) Financial Risk
 - 2) Operational Risk
 - 3) Strategic Risk
 - 4) Compliance Risk
2. Determine the strategies, structures, and resources for risk management to be in accordance with risk management policies and business' strategies and directions.
3. Set limits or types of risk-based activities, in which would be a criteria to perform according to each type of risk, situation to be proposed for Board of Directors' approval.
4. Monitor and review policies, strategies, and practices to ensure that the risk management strategy is properly implemented.
5. Has authority to appoint a working group to assess and monitor risk throughout the organization.
6. Perform any other duties as assigned by the Board of Directors.

Overseeing the operations of its subsidiaries

The Board of Directors has oversight mechanisms that enable to manage and responsible for the subsidiaries' operations in order to maintain interest in the company's investment by nominated Directors and Managements to be directors in Subsidiaries and such nomination has been approved by the Board of Directors.

In addition, the Directors and Managements who have been appointed by the subsidiaries must monitor its subsidiaries to have regulations regarding the related transaction, the acquisition or disposition of assets, or any other major transaction of subsidiaries to be complete and correct and apply the rules relating to the disclosure and the above transaction in the same manner as the Company's



criteria including monitoring the information storage and accounting system of the subsidiaries that can be audited and gathered for consolidation the financial statements in due time.

Use of inside information policy

The Company has instituted a policy on securities trading and use of inside information not yet disclosed to the public for personal or others' benefits and pass consent from Board of Directors as follows.

1. The Company has informed the Board members and the management of their duties to report their securities holding in the Company and that by spouse and underage children, to the Office of the Securities and Exchange Commission pursuant to Section 59 and penal provision pursuant to Section 275 of the Securities and Exchange Act, B.E. 2535 (1992), including the change in their securities holding in the Company and that by spouse and underage children, and to send a copy of the report to the Company on the same day as that of sending the report to the Office of the Securities and Exchange Commission.

2. The Board members, the management, and the employees are forbidden from using inside information not yet disclosed to the public and that of material respect in the way that may impact the Company's securities price for his/her own benefit; and from trading securities of the Company in the period of one month before the Company's financial statement or such inside information is disclosed to the public; as well as from disclosing material information to other persons.

The Company has imposed disciplinary penalty on the person seeking gains from using or disclosing inside information that may cause damage to the Company by penalizing that person as reasonable for the case, including verbal warning, written warning, probation, and termination of employment by way of dismissal, removal, or discharging, as the case may be.



Corporate Social Responsibility : CSR

1. Overall Policy

The Company and Subsidiaries have policies to process the corporate social responsibility (CSR) projects continually and efficiency for corporate social responsibility management and corporate social responsibility monitoring by focus on CSR in process that concerned to the stability of economics, social, and environment under social responsibility which benefits to organization development and strengthen the business operation to grow stability.

2. Guidelines of operate in Corporate Social Responsibility

The Company operates under the governance and ethical principles coupled with attentive care, environment and society, regardless to stakeholders involving both internal and external organization. In order to, contribute sustainable business development. Currently, the Company has implemented CSR, as follows:

Fair Business Operation

The Company Carries on its business in line with fair and equitable trading framework under business laws and ethics; adheres to the work guidelines in the honest, virtual, transparent, and examinable manner. The Company recognized the importance of stakeholders' rights, engages in no conduct that violates the stakeholders' rights and promotes the cooperation between the Company and stakeholders concerned which will enhance ensure the Company's sustainable stability. Stakeholders of the Company comprise shareholders, customers, trade partners/creditors, competitors, employees, the government sector, the community/society and the environment, by having process and guidelines for creating the participation, as follows:

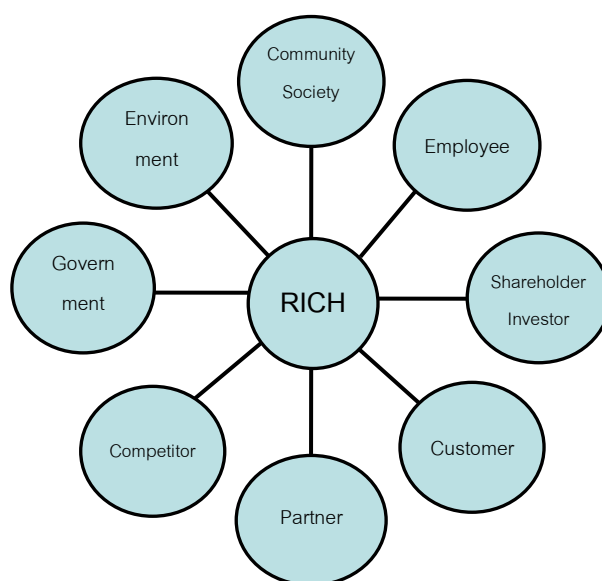
Stakeholders	Participation Channel	Anticipation	Guidelines
Community / Society	- Participate with community in accordance with the activities	- Operate with will not affect to life quality of community, environment and society - Support activities of community	- Conduct project for community, support occupation, education, etc. when have a chance
Employee	- Activities of the Company	- Good remuneration - Good career, be developed knowledge and ability to comply with	- Pay proper remuneration and welfare - Encourage with the progress according to knowledge and capability of employee



Stakeholders	Participation Channel	Anticipation	Guidelines
		<ul style="list-style-type: none">career progress- Good quality of working life	<ul style="list-style-type: none">- Provide an opportunity for employee to participate in management of quality of working life such as Occupational Health and Safety Committee
Shareholder / Investor	<ul style="list-style-type: none">- Annual General Meeting- Annual Report	<ul style="list-style-type: none">- Good Corporate Governance- Sufficient information disclosure for investment decision- Good return on investment	<ul style="list-style-type: none">- Treat shareholder according to Code of Business Ethics with adherence to fair and equitable treatment of shareholders as specified by the Stock Exchange of Thailand (SET) and Securities Exchange and Commission (SEC)
Customer	<ul style="list-style-type: none">- Communicate via electronic media and telephone- Meeting with customer on various occasions	<ul style="list-style-type: none">- Quality product, delivery on time, with proper price- Supplying products to a wide range and intact (One-Stop-Service)	<ul style="list-style-type: none">- Deliver safely quality products with fair prices that can timely and consistently meet demand of customers and are of the standard proper for application by customers.- Customer service center on the Company's website.
Partner	<ul style="list-style-type: none">- Meeting with partner- Communicate via electronic media and telephone	<ul style="list-style-type: none">- Fair and transparency selection- Acceptable payment term	<ul style="list-style-type: none">- treat partners equitably and fairly, giving truth and timely information, and strictly performing the contractual obligations in relation for maintain good relationship
Competitor	<ul style="list-style-type: none">- Operating for business	<ul style="list-style-type: none">- Perform under the rules of fair competition	<ul style="list-style-type: none">- Encourage free and fair competition policy- Not unethically or inappropriately seek its partner's confidential information such as bribing the



Stakeholders	Participation Channel	Anticipation	Guidelines
			<p>directors and staffs of its competitors, etc.</p> <ul style="list-style-type: none"> - Not destroy competitor's reputation by negative accusing
Government	<ul style="list-style-type: none"> - Submit report to government - Participate in activity and project of government 	<ul style="list-style-type: none"> - Perform under related laws 	<ul style="list-style-type: none"> - Legal compliance and strictly reporting result - Pay taxes and other expenses according to regulations as specified by government
Environment	<ul style="list-style-type: none"> - Participate in the environmental activities of the relevant authorities 	<ul style="list-style-type: none"> - Practice and realize to resource and environmental sustainability 	<ul style="list-style-type: none"> - Develop and seek for knowledge necessary for management and prevention of pollution - Realize the significance of sustainable resource consumption - Promote activities aimed at reducing and improving global warming crisis



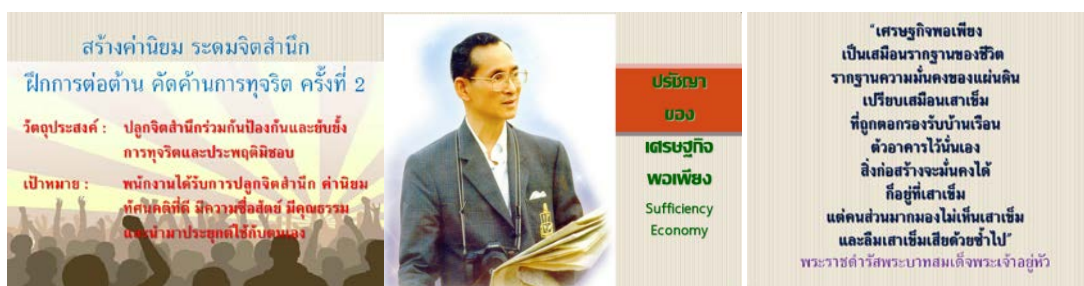
Anti-Corruption

The Company gives importance to an anti-bribery and anti-corruption, and supported activities that promote and encourage all employees to perform in conformity to the relevant rules and laws, with the following guidelines:

1. Employee, his/her family members, and friends have no direct or hidden beneficial interests with the Company, such as any conduct to sell goods and services to the Company or in competition with the Company.
2. Refrain from being entertained by parties with business relations with the Company or by others who may benefit from employee's performance of duty or performing duty in the Company's name.
3. Demand or obtain no wrongful gains, either directly or indirectly, or any other gains in return for acquisition of business benefits; and make no use of gains from bribe or fraud in business operations.
4. In case where giving or receiving gifts or is in a manner of festive or customary practice, such gifts or other benefit should not be in a too high value, be illegal, impact decision in performing duty, and cause the Company to lose any business gains.

Training of Creating the values, raising awareness, practicing against and Anti-Corruption

The Company is educating employees by providing training to raise awareness the values of life by follow up initiative of His Majesty The King Rama IX Sufficiency Economy by encouraging the employees to create the values of life with sufficient way and prevent misconduct by observing their responsibly works; what is risk behavior that may entail the scope of corruption in the organization. Thus, this is concept of training name's "Creating the values, raising awareness, practicing against and Anti-Corruption."



In addition to the awareness training for the whole staff, The Company recognizes the importance of cultivating honesty in new employees from the first day of operation. The Company provides content related to creating good attitudes and work ethic, included in the new employee orientation guide by training before commencing work with the Company.

The Company has indicated Policy of anti-corruption in Code of Ethics in Business which has been approved by the Board of Directors and announced to the Directors, Management and Employees to aware of and adheres to the guidelines in their operation. The audit committee and the auditors have also reviewed the adequacy of internal control systems. The Company provides the channel for reporting



if anyone notices the inappropriate behavior, fraud, non-compliance with laws or regulations issued by government agencies which has been posted on the Company's website: "www.richasiacorp.com" under the topic of "business ethics" and the Board of Directors has determined to review the appropriateness of policy annually. The latest the Code of Business Ethics has reviewed by the Board of Directors' Meeting on October 18, 2019.

Respect of Human Rights

The Company gives importance to respect for and adherence to relevant laws, rules, and regulations, with the following practice put in place:

1. Comply with laws, rules and regulations, and observe customary practice relevant to its business.
2. Comply with regulations of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission.
3. Comply with good corporate governance principles as prescribed by the Stock Exchange of Thailand.
4. Give no support to any conduct in breach of the laws and regulatory criteria.
5. Treat all persons without discrimination on the grounds of race, religion, gender, or status.

Exercise of social and political rights:

Employee has rights and freedom to participate in any social activity, with avoidance of any impropriety that violates the law or morality, or causes social disorder, and with maintaining of individual honor and dignity, as appropriate for the status in the society and community where the Company is situated, with the following guidelines to be observed:

1. Not engage in any conduct that may lead to understanding that the Company takes part in or gives support to any particular political party.
2. Not engage in any conduct that may cause or lead to disunity among employees or with the community where the Company is situated.

Labor Treatment with Fairness

The Company recognizes the employees as a vital resource that will support and push for its achievement of targets. The Company thus has a policy to take care of the employees to ensure good quality of life, fair employment conditions, appropriate welfare, and career development opportunities. The following practice guidelines are in place:

1. Determine remuneration for employees of all levels at fair and appropriate rates, mainly giving importance to welfare, security, and advancement in career path of employees.
2. Make available tools and equipment, and prepare operational control and training procedure with due regard for security in life and property of employees.



3. Adhere strictly to laws, bylaws, and provisions in relation to employees, and aim to adopt international management standards in case of no laws, bylaws, and provisions applicable at present.

4. Appoint and rotate, as well as give reward and impose penalty to employees, in a fair and sincere way, and on the basis of their knowledge, competence and appropriateness.

5. Support, promote, and give importance to development of knowledge, competence and skills of employees, with opportunities opened for all levels organization-wide and on a regular basis.

6. Make available provident fund for employees to apply as members from which employees are guaranteed to receive welfare remuneration upon their termination of employment for whatever reason unless the termination results from conduct causing damage to the Company.

7. Allow employees who face work problems, whether regarding work conditions, employment conditions or work command, and cannot work out solutions by themselves, to file complaints through the channel, system and procedure in place.

8. Be open for comments and suggestions from employees of all levels fairly and equitably.

Training and Development in 2019

To increase staff's general knowledge, the Company has set up in-house training and development according to the following:

1. E-mail Usage correctly and efficiently
2. Look Out Look
3. Physical health and mental set by yourself
4. Listening for effective communication
5. Keep up with the new social security and compensation fund rights
6. SKYWELL & MANNYOU
7. Hobbies / Cooking

Moreover, the Company also encourages staff to gain training knowledge outside of the office according to each department's roles in order to adapt the skills gained to enhance the quality and capability of employees in their roles. Whereby, the outside training programs include:

1. Documentary Request.
2. IT Future for Capital Market No. 1/2019
3. Accounting Professionals comply with the Law No.8/2019
4. Knowledge of social security
5. The Qlik Analytics Tour 20196. Policy of SEC in developing the capital market and supporting the work of the listed company
7. Insight Financial Management Potential the business through professional financial magement
8. Tax issues that must be resolved in the business of selling goods and services.

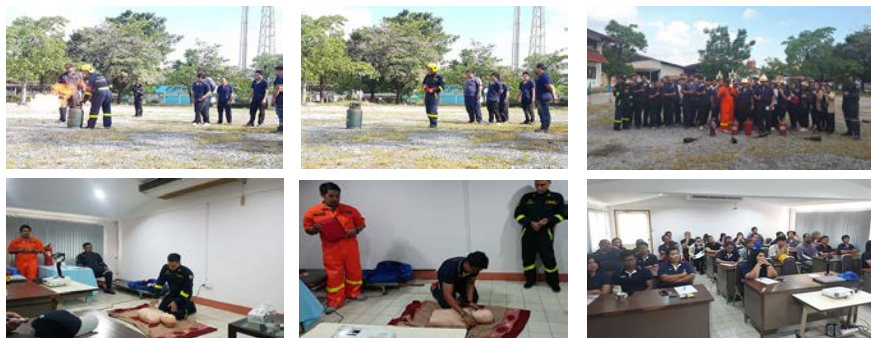
9. SET Link usage - Round 6
10. Income and expense accounting Impact on net profit calculation
11. In-depth analysis of financial statement
12. Complete with accounting matters Financial Tool Group
13. Retired until ruined, by Hidden dangers from employee benefit obligations, etc.
14. Significant accounting reports on financial statements that accountants must be careful
15. Seminar for dissemination the results of the study of the accounting transactions proposed by the auditor for the listed companies to improve

Occupational Health and Safety

1. All work units concerned in the organization shall perform in compliance with the laws and regulations in relation to occupational safety, sanitation and environment in a concrete manner.
2. In case of witnessing any damage risk or incident in the factory or office premises, whether such incident is caused by employees, machines, or any other factors, including any accidental incident, and whether there are any casualties from which or not, it shall be the duty of the witnessing employee to immediately report to the supervisor, or safety committee members, or any party concerned.
3. Work systems in place give importance to workplace safety and sanitation, i.e. work stations are kept clean and in sanitary conditions in line with the 5S principles, to ensure employees and visitors are safe from accidents and diseases at the workplace and the surrounding areas.
4. Executives and employees pay serious attention to activities in promotion of occupational safety, sanitation and environment, by performing duties with safety consciousness and awareness of environmental protection on a consistent basis.

Fire prevention and protection in the workplace

The Company has set up a fire prevention and protection program (fire crisis management plan manual), which is in line with the announcement from the Ministry of Interior on “fire prevention and protection in the workplace, for work safety of employees”. This is so employees can use as guideline in case of a fire crisis. The program invited lecturers and speakers accepted or approved by the government to educate and train no less than 40% of employees in basic fire protection and prevention. Whereby, in year 2019 the Company and the Department of Disaster Prevention and Mitigation has set a mutually schedule of the firefighting and prevention in the workplace program of 2019 on October 16, 2019.



5S objects

The Company's employee have joined CSR activity under 5S objects which are SEIRI, SEITON, SEISO, SEIKETSU and SHITSUKE in order to manage and improve office and factory work place for convenience, tidiness and cleanness that can create a good environment and conducive to good performance, safety and work quality as a basis for increase productivity. Whereby, in 2016 until now the Company has continuously upheld the 5S guidelines, until it has become engrained into each employee's daily routine, according to the fifth S - SHITSUKE. To further spread the awareness, gain cooperation, and promote the disciplines in a clear and substantial manner. Rewards have been given towards the department that best follows the 5S objects practices with the best intentions and most sustainable discipline.



Consumer Responsibility

The Company focuses to satisfy customer, therefore, the Company has set up policy on customer treatment as follows:

1. Deliver safely quality products with fair prices that can timely and consistently meet demand of customers and are of the standard proper for application by customers.
2. Make no distortion, cheating, nor misleading of the details on the products, and conduct survey of customers' satisfaction for use to improve service and develop products on a regular basis.
3. Give importance to and maintain confidential information of customers and use no information of customers for personal and others' benefits.
4. Set up a complaint dealing center where customers can complain about the products and service.

Operation

License TIS . 24-2548 steel bars for concrete reinforcement : deformed bar.

Steel Bars for concrete reinforcement (deformed bars) of the Company is a product that has passed the standard the requirements of the Thai Industrial Standards Institutes (TISI) i.e. passes all technical requirements, including effectiveness of usage, quality of raw materials to produce, and the testing methods according to the TISI standards. The result has been achieved standard of TIS. 24-2548



steel bars for concrete reinforcement: deformed bar No. T 2585-1218/24 on October 26, 2015 which can ensure the quality of the Company's product and the safety of the consumers, as well as fairness of consumption of our products.



Participation in Community and Social Development

The Company projects to develop the community and society, with the following practice put in place:

1. The Company assists in developing personnel in various occupations to accommodate shortage of labor force and promotes occupational skills and potential as well as knowledge for people in the community and society, by employing qualified staff whom reside nearby the office, in order to support and generate income within the nearby community.

2. Personnel of all levels are responsible for and committed to taking care of the community nearby and stakeholders as a whole, with CSR training courses arranged for them by the Company.

3. The Company organizes activities that foster the nearby community and society to promote better quality of life.

4. The Company responds quickly and efficiently to incidents that may affect the community and society as a result of its business operations with full cooperation given to relevant government authorities and agencies.

5. The Company participates in religious activities by offering necessities and making donation to temples in nearby community and other areas in such occasions as Buddhist Lent Candle procession, Kathin ceremony, Phapa ceremony, etc.

6. The Company participates in making merit and donations, both money and necessities, including the used ones that are still usable and beneficial to others and steel products of the Company, to both public and private agencies, foundations, associations, or victims of natural disasters, to help relieve hardship and for use as necessary for the particular place and situation.

Operation

Donation and support programs for the underprivileged

Join "Rest - Request" 1 in the project of "Ban Nokkamin Foundation" (donate the things on June 27, 2019), a public benefit organization that provides assistance and support for children and youth



with family problems, and no person responsible for support, being an homeless, orphan and abandoned, by the support of education, food and basic factors for daily living of children. At present, the Baan Nokkamin Foundation has sponsored over 200 children aged between 3 - 20 years, with Thailand children sponsorship of 17 housing. The Baan Nokkamin Foundation has been adopted more children, participation of this project will be a part of innovations transformation for the better social as the Company's objective.



Religion

The Company participates in religious activities, giving support through donation of basic needs to religious institutions, such as temples, places of worship, monastic centers in the surrounding communities, especially religious festivals such as offering Buddhist Lent Candles on July 10, 2019 at Hua KraBue Temple, Tha Kham, Bangkhuntien, Bangkok, whereby located in the vicinity of the headquarters.



Environmental Management

The Company awareness of duties and responsibilities to environment with the following practices:

1. Emphasis is placed on optimizing the use of resources, and preserving the environment by safeguarding against any environmental impacts.
2. Promote and instill in all employees awareness of the value of natural resources, energy saving, and environmental protection, and encourage promotion of the reuse of resources.



3. Employees shall strictly comply with work safety rules; supervisors and safety committee members in direct charge shall also ensure employees do not violate the rules; and employees who witness any breaching incidents shall report such incidents to the parties concerned without delay.

4. The Company shall give cooperation to government agencies and organizations in solving environmental problems and developing good environment to the society, as well as dealing with emergency cases or accidents at work in a quick and efficient manner.

5. The Company shall put in place measures to prevent accidents and control disposal of factory waste within the limit prescribed by law.

6. Personnel of all levels are responsible for and committed to taking care of the community nearby and stakeholders as a whole, with CSR training courses arranged for them by the Company.

7. The Company organizes activities that foster the nearby community and society to promote better quality of life.

8. The Company responds quickly and efficiently to incidents that may affect the community and society as a result of its business operations with full cooperation given to relevant government authorities and agencies.



Internal Audit and Risk Management

Board of Director's Meeting No. 1/2020 on March 2, 2020 which all 3 Audit Committees were in the meeting. They evaluated the adequacy of Internal Audit System of Rich Asia Corporation Public Company Limited in 5 areas of Internal Audit System which are organization and environment, risk management, controlling management performance, information system and follow up system. The meeting has an opinion that the company has adequate internal control system as follow:

1. Organization and Environment

The company has set up appropriate business goals, explicit and measurable investment plan to be operation criterion for employees. The operation goals are determined by assessment of possibility expectation which being careful consideration by Board of Directors prior to determine targets including monthly performance evaluation. The company has concise structured organization which can be manage effectively and also have written policy, regulations and procedure of work for operation.

2. Risk Management

The Management all time assess business and economic circumstances and analyze internal and external risk factors, opportunity and possible effects to the company in order to define measurement to reduce risk levels. Providing that there also be risk assessment by internal audit department, who presented to Audit Committee and Management for seeking the methodology of preventive and reduction risk including follow up the assessment review and information update periodically.

3. Controlling Management Performance

The company has clearly and in written set authority and approval limits for each level of management and divide important responsibilities separately for instance approval authority, accounting records and information, and assets controlling. For transactions with major shareholders, directors or Managements and related company are based on normal business transactions and treated similar to other parties which be optimized benefits to the company. The Audit Committee has considered such transactions quarterly and assigned internal auditor to verify such transactions and report to the Audit Committee including company's disclosure of details and conditions of such transaction in Notes to financial statements which reviewed by the external auditor. The company has arranged supervisors meeting in order to follow up the operation result thru Key Performance Indicator, analyze and consult inter department which would be a channel to exchange information and efficiency of controlling.



4. Information System & Communication

The Company realized on information technology systems and focused to develop organization's network for efficient management which can be served information storage, the efficient and real time reporting. The company has contacted consultants to study and analyze workflow system for information systems assessment including propose and select the most appropriate information system which result to Enterprise Resources Planning (ERP) selection for replacement previous system. This ERP system can be served current and future necessity of the company and there are new functions that can be developed continually.

5. Follow up System

The company provides meeting between the Audit Committee and top executive quarterly. In 2019 there are four times meeting to summarize internal audit report and monitoring report with Management.

The company has established the Internal Audit Department on 3 October 2005 to assess, analyze risk factors and provide feedback of internal control system which is including the financial audit, operation audit, compliance audit, reviewing related transactions, and arrange audit report presented to the Audit Committee. The recommendation of the Audit Committee regarding credit term approval is in accordance. There is also a meeting with management to consider about the observations and recommendations from the review of financial statement by external auditor regarding the transaction of extension of deposit for investment.

Board of Directors conclude that the company conform good corporate governance and adequate Internal control system according to SEC'S evaluation form especially the internal control of related transaction with major shareholders, directors, management and related to such person.

Head of internal audit

In the meeting of Audit Committee No.6/2007 which was held on 13 November 2007 endorse that Mr. Vorapoj Chaisantana was in the position head of internal audit since November 2007, Mr. Vorapoj has experienced in internal audit for 20 years and has trained in Internal Audit Course at Internal Auditors of Thailand. So, he is appropriate to perform in this position because he understands in all activities and operations of the company.

Thus, the consideration to appoint, rotate, lay off head of Internal Audit should be consent from Audit Committee.



Related Parties Transactions

The transactions between the Company and any person who may have conflicts of interest that occurred in year 2018 and 2019, are as follows:

Company / People	Relationship	Transaction Account	2018 (Million Baht)	2019 (Million Baht)	Necessity, reasonableness and Audit Committee's Opinion
Rich Asia Industry Co., Ltd. Nature of business: production and distribution of steel pipes. Structural Steel and various types of steel products.	The Company holds 51.88% shares and some directors have been being directors of Rich Asia Industry Co., Ltd. The Company holds shares since 2011	1. Receivables on share price 2. Allowance for doubtful accounts. 3. Loans 4. Interest receivable 5. Penalty waiting to be collected 6. Allowance for doubtful accounts Accrued interest 7. Payables 8. Other payables	5.296 (5.296) 595.943 71.753 (58.957) (12.795) 6.607 -	5.296 (5.296) 570.439 118.429 (105.633) (12.795) 8.172 0.012	- The 1 st and 2 nd items occurred by Rich Asia Industry Co., Ltd. diluted share value as per the resolution in Extraordinary General Meeting of Shareholders No. 1/2011 from the original par value Baht 100 per share to par value of Baht 31 per share. - The 3 th item 4 th , 5 th and 6 th items occurred by The Company provided loans to Rich Asia Industry Co., Ltd. for as working capital in business operations. - The 7 th item 13 th and 16 th items occurred by the Company has engaged Rich Asia Industry Co., Ltd. to slit and manufacture products according to The Company's policy, to achieve maximum efficiency, whereby the commercial terms, prices, and conditions of the contract are in accordance with normal business operation when compared with other non-related parties.



Company / People	Relationship	Transaction Account	2018 (Million Baht)	2019 (Million Baht)	Necessity, reasonableness and Audit Committee's Opinion
Rich Asia Industry Co., Ltd. (continue)		9. Debenture payables	-	550.000	<p>- The 8th and 15th items occurred by Rich Asia Industry Co., Ltd. is mortgaging fee and legal advisor fees related to Rich Asia Industry Company Limited, agree to mortgage the land as collateral for the debentures of the Company, and structure steel purchased from Rich Asia Industry Company Limited for building renovation.</p> <p>- The 9th item 10th and 14th items occurred by Rich Asia Industry Co., Ltd. has transfer the land to the debenture representative to pay the debt on behalf of the Company and Rich Asia Industry Company Limited has received the debentures from the existing shareholders in return.</p> <p>- The 11th item occurred by the by the company selling factory supplies to Rich Asia Industry Company Limited</p> <p>- The 12th item occurred by the company selling tools to Rich Asia Industry Company Limited.</p>
		10. Accrued interest	-	13.337	
		11. Other income	-	0.001	
		12. Profit from sales of assets	-	0.003	
		13. Buy	147.168	116.120	
		14. Interest expense	-	13.337	
		15. Other expenses	0.286	0.023	
16. Cuts and productivity	0.297	-			



Company / People	Relationship	Transaction Account	2018 (Million Baht)	2019 (Million Baht)	Necessity, reasonableness and Audit Committee's Opinion
Rich Asia Industry Co., Ltd. (continue)					<u>Audit Committee's Opinion</u> These related parties transactions are reasonable and benefit to the company. Terms and conditions are normal business transactions.
G.Y.T. Engineering Co., Ltd. Nature of Business: Supply of equipment and technology, including co- investment in infrastructure and infrastructure.	The Company holds shares in the proportion of 1,967,500 shares, as 94.82% shares and some directors holds shares of 1.5% (Establish on February 2015).	1. Other receivables 2. Other income 3. Purchase asset	0.020 0.240 -	0.020 0.240 0.032	- The 1 st and 2 nd items occurred by The Company charged office rental from G.Y.T. Engineering Co., Ltd. - The asset purchased in 3 rd item, the company bought a telephone control box from GYT Engineering Company Limited due to the telephone control box damaged by a short circuit. <u>Audit Committee's Opinion</u> These related parties transactions are reasonable and benefit to the company. Terms and conditions are normal business transactions.
Skywell (Thailand) Co.,Ltd. Nature of Business: distribution of 100%	The Company holds 19.99% shares and some directors have been being directors	1. Interest	0.001	0.001	- The 1 st item occurred by Skywell Company borrowing 1 million baht from the Company at the interest rate of 8% for 8 days (19/08/19- 27/08/19)



Company / People	Relationship	Transaction Account	2018 (Million Baht)	2019 (Million Baht)	Necessity, reasonableness and Audit Committee's Opinion
battery electric vehicle (Skywell Thailand Co.,Ltd. Former name: Rich Asia Utilities Co., Ltd.)	of Skywell (Thailand) Co.,Ltd (The Company holds shares May 23, 2016 amount 99%)				<u>Audit Committee's Opinion</u> These related parties transactions are reasonable and benefit to the company. Terms and conditions are normal business transactions.
Thai National Product Co., Ltd. Nature of Business: Spun pile manufacturer and distributor with services transportation and piling rigs. Selling prefabrication of concrete products.	The Company holds 29.89% shares. Some directors have been being shareholders. (The Company holds shares at the midyear of 2010)	1. Income from products	0.824	0.025	- The 1 st item is occurred by Thai National Product Co., Ltd. purchase of raw materials for production, whereby the commercial terms, prices, and conditions of the contract are in accordance with normal business operation when compared with other non-related parties <u>Audit Committee's Opinion</u> These related parties transactions are reasonable and benefit to the company. Terms and conditions are normal business transactions.
G. T. Steelwork Co., Ltd. Nature of Business: Manufacturer and distributor of steel bar and	Miss Angkarn Tantiviroon, Director and Shareholder of the Company, and family held 34.81%	1. Payable 2. Other creditors	8.646 3.100	- -	- The 1 st item occurred by The Company purchased round bars from G.T. Steel Co., Ltd. for distribution to its customers during the period that Bangprong (Suansom) Factory had not yet started its production line whereby the



Company / People	Relationship	Transaction Account	2018 (Million Baht)	2019 (Million Baht)	Necessity, reasonableness and Audit Committee's Opinion
scrap iron.	shares in G.T. Steel Work Co., Ltd.				<p>commercial terms, prices, and conditions of the contract are in accordance with normal business operation when compared with other non-related parties.</p> <p>- The 2nd item occurred by The Company purchased materials from G.T. Steel Co., Ltd. the commercial terms, prices, and conditions are in accordance with normal business operation when compared with other non-related parties.</p> <p>* The above transaction occurred in 2011.</p> <p><u>Audit Committee's Opinion</u></p> <p>These related parties transactions are reasonable and benefit to the company. Terms and conditions are normal business transactions.</p>
Miss Angkakarn Tantiviroon	Chief Executive Officer, Director and Shareholder of Rich Asia Corporation PCL. representing 1.81%	1. Other creditors 2. Other expenses 3. Guarantee agreement	0.004 0.131 No charges	0.005 0.143 No charges	<p>- The 1st and 2nd items are transportation and overseas visiting expenses paid to director of the Company.</p> <p>- Ms. Angkakarn Tantiviroon enter agreement as guarantor with a financial institution for The</p>



Company / People	Relationship	Transaction Account	2018 (Million Baht)	2019 (Million Baht)	Necessity, reasonableness and Audit Committee's Opinion
Miss Angkarn Tantiviroon (continue)	shares, Newly appointment as Chief Executive Officer held on February 1, 2015.				Company, without charging any compensation from the company. <u>Audit Committee's Opinion</u> Such transaction is beneficial to company's operation and reasonable.
Mr. Somkiat Vongsarojana	Managing Director and Director	1. Other payables 2. Other accrued expenses 3. Other expenses	0.006 0.007 0.104	- 0.010 0.106	- The 1 st item, 2 nd and 3 rd items are transportation costs paid for director to the Company. <u>Audit Committee's Opinion</u> Such transaction is beneficial to company's operation and reasonable
Mr. Teera Phoncharoensuk	Director and Production Director	1. Other creditors 2. Other expenses	0.006 0.087	0.007 0.093	- The 1 st and 2 nd items are the transportation costs paid to directors of the Company. <u>Audit Committee's Opinion</u> Such transaction is beneficial to company's operation and reasonable

Shareholders and / or investors can view historical data, compare data for 3 years From the company website <http://www.richasiacorp.com>



The measures or steps for approval of the related transactions

At present, the company has set the measures and procedures - for approval of the related transactions, which will take the company's benefit into consideration, with the utmost importance. The company also compared such transactions with transactions to the non-related parties by prohibiting related executives to participate in the approval of such transactions. The company also allows The Audit Committee to check and offer opinions for the suitability of such transactions.

Policy and tendencies of future related transaction

1. Related transaction between the company and the related persons

1.1 Other companies in the related parties transactions section: The Company will continuously trade with other company by having referable market price.

1.2 Ms. Angkarn Tantiviroon: the securing of loan of the company in the director's name for the company by using director's own asset will be carried on.

2 Policy for the future other related parties transactions

In the future, if the company has the necessity to make transactions with related parties including companies that used to be related with the company (presently, not related to the company as disclosed in the related transaction table) or if the company has to make the related transaction with persons who might have conflict of interest or might have the conflict of interest in the future, such transactions will be made in case the company has the necessity. The company also has the policy to set any condition according to normal business term and market price which can be compared with the price of non-related parties. The Audit Committee will be the one who gives opinion about the necessity and suitability of such transaction. In the case where The Audit Committee has no expertise to inspect the related transaction that might happen, the company will ask for the opinion about such related transaction from the companies' auditor or independent experts in order to use such opinion for the consideration of the board of directors or the shareholders depending on the case.

The board of directors will act in accordance with the law concerning the securities and stock exchange rules, notifications, orders, or the regulations of the Stock Exchange of Thailand including to practice of related transactions and the acquisition or sale of the important assets of the company or its subsidiary in order to make the decision to make such transaction unable to create conflict of interest and create the utmost benefit to all the shareholders. The company will disclose such related transactions in the annual information disclosure (form 56-1), companies' annual report, and notes to financial statements which have already been inspected by the auditor of the company.



Financial Highlights

(Unit : Million Baht)

STATEMENTS OF INCOME (CONSOLIDATED)	2019	2018	2017
Revenue from sales and services	233.79	264.24	666.88
Cost of goods sold and services	269.48	304.47	702.41
Gross Profit (Loss)	(35.69)	40.23	(35.53)
Other incomes	220.69	5.60	15.49
Profit (Loss) before share of profit on investment in associate before financial cost and income tax	99.39	(433.75)	(1,235.48)
Finance costs	198.09	195.23	183.13
Profit (Loss) before share of profit on investment in associate and income tax	(98.70)	(628.98)	(1,418.61)
Share of loss on investment in associate	(5.70)	(14.19)	(13.77)
Profit (loss) for the year	(65.92)	(632.35)	(1,422.30)
Profit for equity holders of the parent company	(68.53)	(522.86)	(1,320.40)

(Unit : Million Baht)

STATEMENTS OF FINANCIAL POSITION (CONSOLIDATED)	2019	2018	2017
Total assets	471.99	974.80	1,433.22
Total liabilities	2,455.26	2,887.32	2,713.39
Share capital-common shares			
Authorize share capital, par 1.00 baht	9,600.00	9,600.00	9,600.00
Issued and fully paid-up share capital, par 1.00 Bath	3,115.27	3,115.27	3,115.27
Total equity attributable to equity holders of the parent company	(1,954.01)	(1,880.97)	(1,358.11)
Non - controlling interests	(29.25)	(31.55)	77.95
Total shareholders' equity	(1,983.26)	(1,912.52)	(1,280.17)

Financial Ratio	2019	2018	2017
Liquidity Ratio (times)	0.04	0.05	0.21
Gross Profit Ratio (%)	(15.27)	(15.22)	(5.33)
Net Profit Ratio (%)	(15.08)	(193.76)	(193.50)
Return on Equity Ratio (%)	3.57	32.28	187.02
Debt to Equity Ratio (times)	(1.24)	(1.51)	(2.12)



Management's Discussion and Analysis (MD&A)

1. Analysis of past performance

(Unit : Million Baht)

STATEMENTS OF INCOME (CONSOLIDATED)	2019		2018		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenue from sales and services	233.79	100.00	264.24	100.00	666.88	100.00
Cost of goods sold and services	269.48	115.27	304.47	115.22	702.41	105.33
Gross Profit (Loss)	(35.69)	(15.27)	(40.23)	(15.22)	(35.53)	(5.33)
Other incomes	220.69	94.40	5.60	2.12	15.49	2.32
Profit before expenses	185.00	79.13	(34.63)	(13.11)	(20.04)	(3.01)
Expenses*	74.69	31.95	388.58	147.06	1,204.43	180.61
Directors and Management's benefits	10.92	4.67	10.54	3.99	11.01	1.65
Profit (Loss) before share of profit on investment in associate before financial cost and income tax	99.39	42.51	(433.75)	(164.15)	(1,235.48)	(185.26)
Financial cost	(198.09)	(84.73)	(195.23)	(73.88)	(183.13)	(27.46)
Share of profit (loss) on investment in associate	(5.70)	(2.44)	(14.19)	(5.37)	(13.77)	(2.06)
Profit (loss) before income tax	(104.40)	(44.66)	(643.17)	(243.40)	(1,432.37)	(214.79)
Income tax revenue	38.48	16.46	10.82	4.09	10.07	1.51
Profit (loss) for the years	(65.92)	(28.20)	(632.35)	(239.31)	(1,422.30)	(213.28)
Profit for equity holders of the parent company	(68.53)	(29.31)	(522.86)	(197.87)	(1,320.40)	(198.00)

Remark : Expense* In 2018, the amount of Baht 388.58 million, of which Baht 299.11 million was doubtful account.

: Expense* In 2019, the amount of Baht 74.69 million, of which Baht 22.90 million was doubtful account.

Overview of Operating Performance

Company and its subsidiaries had revenue classified by product category consist revenue from the distribution of round bar, steel products and structural steel products. Associated company had revenue from the distribution of spun piles, concrete square pile include delivering and pile driving and revenue from sale of concrete railway sleepers.

Operating performance in 2019, revenue from sales and services amount of 233.79 million Baht, in 2018 revenue from sales and services amount of 264.24 million Baht. In 2019 revenue decreased 30.45 million Baht or 11.52% from last year due to the Company and its subsidiaries received decreased orders from customers. Other revenue increase 215.09 million Baht or 3,840.89% due to the company has income from the disposal of assets and write-off of creditors.

The main cost of products such as steel, which is the main raw material in steel. In 2562, the steel price remained fluctuation, uncertain. Therefore, the Company has planned stock procurement to manage the changing of steel price in order to no loss from procurement and stock inventory



The company had sales volume decrease in 2019 as result to the costs of goods and services decreased amount of 34.98 million Baht or decreased 11.49 % compared with the same period last year, which results to year 2019 the Company has Gross loss 35.69 million Baht.

The Company had selling and administrative and other expenses amount of 51.79 million Baht, decreased from the same period of last year amount of 15.26 million Baht or decreased 22.76%.

In 2019 the Company has estimated for doubtful accounts decrease to 22.90 million Baht from the same period last year 276.22 million Baht or decrease 92.34%, which is estimated from the unpaid receivable accounts and advance payment total amount of 32.07 million Baht and has received doubtful debt amount of 9.17 million Baht. Such estimation is based on the company's procedures which is generally accepted accounting principles.

The company had paid remuneration to Directors and Managements amount of 10.92 million Baht, which is increased amount of 0.38 million Baht or 3.61% from the same period last year.

The Company and its subsidiaries had financial cost in 2019 amount of 198.09 million Baht, which increased from the same period of last year amount of 2.86 million Baht or increased 1.46% due to the company's financial costs from interest of bond issuance and financial institution increased from the same period last period.

Therefore from the company's sale revenue and service was decreased, whereas expenses was increased from financial cost and the estimation for doubtful accounts which result to the Company's sale revenue was not sufficient to support the Company's expenses which effect to the company's net loss for this period amount of 65.92 million Baht that represented decrease loss 566.43 million Baht or 89.58% comparing to the same period of last year.

Operating performance of the company and its subsidiaries for the periods as of December 31, 2019 as summarizes the follows:

1) Operating performance

Revenue

For the year ended 31 December 2017, 2018 and 2019, the company had sales and service revenue amount of 666.88 million Baht, 233.79 million Baht and 233.79 million Baht, respectively. For the year 2017 revenue decrease 79.26%. For the year 2018 the revenue decreased 60.38% and year 2019 the company had sales and service revenue decreased 11.52% from the same period of the last year due to decreased orders from customers.

Cost of sales and services

For the year ended 31 December 2017, 2018 and 2019, the company and its subsidiaries had the cost of sale and service amount of 702.41 million Baht, 304.47 million Baht and 269.48 million Baht or 105.33%, 115.22% and 115.27% of the revenue of sale and services, respectively.



In 2019 the proportion of the cost of sales and service to sales and services revenue decreased from the same period last year due to lower order quantity, results to the increase of the Company's reduced expenses.

Expenses

For the year ended 31 December 2017, 2018 and 2019, the company had selling and administrative expenses amount of 85.18 million Baht, 100.01 million Baht and 62.71 million Baht, respectively (this expense included management benefit expenses).

For the year 2019, the company had proportion in selling and administrative expenses as mentioned above decrease amount of 37.30 million Baht or 37.30% from the same period of the last year due to the company had the decreased expenses.

Doubtful accounts

For the year 2019, the company estimated for doubtful accounts amount of 22.90 million Baht consist of 1) allowance of doubtful of trade receivables amount of 15.07 million Baht and 2) allowance doubtful of advance payment amount of 17.00 million Baht and has received doubtful debt amount of 9.17 million Baht, such estimation is in accordance with the rules of the Company which has been applied since 2015 by considering both accounts receivable and other receivables. That expected to be unpaid or overdue and being in accordance with the Company's allowance for doubtful accounts based on previous experience from debt collection and aging analysis, classified by age of debtors as follows:

1) Debtors with outstanding overdue but not exceeding 180 days	Not yet within the criteria for determining allowance for doubtful accounts.
2) Debtors with overdue debt more than 180 days, but not exceeding 365 days	Consider estimation allowance for doubtful accounts of 50%, depending on the suitability and individual considerations.
3) Debtors overdue debt more than 365 days	Consider 100% allowance for doubtful accounts depending on the suitability and individual considerations.

In the case of unusual occurrences, where the debtor is expected to be unable to repay debt to the Company. The Company will make an allowance for doubtful accounts as is appropriate and actual, without waiting for the overdue term as classified by debtor's aging.

The Company has tracked payments from the receivables, which estimated the allowance for doubtful accounts by strictly following the accounting procedure and practices of the Company. In the event, there is no response from the customers or is unable to be contacted or the debtor has defaulted twice for more the Company has submit to legal department to proceed debt collection and claim payment in order for the Company not to lose its benefits.



According to Company procedure, In case the Company has prepaid for the goods and not received the product according to the contract, the Company will proceed to collect the outstanding payment in full as well as a fine at the rate of 7.50%, which is interest rate for missed debt repayment in accordance to civil and commercial law section 224, paragraph one. The refund is considered the status of the counterparty as a debtor of the Company. Therefore, the Company will pursue the claim and follow the same procedure as the debtor. If the Company has pursued payment request to the end and received no response from the customer or cannot contact debtor or the debtor has defaulted payment after extension more than twice, the Company will submit the case to the legal department to pursue debt and claim the rights to receive payment in order for the Company not to lose its benefits.

Financial costs

For the year ended 31 December 2017, 2018 and 2019, the company had financial costs amount of 183.13 million Baht, 195.23 million Baht and 198.09 million Baht, respectively. In 2019 the financial cost increased from the same period of the last year amount of 2.86 million Baht or 1.46%. Company calculates interest at the default rate caused the financial costs are higher than the same period of last year.

Gross (Loss) Profit

For the year ended 31 December 2017, 2018 and 2019 the company and its subsidiaries had gross loss amount of 35.53, 40.22 and 40.23 million Bath respectively which is loss 5.33%, 15.22% and loss 15.27% of revenue from selling and service, respectively. In 2019, the company had gross loss ratio decreased due to the volatility of selling prices, as a result to the Company's gross loss decreased.

Net (Loss) profit

For the year ended 31 December 2017, the company and its subsidiaries loss for the year 1,422.30 million Baht, which were loss attributable to equity holder of the parent amount of 1,320.40 million Baht. In 2018, the company had loss for the year 632.35 million Baht, which were loss attributable to equity holder of the parent amount of 522.86 million Baht and in 2019, the company had loss for the year 65.92 million Baht, which were loss attributable to equity holder of the parent in the amount of 68.53 million Baht, which was attributable to non - controlling interests equity holders' amount of 2.61 million Baht

In 2017, 2018 and 2019, the company had net profit ratio, which is the ratio of net profit and loss for the year attributable to equity holders of the Company ratio to total revenue (193.50)%, (193.76)% and (15.08)%, respectively.

In consideration profit and loss for 2019, attributable to equity holder of the Company was loss amount of 68.53 million Baht, which decrease from the same period of the last year amount of 454.33 million Baht or 86.89% due to in 2019, the company has recognized allowance for doubtful



accounts decreased in the amount of 276.22 million Baht, and also has income from the disposal of assets and write-off of creditors amount of 206.11 million Baht while the revenue and gross profit not sufficient for the company's expenses including the high financial costs level, resulting in the company's operation in 2019 still having such losses.

2) Financial position of company

(Unit : Million Baht)

	2019		2018		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
Total current assets	98.54	20.88	147.20	15.10	552.84	38.57
Total non - current assets	373.45	79.12	827.60	84.90	880.38	61.43
Total assets	471.99	100.00	974.80	100.00	1,433.22	100.00
Total current liabilities	2,407.23	510.02	2,815.86	288.87	2,632.08	183.65
Total non - current liabilities	48.03	10.18	71.46	7.33	81.31	5.67
Total liabilities	2,455.26	520.19	2,887.32	296.20	2,713.39	189.32
Share capital						
- 9,600,000,000 shares, Baht 1.00 par value	9,600.00		9,600.00		9,600.00	
Issued and fully paid - up share capital						
- 3,115,268,236 shares, Baht 1.00 par value	3,115.27	660.03	3,115.27	319.58	3,115.27	217.36
Premium (Discount) on share capital	(1,062.82)	(225.18)	(1,062.82)	(109.03)	(1,062.82)	(74.16)
Deficit	(4,080.15)	(864.46)	(4,007.11)	(411.07)	(3,484.25)	(243.11)
Other component of equity	73.69	15.61	73.69	7.56	73.69	5.14
Total equity attributable to equity holders of the parent company	(1,954.01)	106.20	(1,880.97)	103.24	(1,358.11)	94.56
Non - Controlling interests	(29.25)	(6.20)	(31.55)	(3.24)	77.94	5.44
Total Shareholders' equity	(1,983.26)	100.00	(1,912.52)	100.00	(1,280.17)	100.00

2.1) Asset Components

For the period ended 31 December 2019, the company and its subsidiaries had total assets 471.99 million Baht decreased from end of the year 2018 amount of 974.81 million Baht, or decreased 51.58%, main transaction of most assets increased (decreased) due to (1) Current assets decreased amount of 48.66 million Baht or 33.06% consisting of Cash and cash equivalents decreased amount of 11.62 million Baht or 61.45%. Trade and other receivables decreased amount of 40.15 million Baht or 42.04%. Short-term loans to other persons decreased amount of 1.30 million Baht or 56.52%. Inventories increased amount of 3.25 million Baht or 10.66% and Advance payment for goods increased amount of 1.16 million Baht (2) Non-current assets decreased amount of 454.15 million Baht or 54.88% which is consisting of Bank deposit pledged as collateral decreased amount of 2.42 million Baht or



78.57%. Investments in associated companies decreased amount of 3.69 million Baht or 2.23%. Investment property increased amount of 2.27 million Baht or 37.27%. Property, plant and equipment decreased amount of 451.16 million Baht or 69.52% and other non-current assets increased amount of 0.85 million Baht or 21.63%

The significant of increased and decreased assets are as follows:

Trade accounts receivable

As end of 2017, 2018 and 2019 the company and subsidiaries had trade and other receivables-others 335.29 million Baht, 95.51 million Baht, and 55.36 million Baht respectively of which such amount were trade accounts receivable to related parties. In 2017 amount of 0.42 million Baht and in 2018 and 2019, no accounts receivable to related parties.

Trade account receivable in 2017, 2018 and 2019 were 321.92 million Baht, 35.99 million Baht and 27.96 million Baht respectively, which represented aging of trade accounts receivable as follows:

Aging of trading accounts receivable

(Unit : Million Baht)

	2019	2018	2017
Within credit term	6.52	35.42	306.99
Over due 1 to 90 days	5.32	0.00	2.03
Over due 91 to 180 days	3.69	17.46	11.61
Over due 181 to 365 days	26.45	301.29	431.53
Over due over 1 year	2,093.52	1,825.65	1,412.77
Total	2,135.50	2,179.82	2,164.92
Less : Allowance for doubtful	(2,107.54)	(2,143.83)	(1,843.42)
Total	27.96	35.99	321.51

As at 31 December 2019, trade accounts receivable of the company and its subsidiaries were within credit term amount of 6.52 million Baht, and being overdue from 1-90 days in the amount of 5.32 million Baht. The over due 91 days to overdue over 1 year total amount of 2,123.66 million Baht. In 2019 had estimated for doubtful accounts receivable of 2,107.54 million Baht.

The overdue 1-90 days account receivable has been increased comparing to account receivable end of 2018 and 2017. The over due 91 days to over 1 year account receivable at end of 2019 is greater than end of 2018 and 2017 due to in 2019 the company's receivables are affected from economic conditions and steel demand as result to revenue on sales decreased and some account receivable faced liquidity problem. The company has closely tracked the payment of accounts receivable and strictly in consideration credit to account receivable.

**Inventories (Net)**Component of Inventories

(Unit : Million Baht)

	2019	2018	2017
Finished goods	23.17	26.17	44.88
Raw materials	13.91	6.63	44.75
Work in process	0.49	0.00	0.00
Supplies	4.80	4.57	4.61
Less : Allowance for declining in value of inventories	(8.64)	(6.89)	(5.70)
Total	33.73	30.48	88.54

As at 31 December 2019, the Company and its subsidiaries have inventories amount of 33.73 million Baht increased from end of 2018 amount of 30.48 million Baht or increased 10.66% due to the company has completed the production according to purchase order and being delivered as per customer's order.

Property, plant and equipment

As December 31, 2019, Property, plant and equipment amount of 197.77 million Baht, decreased from end of 2018 amount of 51.22 million Baht due to the ownership of the land and buildings has been transferred In order to pay the debt of the company to the existing debenture holders.

2.2) LiquidityCash Flow

(Unit : Million Baht)

Statement of Cash Flow	2019	2018	2017
Profit (loss) from operating activities before change in operating assets and liabilities	(43.93)	(69.94)	(50.48)
Net cash receive (payment) from operating activities	4.45	(42.12)	30.15
Net cash provided by (used in) from operating activities	(39.48)	(112.06)	(20.33)
Net cash provided by (used in) from investing activities	(0.54)	3.03	1.37
Net cash provided by (used in) from financing activities	28.40	(0.62)	(34.35)
Net increase or (decreased) in cash and cash equivalents	(11.62)	(109.65)	(53.30)
Cash and cash equivalents-Beginning of year	18.90	128.56	181.86
Cash and cash equivalents-End of period	7.28	18.91	128.56

Remark: Cash flow statement from the consolidated financial statement



For the year period ended December 31, 2019 the company and its subsidiaries had cash flow balance 7.28 million Baht. In 2019 cash received from working capital to be used in business as details below:

Statement of cash flows of the Company and its subsidiaries for 2019, the company received and used cash flow in the following activity.

The company paid net cash for operating activities in the amount of 39.48 million Baht. There are significant transactions as follows:

(1) The company has operating losses before the change of assets and liabilities in the amount of 43.93 million Baht.

(2) The company received net cash in assets and liabilities from operating activities in the amount of 4.45 million Baht with the following details:

- The company received cash transactions in operating assets and liabilities in the amount of 18.61 million Baht, as trade and other receivables in the amount of 17.62 million Baht, trade and other payables in the amount of 0.86 million Baht and other non-current liabilities in the amount of 0.13 million Baht.

- The company has net cash payments in operating assets and liabilities in the amount of 14.16 million Baht, which are important expenses such as inventories amount of 4.99 million baht, advance payment for goods amount of 1.17 million Baht, other non-current assets in the amount of 0.94 million Baht, employee benefit obligations amount of 0.46 million Baht and tax payment amount of 6.60 million Baht

The company has net cash received in investing activities amount of 0.54 million Baht, the major items as the following:

- Net cash received from interest income 0.81 million Baht. Cash paid from bank deposit pledged as collateral 2.42 million Baht. Short-term loans from other persons and parties 4.30 million Baht and cash received from sales of property, plant and equipment 0.80 million Baht.

- The company paid cash for buying property, plant and equipment amount of 2.18 million Baht and investment property amount of 3.19 million baht and paid cash to increase capital in an associated company in the amount of 3.50 million Baht.

The company has net cash received in financing activities amount of 28.40 million Baht, the major items as the following:

- Net cash received from interest income the sale of investment in subsidiary company in the amount of 0.19 million Baht, received from short-term loans from related parties 5.00 million Baht and cash received from short-term loans from other persons in the amount of 50.00 million Baht.



- The company has net cash paid from Short-term loans from financial institutions 1.26 million Baht, interest expenses 0.07 million Baht and cash paid on asset transfer for debentures repayment in the amount of 25.46 million Baht.

Liquidity Ratio

For the year 2017, 2018 and 2019, the Company and its subsidiaries had current asset to current liability ratio equal 0.21 times, 0.05 times and 0.04 times. The Company's liquidity in 2019 decreased from end of 2018 due to the Company did not completely repay debt in accordance with debt restructuring agreement, the Company reclassified all debts as current portion of liabilities under debt restructuring agreement as a result to current liabilities increased, which affected to liquidity ratio of the company and the company had receivables for goods decreased from the estimated allowance for doubtful accounts as a result to the company's current assets in this portion decreased. This main reason mentioned above result to the company's financial liquidity decreased from the last year.

2.3) The source of fund

Liability

As of December 31, 2019 the Company and subsidiaries had liabilities amount of 2,455.26 million Baht, decreased from end of the year 2018 amount of 432.06 million Baht or increase 14.96%. Major decreased liability occurred from debenture creditors decreased by 550.00 million Baht due to Rich Asia Industry Company Limited (subsidiary) transferred ownership of land and buildings in order to pay the debt of the company to the existing debenture holders and Rich Asia Industry Company Limited (a subsidiary company) has been transferred the rights of claims from the existing debenture holders

Debt to equity ratio as of December 31, 2019 equal (1.24) times decreased from end of 2018, which had debt to equity ratio (1.51) times.

Shareholder's Equity

As of December 31, 2019 the Company and subsidiaries had shareholder's equity amount of (1,983.26) million Baht, increase 70.74 million Baht from end of the year 2018 or increase 3.70%, which equity holders of the parent amount of (1,954.01) million Baht, increase from end of year 2018 amount of 73.04 million Baht or increase 3.88% due to the Company had loss for the year 2019 amount of 65.92 million Baht, which was loss for equity holders of the parent amount of 68.53 million Baht that result to as at 31 December 2019 the Company had return on equity ratio 3.57%, which decreased from end of the year 2018 that return on equity ratio was 32.28%.

From such above the performance, the company's liquidity in 2019 remain decreased, which current assets' worth less than current liabilities. Due to the postponement of the payment of trade receivables and the allowance for doubtful accounts and advance payment for goods. The turnover of



inventories ratio in 2019 had turnover rate less than 2018 and the Company's current liabilities increased from reclassifying all amount of the liabilities under debt restructuring agreement to current liabilities. The overall mentioned above had affected to the Company's liquidity decreased.

Debt to Equity ratio in 2019 was (1.24) times, which decreased from 2018, due to in 2019, the Company had loss amount of 65.92 million Baht, which had loss for the year attributable to equity holders of the company amount of 68.53 million Baht, thus affected to decreasing of shareholders' equity as result to the company had debt to equity ratio huge increased.

In 2019, the Company had net profit ratio (15.08%), which rate of return decreased from 2018 and 2017 due to the Company had high loss. The main cost items, which affected to net loss this year, were doubtful account and financial costs. In case of the Company receives payment from the account receivable, doubtful accounts mentioned above will be reversed to be revenue in the period of receiving payment. In addition, in case of the company could find new sources of fund, the company could reduce the burden of current financial costs, which as result to the company's net profit ratio could be increased.

Net loss in 2019 which is mentioned above has resulted to return on equity ratio in 2019 as 3.57%, which rate of return decreased from the year 2018 but increased from the year 2017

The Company's Management recognized to the operating problem both of loss from financial costs and the estimation for doubtful debts of the company include financial liquidity and liability problems. The company is in process of acceleration to resolve the above problems for the administration, controlling and monitoring of payments from account receivables, sourcing investors and business partners to find new funding sources as well as adjusting the financial structure to enable the company having stronger financial structure.

2. Factors affecting the performance in future

The Company and subsidiaries have analyzed factors that will affect the future operations of the group companies, which conduct business in the construction industry as follows:

1. The investment policy of the Government

Major infrastructure investment plans or mega projects In the fiscal year 2020, there is a budget to invest in both the regular budget and the investment budget of the state enterprise department total approximately more than 300 billion Baht. When the budget act of 2020 announced the Ministry of Transport will expedite the project immediately and has given the policy to the Department who manage large-scale projects to be completed within 2 years, as well as the special highway project between Bang Pa-in - Saraburi - Nakhon Ratchasima which separated the project into 40 contracts, resulting to the faster project management by reviewing the details of contract conditions and contractual terms and conditions or TOR as well as specify 50% usage of local content and local labor for the remaining 7 months before the end of budget year 2020 and giving the policy to all departments to accelerate the



disbursement before 30 September 2020, which investment in infrastructure of the ministry will gradually operate to stimulate the economy.

In this regard, there are 86 transportation investment projects that need to be accelerated in the fiscal year 2020, which the important projects has been approved by the Cabinet and in the process of preparation such as

- The Rama 3 - Dao Khanong – Western Outer Ring Road Expressway Project that used Thailand Future Fund (TFF). Currently, 4 bidders have been awarded to sign 1 contract, 3 contracts have not yet been signed.
- The MRT Purple Line Tao Poon - Rat Burana Project is under announcing the pending expropriation decree and prepare a tender.
- The new railway line, Den Chai - Chiang Rai - Chiang Khong, is awaiting the allocation 2020 for engage consultants to arrange the tender and land expropriation.
- The a new railway line, Ban Phai - Mukdahan - Nakhon Phanom, is awaiting the allocation 2020 budget to engage consultants to organize the tender and land expropriation.
- The Nakhon Phanom Border Transport Center Project In the process of procuring land and beginning in 2020 to find private investments.
- The project of the construction of 3 red railway lines, namely Rangsit - Thammasat University, Rangsit Center, Taling Chan - Salaya, and Taling Chan - Siriraj section, will open for service in 2023.
- The projects in the EEC area, such as the Laem Chabang Port Phase 3 development project, are currently being selected for private investment and the MRO aircraft maintenance center project is expected to sign a joint venture agreement between Thai Airways International Public Company Limited and Airbus within July 2020.

Development the transportation infrastructure and investment projects in important transportation having economic returns rate of more than 12 percent reflecting that each project is worth for investment from the relatively high economic returns.

Source: Interview with InfoQuest News Agency About the infrastructure development investment plan

http://motapplication.mot.go.th/mot/20-news-web/NewsDetail.html?ROW_ID=296270&ROW_ID_NEWS_M_GROUP=3

Therefore, the management confident that government investment projects in 2020 will be the key factor that encourages investment in private sector to be grown and expanded as well which will lead to investment in both construction for commercial and residence, and expected that such construction projects will expand in next 3-5 years from 2019 various projects will cause to increase the demand for various types of construction materials including steel used in construction, particularly round bars, wire rods, steel pipes, structural steel and railway steel including concrete pile, concrete sleeper and other concrete products, which is the opportunity to increase sales volume and profitability of the group.



2. Change of exchange rate

Economic and Business Research Center Siam Commercial Bank (EIC) analyzed the view of the Thai baht in 2020 will be in the range of 29.5-30.5 baht per US dollar from the year 2019 at 31.05 baht per US dollar that strengthen 4.1% from 2018.

In 2020, it is expected that there will be factors the US dollar depreciated resulting to Thai baht strengthen, the worsening global economy will increase demand for the US dollar due to it's main currency of the world and has low risk. In case the global economy tends to improve the risk of the global recession is reduced, the demand for US dollars also reduce. Thai baht therefore has an opportunity to be strengthen.

Renminbi that is likely to strengthen resulting to the regional currencies including Thai Baht also strengthen. During the violent trade war the Renminbi dropped quite significantly which affected to Chinese products have advantages in price competition over other countries. However the trade war tends to reduce the violence, the confidence of world investors increased, therefore the Renminbi is more likely to strengthen and Thai Baht also has chance to strengthen.

Source: <https://www.brandbuffet.in.th/2020/01/eic-forecast-strong-baht-2020/>

As the company imports raw materials, products and equipments from abroad, which the change of exchange rates is an important factor for the company's purchase, therefore, in case the Baht trend is appreciate will benefit the company for various equipment import. However, in case it is the import of raw materials or steel products, although the baht appreciation will be good for imports of goods and raw materials, but the company must simultaneously consider the legal changes regarding anti-dumping measures that the government has issued new laws., whether the various import costs will affect the costs and make the company get the most benefits. In addition, the company is aware of financial planning to prevent the risk from purchasing goods from foreign countries with financial institutions in advance to reduce the risk of foreign exchange losses as well.

3. Oil price

In steel production, there is necessity to consume gas or oil in production, including delivery to customer. Therefore, fuel cost is one of major factor of steel business operation.

Crude oil prices in 2020 are likely be pressured after the market is worried about an outbreak of a new strain of the corona virus which may cause oil demand to slow down. In addition, the market relieves concerns from the unrest in Libya as the missing production capacity in Libya may be compensated by OPEC producers with high reserves. Meanwhile, crude oil production from shale oil in the United States in February 2020 is expected to expand at the lowest level since February 2019. However, crude oil exports of the United States is expected to remain at a high level due to the



consumption demand is likely to decrease and refineries are entering to the seasonal maintenance shutdown.

Source: www.bangkokbiznews.com Thai Economic News Oil Forecasts 'Oil Price' Situation 27-31 Jan 63

Trend of oil price in 2020 still fluctuate which affected to cost of production and transportation costs of the company's business. Therefore, the management has to plan for control closely in production cost, the selling price, as well as transportation cost in order to manage efficiency business operation.

Audit Fee

1. Audit fee

The company and subsidiaries had the audit fee in 2019 to office of the auditor was Sam Nak-Ngan A.M.C Co., Ltd. total amount of 1.60 million Baht as detail follows:

Item	Name of Company Payer	Auditor Name	Audit Fee (Baht)
1	Rich Asia Corporation Public Company Limited	Mr. Naris Saowalagsakul	1,100,000.00
2	Rich Asia Industry Company Limited	Mr. Naris Saowalagsakul	390,000.00
3	G.Y.T. Engineering Company Limited	Mr. Naris Saowalagsakul	110,000.00
Total audit fee			1,600,000.00

2. Non-audit fee

The company and subsidiaries had the other service fees in 2019, such as due diligence audit, transportation, allowances when working outside normal working hours and legal expenses as the actual expenses (if any) as detail follows:

Item	Name of Company Payer	Type of other service	Other service fee (Baht)	
			Payment during the fiscal year	Payment in the 2020
1	Rich Asia Corporation Public Company Limited	Audit Expenses	49,200.00	5,132.00
2	Rich Asia Industry Company Limited	Audit Expenses	10,245.00	4,069.00
3	G.Y.T. Engineering Company Limited	Audit Expenses	4,299.00	84.00
Total non-audit fee			63,744.00	9,285.00

Auditor, Mr. Naris Saowalagsakul and Sam Nak-Ngan A.M.C Co., Ltd., who are not related or there are conflicts of interest with the Company and subsidiaries, executive directors, the major shareholders, or related to such person.



Resume of Directors and Managements as of December 31, 2019

Name Age / Position	Education	Relationship with Other management	* % of Shareholders as of Dec. 31, 2019	Experience	
General Watanachai Chaimuanwong Age : 76 Chairman (Independent Director)	Bachelor of Science Chulachomkiao Royal Military Academy Command and Staff College#51 Royal Thai Army War College#28 National Defence College of Thailand#399 Director Accreditation Program (DAP) 89/2011	-None-	-None-	18 Mar. 2011- Present 2010 – 2018 2002 – 2003 2001 – 2002 1999 - 2001	- Chairman Rich Asia Corporation Public Company Limited - Chairman Royal Turf Club of Thailand under Royal Patronage - Deputy Commander in Chief, Royal Thai Army - Assistant Commander in Chief, Royal Thai Army - Army Area Commander
Mr. Surapong Churangsarit Age : 64 Vice Chairman / Chairman of Audit Committee (Independent Director) / Nomination and Remuneration Committee	Master Degree Business Administration Ramkhamhaeng University Bachelor Degree Business Administration Ramkhamhaeng University Certified Internal Auditor (CIA) Director Accreditation Program (DAP) 52/2006	-None-	-None-	2 Apr. 2010 - Present 27 Jan. 2006 - 2010 Nov. 11 2016 - Present 2016 – Present 2016 – Present 2016 – Present 2014 - 2015 2002 - 2011 1999 - 2001	- Vice Chairman / Chairman of Audit Committee Rich Asia Corporation Public Company Limited - Independent Director / Audit Committee Rich Asia Corporation Public Company Limited - Nomination and Remuneration Committee Rich Asia Corporation Public Company Limited - Independent Director Chaopraya Mahanakorn Public Company Limited - CAC Certification Committee Thai Institute of Directors - Advisor The Institute of Internal Audit of Thailand - Chairman of the Board The Institute of Internal Audit of Thailand (Agenda year 2014 - 2015) - First Vice President Internal Audit Department Siam City Bank PLC. - AVP. Internal Audit DBS Thai Danu Bank PLC.



Name Age / Position	Education	Relationship with Other management	* % of Shareholders as of Dec. 31, 2019	Experience	
Mrs. Pimsiri Keeratitiansiri Age : 69 Director	Diploma Degree Accounting Bangkok Business College Director Accreditation Program (DAP) 51/2006	Aunt of Ms. Angkakar Tantiviroon	2.15%	27 Jan. 2006 - Present 2000 – 2003 1992 - 1999	- Director Rich Asia Corporation Public Company Limited - Accounting Manager Thanasarn Import-Export Ltd. (Agricultural) - Auditor Assistant GT Steel Works Co., Ltd. (Produce and sell steel bars and scrap)
Dr. Rittirong Intarajinda Age : 56 Director / Chairman of Nomination and Remuneration Committee	- Ph.D. Electrical Engineering Thammasat University - Master Degree Engineering King Mongkut's institute of Technology North Bangkok - Bachelor Degree Electrical Engineering Rajamangala University of Technology Phra Nakhon Chotiwet Campus - Advanced Certificate Course in Politics and Governance in Democratic Systems for Executives - Diploma, National Defence College, The State , Private Sector and Political Sectors Course Class 5 - Diploma, Top Executive Program in Energy Science Course, Class 12, Energy Academy - Diploma, Public Order Management for Public Co-operation Course Class 7, Educational Bureau, Royal Thai Police Director Accreditation Program (DAP) 52/2006	-None-	-None-	27 Jan. 2006 - Present Nov. 11 2016 - Present 2014 2013 - Present 2013 - Present 2010 - Present 2007 - Present 1994 – Present 1991 – Present	- Director Rich Asia Corporation Public Company Limited - Chairman of Nomination and Remuneration Committee Rich Asia Corporation Public Company Limited - Secretary of Transportation Senate Committee - Lecturer, Faculty of Science and Technology Bangkokthonburi University - Managing Director Ban-non Co., Ltd. (Housing business) - Managing Director Cmac Esco Thailand Co., Ltd (LED Lamp business) - Managing Director Team Service System Co., Ltd. (Management Electrical system, water system and Air-condition system) - Managing Director Team Vis Construction Co.,Ltd. - Managing Partner Team Electric Engineering Partnership (Install Electrical system, Air-condition system and Communication system



Name Age / Position	Education	Relationship with Other management	* % of Shareholders as of Dec. 31, 2019	Experience	
Ms. Angkarn Tantiviroon Age : 55 Director / Chief Executive Officer / Nomination and Remuneration Committee	Bachelor Degree Economics Ramkhamhaeng University Bachelor Degree Business and Finance Hasting College UK. University Director Accreditation Program (DAP) 51/2006	Granddaughter of Mrs. Phimsiri Keeratithiansiri	1.49%	17 Apr. 2015 - Present 1 Feb. 2015 - Present 11 Nov. 2016 - Present Mar. 2016 - Present Feb. 2015 - Present Oct. 2005 - May 2014 2011 - May 2014 2010 - May 2014 10 May 1999 - 30 Sep. 2005 2003 - 21 Jun. 2010 1989 - 2001	- Director Rich Asia Corporation Public Company Limited - Chief Executive Officer Rich Asia Corporation Public Company Limited - Nomination and Remuneration Committee Rich Asia Corporation Public Company Limited - Director Skywell (Thailand) Co., Ltd. *** - Director G.Y.T. Engineering Co., Ltd. - Director / Chief Executive Officer Rich Asia Corporation Public Company Limited - Director Rich Asia Industry Co., Ltd. - Director Thai National Product Co., Ltd. - Director Rich Asia Trading (Thailand) Co., Ltd. - Planner Administrator Rich Asia Industry Co., Ltd. - Manufacturing Director GT Steel Works Co., Ltd. (Produce and sell steel bars and scrap)
Mr. Somkiat Vongsarajana Age : 57 Director / Managing Director / Risk Management Committee	Bachelor Degree Business Administration (First Honor) Bangkok University Director Accreditation Program (DAP) 51/2006	-None-	0.13%	27 Jan. 2006 - Present 1 Oct. 2005 - Present 11 Nov. 2016 - Present 2011 - Present	- Director Rich Asia Corporation Public Company Limited - Managing Director Rich Asia Corporation Public Company Limited - Risk Management Committee Rich Asia Corporation Public Company Limited - Director Rich Asia Industry Co., Ltd.



Name Age / Position	Education	Relationship with Other management	* % of Shareholders as of Dec. 31, 2019	Experience	
Mr. Somkiat Vongsarojana (Continue)				2010 - Present 1 Mar. - 30 Sep. 2005 2001 - 2005 1993 - 2001	- Director Thai National Product Co., Ltd. - Asst. Managing Director Rich Asia Corporation Public Company Limited - Project Finance Manager Felix Hotel Management Co., Ltd. - Project Finance Manager Rich Asia Industry Co., Ltd.
Mr. Teera Phoncharoensuk Age : 49 Director / Production Director	- Bachelor Degree Engineering King Mongkut's University of Technology Thonburi Director Accreditation Program (DAP) 51/2006	-None-	0.10%	27 Jan. 2006 - Present Feb. 2015 - Present 1 Oct. 2005 - Present 2011 - Present 2010 - Present 1 Apr. - 30 Sep. 2005 1999 - 2004	- Director Rich Asia Corporation Public Company Limited - Director G.Y.T. Engineering Co., Ltd. - Production Director Rich Asia Corporation Public Company Limited - Director Rich Asia Industry Co., Ltd. - Director Thai National Product Co., Ltd. - Production Manager Rich Asia Corporation Public Company Limited - Factory Manager GT Steel Works Co., Ltd. (Produce and sell steel bars and scrap)
Asst.Prof.Dr. Nakhun Thoraneenitiyan Age : 44 Director / Audit Committee (Independent Director) / Chairman of Risk Management Committee	- Doctoral Degree Banking and Finance The University of Queensland, Australia - Master Degree Banking and Finance Sripatum University	-None-	-None-	30 Apr. 2010 - Present 11 Nov. 2016 - Present 2017- Present	- Independent Director / Audit Committee Rich Asia Corporation Public Company Limited - Chairman of Risk Management Committee Rich Asia Corporation Public Company Limited - Assistant Professor, Department of Cooperatives, Faculty of Economics, Kasetsart University



Name Age / Position	Education	Relationship with Other management	* % of Shareholders as of Dec. 31, 2019	Experience	
Asst.Prof.Dr. Nakhun Thoraneenitiyan (Continue)	<ul style="list-style-type: none"> - Bachelor Degree Finance Bangkok University - Bachelor Degree Business Economics Sukhothai Thammatirat Open University - Bachelor Degree , Law Sukhothai Thammatirat Open University - Bachelor of Accountancy, Sukhothai Thammathirat Open University - Bachelor of Public Administration (Human Resources Management), Sukhothai Thammathirat Open University - Bachelor of Political Science (International Relations), Sukhothai Thammathirat Open University Director Accreditation Program (DAP) 84/2010			2013 - Present 2015 - 2017 2011 - 2017 2013 - 2015 2009 - 2013 2007 - 2008 2007 - 2008 2000 - 2009 1998 - 2000 1997 - 1998	<ul style="list-style-type: none"> - Member of Revenue and Asset Management Board, Pathumwan Institute of Technology - Director, Sripatum Business Incubator, Sripatum University - Lecturer, Master of Business Administration Program for Finance Manager, Faculty of Business Administration, Kasetsart University - Assistant Dean for Academic Affairs Sripatum Business School, Sripatum University - Head of Finance and Banking Department Faculty of Business Administration, Sripatum University - Advisor, Thai Rating Information Service Co., Ltd. - Performance Auditor Ministry of Natural Resources and Environment - Lecturer, Department of Finance and Banking Faculty of Business Administration Sripatum University - Business Analyst P.S. Consulting Group Co., Ltd. - Securities Marketing Officer Jardine Flaming Thanakorn Co., Ltd.
Pol.Lt.Gen. Mongkol Kamolbutra Age : 76 Director / Audit Committee (Independent Director) / Risk Management Committee	<ul style="list-style-type: none"> Master of Public Administration, Major Public Management, Chulalongkorn University Bachelor of Public Administration, Major Police Management, Royal Police Cadet Academy 	-None-	-None-	27 Feb. 2013 - Present 11 Nov. 2016 - Present 2019 - Present 2016 - 2018	<ul style="list-style-type: none"> - Independent Director / Audit Committee Rich Asia Corporation Public Company Limited - Risk Management Committee Rich Asia Corporation Public Company Limited - Chairman of Central Investigation Bureau Special Branch Forensic Science Savings And Credit Cooperative Limited - Vice Chairman



Name Age / Position	Education	Relationship with Other management	* % of Shareholders as of Dec. 31, 2019	Experience	
Pol.Lt.Gen. Mongkol Kamolbutra (Continue)	Director Accreditation Program (DAP) 89/2011			2016 - Present 2012 - Present 2007 - Present 2007 - 2008 2005 - 2008 2006 - 2007 2004 - 2006	Central Investigation Bureau Special Branch Forensic Science Savings And Credit Cooperative Limited - Vice Chairman The Federation of Savings and Credit Cooperatives of Thailand Limited - Instructor, Advanced Power Management Program, Ministry of Energy - Advisor, Chairman, Royal Turf Club of Thailand under Royal Patronage - Chairman, Police Printing Bureau - Lecturer, Master of Public Administration Program, Bansomdejchaopraya Rajabhat University - Advisor, Advisor of the Prime Minister's Office - Chief Inspector, SME Bank
Ms.Vachira Chobchoopol Age : 51 Acting Chief Financial Officer (CFO) / Financial Manager	Bachelor Degree Bachelor of Education (Mathematics) Phuket Rajabhat University. - passed the training course "Office policy SEC in developing capital and supporting the work of listed companies" (2 hours) - passed the training course "Retired until ruined by hidden danger from employee benefit obligations" (2 hours) (The 12 hour Orientation Course training will be completed as announced.)	-None-	-None-	1 Jan. 2019 - Present 18 Mar. 2014 - Present 1 Feb. 2007- 17 Mar. 2014	- Acting Chief Financial Officer Rich Asia Corporation Public Company Limited. - Financial Manager Rich Asia Corporation Public Company Limited. - Financial Manager PMK Diamond Glass Co., Ltd.
Mr.Suwit Butprom Age : 36 Assistant Accounting	Bachelor Degree Business Administration (Accounting) Dhonburi Rajabhat University.	-None-	-None-	1 Oct.2012 – Present. 1 Feb. 2012 – 30	- Accounting Manager Assistant Rich Asia Corporation Public Company Limited. - Accounting officer



Name Age / Position	Education	Relationship with Other management	* % of Shareholders as of Dec. 31, 2019	Experience	
Manager (Accounting Controller)	- passed the training course "In-depth analysis of financial statements" (Accounting 6 hours) - passed the traing course "The collection of tax issues that must be resolved in the business of selling goods and services" (Other 6 hours)			Sep. 2012 1 Jun.2011 – 31 Jan. 2012 7 Nov.2005 – 30 May.2011	Rich Asia Corporation Public Company Limited. - Accounting officer Rich Asia Industry Co., Ltd. - Accounting officer Rich Asia Corporation Public Company Limited.
Ms. Nongluck Sarochsuwan Age : 52 Company Secretary** / Manager of CEO. Office	Bachelor Degree Business Administration (Accounting) Rajamangkala University of Technology Thanyaburi Bachelor Degree Business Administration (General Management) Sukhothai Thammathirat Open University - passed the training course "Law and regulation for new secretary of the Securities and Exchange Law" from Research of Law and Development Center, the Faculty of Law of Chulalongkorn Univeresity - passed the training course " Anti-Corruption: The Practical Guide" from IOD	-None-	-None-	1 Feb. 2008 - Present 1 Jan. 2008 - Present 1997 - 2007	- Company Secretary Rich Asia Corporation Public Company Limited - Manager of CEO. Office Rich Asia Corporation Public Company Limited - Project Finance Manager Rich Asia Industry Co., Ltd.**

Remark * Including share of related person under section 258 of SET Law

** Duty of company secretary show in title "Corporate Governance"

*** Rich Asia Utilities changed its name to Skywell (Thailand) Co., Ltd. on February 12, 2019



Authority Details of Director and Management of Rich Asia Corporation Public Company Limited as of December 31, 2019

Name	Position in the Company	Position in subsidiary and associates			
		Subsidiaries		Associates	
		Rich Asia Industry Co., Ltd.	G.Y.T. Engineering Co., Ltd.	Skywell (Thailand) Co., Ltd.*	Thai National Product Co., Ltd.
		The company owns 51.88%	The company owns 94.82%	The company owns 19.99%	The company owns 29.89%
1. Gen. Watanachai Chaimuanwong	W	-	-	-	-
2. Mr. Surapong Churangsarit	X, N	-	-	-	-
3. Mrs. Pimsiri Keeratitensiri	/	-	-	-	-
4. Dr. Rittirong Intarajinda	/	-	-	-	-
5. Ms. Angkakarn Tantiviroon *	/, V, //, U	-	/	/	-
6. Mr. Somkiat Vongsarojana	/, //, ///, U	/	-	-	/
7. Mr. Teera Phoncharoensuk	/, //, U	/	/	-	/
8. Asst.Prof.Dr. Nakhun Thoraneenitiyan	/, Z	-	-	-	-
9. Pol.Lt.Gen. Mongkol Kamolbutra	/, Z	-	-	-	-

* Rich Asia Utilities Co., Ltd. changed its name to Skywell (Thailand) Co., Ltd. on February 12, 2019.

Remark:

W = Chairman

X = Vice Chairman

/ = Director

V = Chief Executive Officer

U = Management

N = Chairman of Audit Committee

Z = Audit Committee

// = Executive Committee

/// = Managing Director



Authority Details of Director of Subsidiaries and associates as of December 31, 2019

Name	Position in subsidiaries and associates			
	Subsidiaries		Associates	
	Rich Asia Industry Co., Ltd.	G.Y.T. Engineering Co., Ltd.	Skywell (Thailand) Co., Ltd.*	Thai National Product Co., Ltd.
	The company owns 51.88%	The company owns 94.82%	The company owns 19.99%	The company owns 29.89%
1. Ms. Angkakarn Tantiviroon	-	/	/	-
2. Mr. Somkiat Vongsarojana	/	-	-	/
3. Mr. Teera Phoncharoensuk	/	/	-	/

* Rich Asia Utilities Co., Ltd. changed its name to Skywell (Thailand) Co., Ltd. on February 12, 2019.

Remark: / = Director



Report of Board of Director's Responsibilities to Financial Statements


Board of Directors recognizes the importance and responsibility for the financial statement of Rich Asia Corporation Public Company Limited and the consolidated financial statement of the Company and its subsidiaries. These financial statements are prepared in accordance with generally accepted accounting standards using appropriate accounting policies that are applied on a consistent basis. The financial statements are also prepared after careful consideration and, when applicable, use of appropriate estimates and judgments. Adequate significant information has been disclosed in the notes to these financial statements for transparent use by shareholders and investors.

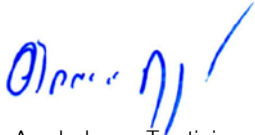
Board of Directors has assigned the Managements to provide and maintain an effective internal control system to ensure that the accounting records are accurate, complete and sufficient to safeguard the assets of the Company and prevent corruption or abnormal operation significantly.

The Audit Committee, comprising independent directors, has responsibility for monitoring and reviewing the quality of the financial reports and internal control system. In this respect, the Audit Committee's view regarding such matters is stated in the Annual Report under the Audit Committee's Report.

Board of Directors opine that the Company has an adequate internal control system and internal audit and confidence that separated financial statement and consolidated financial statement of the Company and its subsidiaries as of December 31, 2019 are reliable under generally accepted accounting standards, legally and related regulations.

General


(Watanachai Chaimuanwong)
Chairman


(Miss Angkakarn Tantiviroon)

Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of RICH ASIA CORPORATION PUBLIC COMPANY LIMITED

Opinion

I have audited the accompanying consolidated and separate financial statements of RICH ASIA CORPORATION PUBLIC COMPANY LIMITED and its subsidiary companies (the Group) and also of RICH ASIA CORPORATION PUBLIC COMPANY LIMITED only (the Company) respectively, which comprise the consolidated and separate statements of financial positions as at December 31, 2019, and the related consolidated and separate statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended and the consolidated and separate notes to financial statements including a summary of significant accounting policies.

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the consolidated and separate financial position of RICH ASIA CORPORATION PUBLIC COMPANY LIMITED and its subsidiary companies and also of RICH ASIA CORPORATION PUBLIC COMPANY LIMITED only respectively as at December 31, 2019, and of their consolidated and separate 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 and the Company in accordance with the Federation of Accounting Professions' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Material uncertainty on going concern

I draw attention to the note to financial statements No. 2.1 the Group and the Company incurred a net loss for the year ended December 31, 2019 in the consolidated financial statements amount of Baht 65.91 million and in the separate financial statements amount of Baht 157.99 million and as at December 31, 2019 the Group and the Company had current liabilities exceeded current assets by amount of Baht 2,308.69 million and amount of Baht 2,284.43 million and total liabilities exceeded total assets by amount of Baht 1,983.26 million and amount of Baht 2,050.13 million respectively. These conditions, along with other matters as set forth in note to financial statements No. 2.2, 17, 19, 20, 21 and 29 indicate the existence of a material uncertainty that may cast significant doubt about the Group and the Company's ability to continue as a going concern. My opinion is not modified in respect of these matters.

Emphasis of matter and event

I draw attention to the note to financial statements as follows:-

1. As mention in note to financial statements No. 7.1(b) as at December 31, 2019 the Group and the Company has foreign account receivable in amount of Baht 313.92 million and amount of Baht 224.57 million respectively. Such receivable has condition to payment by letter of credit within 180 days, deliver goods at the factory of the Group (Ex-work). When payment is due, the debtor was defaulted to repayment. The Group has recognized allowance for doubtful account in whole amount. Afterward, on February 15, 2019, I informed the fact finding of such foreign receivable transaction to the Audit Committee of the Company. Subsequently, I received a letter from the Audit Committee that the result of preliminary examination of such trade transaction and of asking the management of the Company about the details of the transaction, they found that the management has exercised judgment in accordance with the principles of corporate governance together with the general guidelines and practices in general business operations and Audit Committee instructed the management to be more careful in business management as well as to find various preventive measures to reducing the Company's credit risk to prevent the problem in the future. However, the debtor has entered into a letter of debt acceptance with the Group and the Company which will gradually pay the debt by 36-39 installments and consequently the debtor has paid to the Group and the Company amount of Baht 5.79 million and amount of Baht 3.86 million. However, after the reporting period, the debtor has defaulted to repayment in accordance to the letter of debt acceptance.

2. As mention in note to financial statements No. 7.2(c) and No. 10 the Group and the Company has trade accounts receivable and advance payment receivables for goods that have defaulted to repayment which the Group and the Company has recognized allowance for doubtful accounts in whole amount. The consolidated and separate financial statements the receivables of Group A amount of Baht 1,641.16 million and amount of Baht 1,479.79 million were defaulted to repayment in accordance with the compromise agreement. Thus, the Group and the Company filed the lawsuit to debtors against the Bankruptcy Court. During the year 2019, the Central Bankruptcy Court has ordered 7 debtors for bankrupt. However, the Group and the Company has resolution to write-off a debtor amount of Baht 45.20 million and allowance for doubtful account as bad debt. Furthermore, the receivables of Group B as in the consolidated and separate financial statements amount of Baht 401.28 million have been filed the lawsuit against the bankruptcy court by other companies. Later, the Central Bankruptcy Court has ordered 2 debtors for bankrupt. Anyway, the management has explained that, in the execution of the lawsuit against the debtors in the bankruptcy case with the Central Bankruptcy Court. The management has taken civil and criminal rights to the court till the ended of debt enforcement process and has enforced the debtors to pay the debt by followed the judgment of court or the court order till the ended. Therefore, the Group and the Company filed the lawsuit to debtors in the bankruptcy case against the court in order to ultimate debt enforcement.

3. As mention in note to financial statements No. 7.4 the consolidated financial statement as at December 31, 2019, a subsidiary company has advance payment for future project-related person amount of Baht 12.00 million which according to the agreement of construction project acquirement. The agreement has continuously extended the term of service because the coordinating construction project has been postponed. The management believed that there is no risk to refund the advance payment if contract party cannot reach an agreement. And as mention in note to financial statements No. 7.5 such subsidiary has deposit payment for future project to 2 other companies, as at December 31, 2019 remaining amount of Baht 17.00 million. However, the projects did not start as in the plan. The contracts parties are in process of gradually refund the deposit payment to the subsidiary company. However, after the reporting period, the contract party has defaulted to refund the deposit and request to postpone the repayment period, therefore, the subsidiary recognized allowance for doubtful account in whole amount of Baht 17.00 million.

Hereby, my opinion is not modified in respect of these matters.

Key audit matters

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

Allowance for doubtful accounts

The adequacy of allowance for doubtful accounts is one of key matters that the management is required to make significant judgement. Determination the recoverable amount which is an inherently uncertainty involving various assumption and factors including the current financial status of receivables, aging of receivable and the payment historical data. As aforementioned matter is significant to the financial statements and involves a significant management judgment and various assumptions applied; therefore, I have determined as a key audit matter. The accounting policies and details of allowance of doubtful accounts were disclosed in note to financial statements No. 4.2, 7, 8 and 10.

How my audit addressed the key audit matter

I assessed and tested the internal controls of the Company relevant to the determination of allowance for doubtful debts by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. In addition, I assessed the method and the assumptions applied by management in determining such allowance. The procedures that I performed included gaining an understanding of the basis applied in determining the allowance for doubtful debts and reviewing the consistency of the application of that basis. I reviewed the preparation of the accounts receivable aging report and tested the calculation of allowance for doubtful debt in accordance with these policies, reviewing subsequent collections, especially receipt from long outstanding receivable, reviewing any disputed receivable and any receivable which has legal proceeding. In addition, I reviewed the meeting minutes with respect to the debtor monitoring to consider an indicator and reviewed the provisions set aside for specific trade receivables.

Other information

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

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

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is

SAM NAK-NGAN A.M.C. Co., Ltd.



(Mr. Naris Saowalagsakul)

Certified Public Accountant Registration No. 5369

Bangkok,

March 2, 2020

RICH ASIA CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

As at December 31, 2019

(Unit : Baht)

	Notes	Consolidated financial statements		Separate financial statements	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Assets					
Current assets					
Cash and cash equivalents items	6	7,287,946.40	18,907,241.48	57,249.12	714,920.04
Trade and other receivable	5.1 and 7	55,360,062.99	95,508,859.54	11,021,050.98	8,530,128.13
Short-term loans to related parties	5.1	-	-	570,439,200.00	595,943,000.00
Short-term loans to other person	8	1,000,000.00	2,300,000.00	1,000,000.00	2,300,000.00
Inventories	9	33,725,912.90	30,483,050.10	2,102,428.87	3,617,035.65
Advance payment for goods	10	1,166,916.00	-	-	-
Total current assets		98,540,838.29	147,199,151.12	584,619,928.97	611,105,083.82
Non-current assets					
Bank deposit pledged as collateral		662,539.35	3,078,128.13	-	1,350,623.60
Investment in subsidiaries	12	-	-	-	53,947,249.93
Investment in associates	13	161,883,672.89	165,573,836.73	161,727,581.48	157,977,611.48
Investment property	14	8,356,720.76	6,085,831.72	8,356,720.76	6,085,831.72
Property, plant and equipment	15	197,776,060.63	648,926,613.15	68,792,577.67	72,161,507.27
Other non-current assets		4,775,819.05	3,938,685.09	983,273.42	683,548.38
Total non-current assets		373,454,812.68	827,603,094.82	239,860,153.33	292,206,372.38
Total assets		471,995,650.97	974,802,245.94	824,480,082.30	903,311,456.20

Notes to financial statements are an integral part of these financial statements.

RICH ASIA CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

As at December 31, 2019

(Unit : Baht)

	Notes	Consolidated financial statements		Separate financial statements	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
<u>Liabilities and shareholders' equity</u>					
Current liabilities					
Short-term loans from financial institutions	17	14,140,934.37	15,400,000.00	14,140,934.37	15,400,000.00
Trade and other payable	5.1 and 18	409,900,649.57	407,533,643.97	376,718,098.89	382,049,544.99
Short-term loans from related parties	5.1	55,000,000.00	-	-	-
Short-term loans from other persons and parties	19	125,000,000.00	125,000,000.00	125,000,000.00	125,000,000.00
Debentures	5.1 and 20	680,000,000.00	1,230,000,000.00	1,230,000,000.00	1,230,000,000.00
Liabilities under debt restructuring agreement	21	1,123,186,248.56	1,037,925,398.42	1,123,186,248.56	1,037,925,398.42
Total current liabilities		<u>2,407,227,832.50</u>	<u>2,815,859,042.39</u>	<u>2,869,045,281.82</u>	<u>2,790,374,943.41</u>
Non-current liabilities					
Employee benefit obligations	22	8,249,921.74	3,404,269.76	4,433,770.00	1,480,784.36
Deferred tax liabilities	23	25,349,457.60	67,060,180.70	-	-
Other non-current liabilities	11	14,429,626.98	1,000,000.00	1,133,291.89	1,000,000.00
Total non-current liabilities		<u>48,029,006.32</u>	<u>71,464,450.46</u>	<u>5,567,061.89</u>	<u>2,480,784.36</u>
Total liabilities		<u>2,455,256,838.82</u>	<u>2,887,323,492.85</u>	<u>2,874,612,343.71</u>	<u>2,792,855,727.77</u>
Shareholders' equity					
Share capital	24				
Authorized share capital					
9,600,000,000 ordinary shares @ Baht 1.00		9,600,000,000.00	9,600,000,000.00	9,600,000,000.00	9,600,000,000.00
Issued and paid-up share capital					
3,115,269,786 ordinary shares @ Baht 1.00		3,115,269,786.00	3,115,269,786.00	3,115,269,786.00	3,115,269,786.00
Discount on share capital		(1,062,822,976.61)	(1,062,822,976.61)	(1,062,822,976.61)	(1,062,822,976.61)
Deficit		(4,080,145,468.06)	(4,007,108,677.96)	(4,102,579,070.80)	(3,941,991,080.96)
Other component of shareholders' equity		73,689,101.23	73,689,101.23	-	-
Total shareholders' equity of the Company		<u>(1,954,009,557.44)</u>	<u>(1,880,972,767.34)</u>	<u>(2,050,132,261.41)</u>	<u>(1,889,544,271.57)</u>
Non-controlling interests		(29,251,630.41)	(31,548,479.57)	-	-
Total shareholders' equity		<u>(1,983,261,187.85)</u>	<u>(1,912,521,246.91)</u>	<u>(2,050,132,261.41)</u>	<u>(1,889,544,271.57)</u>
Total liabilities and shareholder's equity		<u>471,995,650.97</u>	<u>974,802,245.94</u>	<u>824,480,082.30</u>	<u>903,311,456.20</u>

Notes to financial statements are an integral part of these financial statements.

RICH ASIA CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2019

(Unit : Baht)

	Notes	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Revenue					
Revenue from sales		233,787,365.03	264,242,189.00	119,043,039.00	224,847,751.07
Gain on sales of assets	11	71,359,391.95	-	770,050.14	-
Gain on sales of assets and lease back	11	6,549,676.17	-	-	-
Gain on write-off of trade and other payables	18	128,204,701.58	-	128,204,701.58	-
Other incomes		14,584,355.79	5,604,536.20	9,335,471.57	955,600.97
Total revenues		454,485,490.52	269,846,725.20	257,353,262.29	225,803,352.04
Expenses					
Cost of sales	9	269,475,846.36	304,468,060.68	117,649,887.39	214,081,445.06
Selling expenses		2,256,528.57	2,627,711.48	1,160,005.42	1,814,412.33
Administrative expenses		49,529,628.69	53,886,656.46	29,146,622.57	39,216,577.98
Loss on impairment of investment in subsidiaries	12	-	-	53,437,257.43	154,108,820.36
Loss on impairment of investment in associate	13	-	-	-	40,500,000.00
Bad debt and doubtful accounts (reversal)	7, 8 and 10	22,903,765.79	299,115,388.72	(7,087,652.04)	193,372,093.66
Expenses from defaulted of advance payment for goods	10.2	-	32,963,498.05	-	-
Directors and Management's benefits	5.3	10,923,347.66	10,537,614.16	10,923,347.66	10,537,614.16
Finance cost		198,089,472.85	195,227,729.92	210,118,735.70	195,178,011.27
Total expenses		553,178,589.92	898,826,659.47	415,348,204.13	848,808,974.82
Loss before share of loss on investment in associate and income tax		(98,693,099.40)	(628,979,934.27)	(157,994,941.84)	(623,005,622.78)
Share of loss on investment in associate		(5,702,344.68)	(14,197,400.99)	-	-
Loss before income tax		(104,395,444.08)	(643,177,335.26)	(157,994,941.84)	(623,005,622.78)
Income tax revenue	26	38,482,517.15	10,823,743.75	-	-
Loss for the year		(65,912,926.93)	(632,353,591.51)	(157,994,941.84)	(623,005,622.78)
Other comprehensive income					
Item that will not be reclassified to profit or loss					
Actuarial losses arising from defined benefit plan		(3,277,128.00)	-	(2,593,048.00)	-
Share of other comprehensive loss of associate		(1,549,878.51)	-	-	-
Other comprehensive income for the year		(4,827,006.51)	-	(2,593,048.00)	-
Total comprehensive income for the year		(70,739,933.44)	(632,353,591.51)	(160,587,989.84)	(623,005,622.78)

Notes to financial statements are an integral part of these financial statements.

RICH ASIA CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2019

(Unit : Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Loss for the year attributable to :					
Equity holders of the Company		(68,526,530.04)	(522,859,895.03)	(157,994,941.84)	(623,005,622.78)
Non-controlling interests of the subsidiaries		2,613,603.11	(109,493,696.48)	-	-
		<u>(65,912,926.93)</u>	<u>(632,353,591.51)</u>	<u>(157,994,941.84)</u>	<u>(623,005,622.78)</u>
Total comprehensive income attributable to :					
Equity holders of the Company		(73,036,790.10)	(522,859,895.03)	(160,587,989.84)	(623,005,622.78)
Non-controlling interests of the subsidiaries		2,296,856.66	(109,493,696.48)	-	-
		<u>(70,739,933.44)</u>	<u>(632,353,591.51)</u>	<u>(160,587,989.84)</u>	<u>(623,005,622.78)</u>
Basic loss per share					
Equity holders of the Company	27	(0.02)	(0.17)	(0.05)	(0.20)

Notes to financial statements are an integral part of these financial statements.

RICH ASIA CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended December 31, 2019

(Unit : Baht)

	Note	Other component of shareholders' equity							Total shareholders' equity
		Issued and paid - up share capital	Discount on share capital	Deficit	Other changes resulting from shareholders		Total	Non - controlling interests	
					Surplus from change in equity interest in subsidiary company	Total Other component shareholders' equity			
Balances as at January 1, 2018		3,115,268,236.00	(1,062,822,976.61)	(3,484,248,782.93)	73,689,101.23	73,689,101.23	(1,358,114,422.31)	77,945,216.91	(1,280,169,205.40)
Loss for the year		-	-	(522,859,895.03)	-	-	(522,859,895.03)	(109,493,696.48)	(632,353,591.51)
Other comprehensive income		-	-	-	-	-	-	-	-
Total comprehensive income for the year		-	-	(522,859,895.03)	-	-	(522,859,895.03)	(109,493,696.48)	(632,353,591.51)
Increased ordinary shares	25	1,550.00	-	-	-	-	1,550.00	-	1,550.00
Ending balance as at December 31, 2018		3,115,269,786.00	(1,062,822,976.61)	(4,007,108,677.96)	73,689,101.23	73,689,101.23	(1,880,972,767.34)	(31,548,479.57)	(1,912,521,246.91)
Loss for the year		-	-	(68,526,530.04)	-	-	(68,526,530.04)	2,613,603.11	(65,912,926.93)
Other comprehensive income		-	-	(4,510,260.06)	-	-	(4,510,260.06)	(316,746.45)	(4,827,006.51)
Total comprehensive income for the year		-	-	(73,036,790.10)	-	-	(73,036,790.10)	2,296,856.66	(70,739,933.44)
Non - controlling interests decrease by changed status from investment in subsidiary to associated company		-	-	-	-	-	-	(7.50)	(7.50)
Ending balance as at December 31, 2019		3,115,269,786.00	(1,062,822,976.61)	(4,080,145,468.06)	73,689,101.23	73,689,101.23	(1,954,009,557.44)	(29,251,630.41)	(1,983,261,187.85)

Notes to financial statements are an integral part of these financial statements.

RICH ASIA CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

SEPARATE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended December 31, 2019

(Unit : Baht)

	Note	Issued and paid-up share capital	Discount on share capital	Deficit	Total
Balance as at January 1, 2018		3,115,268,236.00	(1,062,822,976.61)	(3,318,985,458.18)	(1,266,540,198.79)
Loss for the year		-	-	(623,005,622.78)	(623,005,622.78)
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	(623,005,622.78)	(623,005,622.78)
Increased ordinary shares	25	1,550.00	-	-	1,550.00
Ending balance as at December 31, 2018		3,115,269,786.00	(1,062,822,976.61)	(3,941,991,080.96)	(1,889,544,271.57)
Loss for the year		-	-	(157,994,941.84)	(157,994,941.84)
Other comprehensive income		-	-	(2,593,048.00)	(2,593,048.00)
Total comprehensive income for the year		-	-	(160,587,989.84)	(160,587,989.84)
Ending balance as at December 31, 2019		3,115,269,786.00	(1,062,822,976.61)	(4,102,579,070.80)	(2,050,132,261.41)

Notes to financial statements are an integral part of these financial statements.

RICH ASIA CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CASH FLOWS

For the year ended December 31, 2019

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from operating activities				
Loss before income tax	(104,395,444.08)	(643,177,335.26)	(157,994,941.84)	(623,005,622.78)
Adjustments to reconcile loss before income tax for cash received (paid) from operation				
Depreciation	37,479,748.89	61,205,593.91	3,950,033.33	3,613,308.02
Depreciation for investment property	920,308.73	920,308.73	920,308.73	920,308.73
Doubtful accounts trade receivable and other receivable and advance payment for goods (reversal)	25,903,765.79	303,415,388.72	(4,087,652.04)	197,672,093.66
Doubtful accounts short-term loans to other person (reversal)	(3,000,000.00)	(4,300,000.00)	(3,000,000.00)	(4,300,000.00)
Loss from declining in value of inventories (reversal)	1,750,897.41	1,189,672.52	(996,375.24)	(765,894.43)
Impairment loss on investment in subsidiaries	-	-	53,289,257.43	154,108,820.36
Impairment loss on investment in associate	-	-	-	40,500,000.00
(Gain) Loss on sales of investment in subsidiary	(339,581.51)	-	8,000.00	-
Share of loss on investment in associate	5,702,344.68	14,197,400.99	-	-
Gain on write-off of trade and other payables	(128,204,701.58)	-	(128,204,701.58)	-
Gain on sales of deferred assets	(77,110,951.88)	-	-	-
Loss on loss of non-controlling in subsidiary	187,910.66	-	-	-
Unrealized loss on exchange rate	-	1,843,749.10	-	1,028,509.74
Profit from disposal and write-off of assets	(762,412.54)	(6,541.06)	(770,043.14)	(6,541.06)
Employee benefits expense	1,900,254.98	67,938.34	761,915.64	71,555.68
Interest income	(819,834.48)	(523,034.54)	(9,937.48)	(135,369.18)
Interest expenses	196,717,119.32	195,144,393.06	210,055,413.70	195,144,393.06
Interest expenses of employee benefits	133,569.00	84,265.52	63,322.00	33,614.50
Loss from operation before changes in operating assets and liabilities	(43,937,006.61)	(69,938,199.97)	(26,015,400.49)	(35,120,823.70)
Operating assets (increase) decrease				
Trade and other receivable	17,618,830.49	(88,225,832.86)	1,771,729.75	(11,125,284.47)
Inventories	(4,993,760.21)	56,864,324.07	2,510,982.02	62,647,735.60
Advance payments for goods	(1,166,916.00)	451,148.61	-	67,336,448.59
Other non-current assets	(939,560.71)	(1,089,367.03)	(299,725.04)	(445,543.38)
Operating liabilities increase (decrease)				
Trade and other payable	866,420.73	(10,143,240.04)	(1,850,930.35)	(7,517,297.95)
Employee benefit obligation	(465,300.00)	(176,628.86)	(465,300.00)	(176,628.86)
Other non-current liabilities	133,291.89	1,000,000.00	133,291.89	1,000,000.00
Cash received (paid) from operation	(32,884,000.42)	(111,257,796.08)	(24,215,352.22)	76,598,605.83
Cash paid for income tax	(6,602,012.89)	(806,316.98)	(175,000.56)	(63,344.29)
Net cash received from (used in) operating activities	(39,486,013.31)	(112,064,113.06)	(24,390,352.78)	76,535,261.54

Notes to financial statements are an integral part of these financial statements.

RICH ASIA CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CASH FLOWS

For the year ended December 31, 2019

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from investing activities				
(Increase) decrease in bank deposits pledged as collateral	2,415,588.78	755,797.77	1,350,623.60	580,807.74
Cash payment for short-term loans from related parties	-	-	(15,575,200.00)	(249,532,687.00)
Cash received from short-term loans from related parties	-	-	41,079,000.00	45,189,687.00
Cash received from short-term loans from other person	4,300,000.00	2,000,000.00	4,300,000.00	2,000,000.00
Cash payment for purchase of investment property	(3,191,197.77)	-	(3,191,197.77)	-
Cash payment for purchase of property, plant and equipment	(2,183,047.99)	(254,631.43)	(581,118.73)	(250,994.99)
Cash received from sale of property, plant and equipment	802,638.14	6,542.06	770,058.14	6,542.06
Cash payment for investing in investment in associate	(3,499,977.50)	-	(3,499,977.50)	-
Cash received from interest	819,841.68	523,283.23	9,937.48	135,377.60
Net cash received from (used in) investing activities	(536,154.66)	3,030,991.63	24,662,125.22	(201,871,267.59)
Cash flows from financing activities				
Decrease in short-term loans from financial institutions	(1,259,065.63)	(600,000.00)	(1,259,065.63)	(600,000.00)
Cash received from sale of investment in subsidiary	192,008.25	-	400,000.00	-
Cash received from Short-term loans from related party	5,000,000.00	-	-	-
Cash received from Short-term loans from other person	50,000,000.00	-	-	-
Cash paid for interest expenses	(70,377.73)	(23,184.29)	(70,377.73)	(23,184.29)
Cash received from increased ordinary capital shares	-	1,550.00	-	1,550.00
Cash paid for expenses of transferring assets settlement of debentures	(25,459,692.00)	-	-	-
Net cash received from (used in) financing activities	28,402,872.89	(621,634.29)	(929,443.36)	(621,634.29)
Cash and cash equivalent items decrease-net	(11,619,295.08)	(109,654,755.72)	(657,670.92)	(125,957,640.34)
Cash and cash equivalent items at the beginning of the years	18,907,241.48	128,561,997.20	714,920.04	126,672,560.38
Cash and cash equivalent items at the end of the years	7,287,946.40	18,907,241.48	57,249.12	714,920.04
Supplemental cash flow information				
Non-cash transactions				
- Debtor settlement by transferred property, plant and equipment	-	22,952,550.96	-	22,952,550.96
- Transfer property, plant and equipment to settlement debentures payable	415,813,626.02	-	-	-
- Short-term loans to related party and short-term loan from other person increase from agreement of transferred the rights of claim in debt	50,000,000.00	-	-	-

Notes to financial statements are an integral part of these financial statements.

RICH ASIA CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**NOTES TO FINANCIAL STATEMENTS****For the year ended December 31, 2019**

1. General information

RICH ASIA CORPORATION PUBLIC COMPANY LIMITED (The Company) was registered as a Company Limited in accordance with the Civil and Commercial Law Code on May 10, 1999, with the registered number 0107549000050, and registered as the Public Company Limited on March 27, 2006, with its registered head office at 636 Bangkhuntien-Chaitaley Road, Thakham, Bangkhuntien, Bangkok 10150, Thailand.

The Company and its subsidiaries (collectively called “the Group”) operate in the business of production and distribution of steel pipe, steel products and service of steel production and procurement of material, equipment, and technology as well as investment in utilities and infrastructure, production and distributor electric vehicles.

2. Basis of financial statements preparation2.1 Going concern

The Group and the Company incurred a net loss for the year ended December 31, 2019 in the consolidated financial statements amount of Baht 65.91 million and in the separate financial statements amount of Baht 157.99 million (For the year ended December 31, 2018, the Group and the Company incurred a net loss in the consolidated financial statement amount of Baht 632.35 million and in the separate financial statement amount of Baht 623.01 million) and as at December 31, 2019 the Group and the Company had current liabilities exceeded current assets by amount of Baht 2,305.46 million and amount of Baht 2,284.43 million and total liabilities exceeded total assets by amount of Baht 1,983.26 million and amount of Baht 2,050.13 million respectively (As at December 31, 2018, the Group and the Company has current liabilities exceeded current assets by amount of Baht 2,668.66 million and amount of Baht 2,179.27 million and total liabilities exceeded total assets by amount of Baht 1,912.52 million and amount of Baht 1,889.54 million respectively).

The Board of Directors' meeting No. 4/2018 has the resolution to enter debt restructuring under the rehabilitation through the Bankruptcy Court as mentioned in the note to financial statements No. 2.2. These conditions, along with other matters as set forth in note to financial statements No. 17, 19, 20, 21 and 29 indicate the existence of a material uncertainty that may cast significant doubt about the Group and the Company's ability to continue as a going concern and therefore the Group and the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

Presently, the Company is in the process of improving its operating, and prepare additional operations in the production and distributor of electric vehicles, including coordinate and cooperates with creditors to find the appropriate the debt restructuring process, finding new source of funds and along with alliances to jointly invest with the Group. The Company's management believes that it is able to improve its operation and find out the debt restructuring plan with the creditors and obtain adequate credit facilities for continuing its operation.

The consolidated and separate financial statements have been prepared on the going concern basis on the assumption that the debt restructuring with the creditors and the business rehabilitation will be successful and such further capital and credit facilities will be secured to the extent that the Group's and the Company's operations require. The validity of this assumption is, however, dependent on the success of the debt restructuring plan and the business rehabilitation plan.

2.2 Submission of a petition for Business Rehabilitation to the Central Bankruptcy Court

The Board of Directors' meeting No. 4/2018 of the Company has the resolution approved the Company to submit a petition for Business Rehabilitation to the Central Bankruptcy Court on March 6, 2018, and approved the Company to be Rehabilitation Planner. The Central Bankruptcy Court has already accepted such petition. The Court scheduled the inquiry on the petition on May 29, 2018, however upon the date to inquiry the petition, 20 creditors had submitted request to object the petition. The Court has scheduled to inquiry the witness of requesting party in September to October 2018 and the witness of objection party in October to December 2018. Later, on December 27, 2018 the Central Bankruptcy Court has ordered to revoke the Company's petition for Business Rehabilitation.

On December 12, 2019 the Company has submitted Rehabilitation Petition again. The Bankruptcy Court has already accepted such petition and order to inquiry the petition on February 18, 2020. However upon the date to inquiry the petition, 2 financial institution creditors had submitted the request of objection the petition. The Bankruptcy Court has considered and determined the inquiry dated for witnesses of the petitioner and the objection party on April 30, 2020.

- 2.3 The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.
- 2.4 The consolidated and the separate financial statements were prepared in accordance with the generally accepted accounting principles under the Accounting Act B.E. 2543, which include the already announced accounting standards, financial reporting standards and their interpretation including accounting guidance issued by the Federation of Accounting Professionals (“FAP”) established under the Accounting Professions Act B.E. 2547 and regulations in accordance with the determination of the Office of the Securities and Exchange Commission on the subject of preparation and presentation of the financial reports.

The presentation of financial statements is in accordance with the determination stated in the Notification of the Department of Business Development dated October 11, 2016, issued under the Accounting Act, B.E. 2543.

The financial statements are prepared and presented in Thai Baht. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand Baht unless otherwise stated.

These financial statements were prepared by using historical cost basis except those disclosed otherwise in the accounting policies.

2.5 New financial reporting standards

2.5.1 New and revised financial reporting standards that became effective in the current year

During the year, the Company has adopted the revised financial reporting standards and financial reporting interpretations (revised 2018) including guidance promulgated issued by the Federation of Accounting Professions which are effective for fiscal years beginning on or after January 1, 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company’s financial statements.

2.5.2. Financial reporting standard that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2019) including new accounting treatment guidance, which are effective for fiscal years beginning on or after January 1, 2020. 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 and revised due to publish the new financial reporting standards.

The management of the Company believes 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 Federation of Accounting Professions issued the set of TFRSs related to financial instruments and leased which involves changes to key principles. The new accounting standards, financial reporting standards and interpretations are as follows: -

<u>Reference standard No.</u>	<u>Name</u>
<u>Thai Accounting Standards (TAS)</u>	
TAS 32	Financial Instruments: Presentation
<u>Thai Financial Reporting Standards (TFRS)</u>	
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TFRS 16	Leases
<u>Thai Financial Reporting Interpretations (TFRIC)</u>	
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

The management of the Company is currently evaluating the impact of these financial reporting standards to the financial statements in the year when they are adopted.

2.6 Preparation of the financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are resulted from experience and other factors that the management has reasonably assurance under such circumstance. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised and in any future periods affected. The significant estimates and assumptions are as follows:-

Lease agreement

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

Allowance for doubtful debt

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.

Reduction of inventories to become net realizable value

In estimating the reduction of inventories to become net realizable value, the management uses the discretion in estimating the net realizable value of inventories. The sum of money expected to receive from inventories is considered from the change in sale price or cost directly related to the events occurring after of report period.

Allowances for decline in value of dilapidated inventories and non-movement inventories

Allowances for decline in value of dilapidated inventories and non-movement inventories are estimated from inventories which are subject to dilapidation and non-movement.

Impairment of investments

The Group 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 which is “significant” or “prolonged” require judgment of the management.

Property, plant and equipment / Investment property

In determining depreciation of plant and equipment and investment property the management is required to make estimates of the useful lives and residual values of the plant and equipment and investment property 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 and investment property for impairment on a periodical basis and record impairment losses in the period 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

The obligation under the post-employment benefit 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.

Deferred tax assets

Deferred tax assets are recognized for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of estimate future taxable profits.

Litigation

The Group have contingent liabilities as a result of the litigation. The management has used judgment to assess of the results of the litigation and believes that no significant loss will be resulted. Therefore no contingent liabilities are recorded as at the end of reporting period.

3. Basis of the consolidated financial statements preparation

- 3.1 The consolidated financial statements have been prepared by consolidating the financial statements of the Company and subsidiary companies (collectively called “The Group”) The detail of structure and shareholding ratio of the Group is as follows:-

<u>Name of subsidiaries</u>	<u>Nature of business</u>	<u>Country of incorporation</u>	<u>Percentage of shareholdings</u>	
			<u>2018</u>	<u>2016</u>
Rich Asia Industry Co., Ltd.	Production and distribution of steel pipe, steel product and service of steel production and production of battery electric vehicles	Thai	51.88	51.88
G.Y.T. Engineering Co., Ltd.	Procurement of material, equipment, and technology as well as investment in utilities and infrastructure	Thai	94.82	94.82
SKYWELL (THAILAND) Co., Ltd. (Formerly : Rich Asia Utilities Co., Ltd.)	Distributor electric vehicles	Thai	19.99	99.99

- 3.2 Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

However during the period, the Company has sold certain shares in Skywell (Thailand) Co., Ltd. as a result, its changing in status from a subsidiary company to an associated company as described in Note to the financial statements No. 12 and 13. In the preparation of consolidated financial statement, the Company, therefore, does not include the statement of financial position of Skywell (Thailand) Co., Ltd. in the consolidated statements of financial position since December 31, 2019 but include its financial performance and cash flows for the period of January 1, 2019 to December 30, 2019 in the consolidated statements of comprehensive income and cash flows.

- 3.3 The consolidated financial statements have been prepared using the same accounting policy for the same accounting items and other events in the similar situation.
- 3.4 The accounting periods of subsidiary companies ended the same date as that of Rich Asia Corporation Public Company Limited.
- 3.5 The consolidated financial statements combine the accounts of the Company and subsidiary companies after eliminating inter-company transaction items. The balances between the Company and subsidiary companies, significant intra-group transactions, investments in subsidiary companies and share capital of subsidiary companies have already been eliminated from the consolidated financial statements.

4. Summary of significant accounting policies

- 4.1 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.
- 4.2 Trade and other receivable are stated at their invoice value less allowance for doubtful accounts. 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. Bad debts are written off when incurred.
- 4.3 Investments in subsidiaries in the separate financial statements are accounted for using the cost method less accumulated impairment losses (if any).
- 4.4 Investment in associate is accounted for the consolidated financial statements by the equity method and in the separate financial statements by the cost method net of allowance for impairment (if any).
- 4.5 Investments in other debt and other equity securities held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognized in profit or loss.

Debt securities that the Group have the positive intent and ability to hold to maturity are classified as held-to-maturity investments, which are stated at amortized cost less any accumulated impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortized using the effective interest rate method over the period to maturity.

Debt securities and marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than accumulated impairment losses are recognized directly in equity. Impairment losses are recognized in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognized in profit or loss.

Equity securities which are not marketable are stated at cost less any accumulated impairment losses (if any).

The fair value of financial instruments classified as held-for-trading and available-for-sale is determined as the quoted bid price at the reporting date.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognized in profit or loss.

If the Group dispose of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying amount of the total holding of the investment.

- 4.6 Inventories are stated at the lower of cost and net realizable value. Cost determined by the moving average method. Cost comprises both purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads, the latter being allocated on the basis of normal operating activities.

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

- 4.7 Non-current assets held for sale (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower end of the carrying amount and fair value less cost to sell.
- 4.8 Investment property is defined as land or a building or part of a building, or both, held to earn rental or for capital appreciation or both, rather than for use in the production or supply of goods and services, for administrative purposes, or for making sales in the ordinary course of business.

Investment properties of the Group are measured initially at cost. 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 determining in profit or loss.

No depreciation is provided on investment properties-land.

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

4.9 Property, plant and equipment are stated at cost less accumulated depreciation and allowance for impairment losses (if any).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs.

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

Gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income or other expense in profit or loss.

Subsequent costs

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

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

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

Land improvements	5	years
Buildings and Improvements	5, 20	years
Machines	5, 10, 20	years
Furniture, fixtures and office equipment	3, 5	years
Tools and equipment	5	years
Vehicles	5	years

No depreciation is provided on freehold land or assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

- 4.10 Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and allowance for impairment losses (if any).

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

Amortization is calculated over the cost of the asset, less its residual value

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives are as follows:

Software license	5 years
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Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

4.11 Impairment of Assets

The carrying amounts of the Group assets are reviewed at each statements of financial position date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and as when indicators of impairment are identified.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognized in profit or loss.

Calculation of recoverable amount

The recoverable amount of other assets is the greater of the assets' net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

- 4.12 Trade and other payable are stated at cost.
- 4.13 Loan is initially recognized by fair value of the remuneration received deducted by cost of transactions preparation incurred. Later, loan value is measured by amortization of cost price method. The discrepancy between remuneration (deducted by cost of transaction preparation incurred) when compared against the repayable value to repay debt will be recognized in profit or loss. Fee for providing loans is amortized to financial costs by over the period of the borrowings by using the effective rate method.
- 4.14 Provision is recognized in the statements of financial position when the Group have a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.
- 4.15 Long-term leases

Leases of property or equipment which substantially transfer all the risks and rewards of ownership to the lessees are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss. When a sale and leaseback results in a finance lease, any gain on the sale is deferred and recognized as income over the lease term. The property or equipment acquired under finance leases is depreciated over the useful life of the asset. For a transaction that results in an operating lease. If the sale price is above fair value, the excess over fair value should be deferred and amortised as income over the period of use.

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period expires, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which the termination takes place.

4.16 Employee benefits

Short-term employee benefits

The Group recognized salaries, wages, bonuses and contributions to the Social Security Fund as expenses when incurred.

Share-based payments

The grant-date fair value of share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met.

Post-employment benefits (Defined contribution plans)

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity (Provident Fund) and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Post-employment benefits (Defined benefit plans)

The Group have obligations in respect of the severance payments, they must make to employees upon retirement under labor law and other employee benefit plans. The Group treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plans is determined by a professionally qualified actuary based on actuarial techniques, using the projected unit credit method on a regular basis. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past service costs are recognized on a straight-line basis over the average period until the amended benefits become vested.

Actuarial gains and losses arising from post-employment benefits are recognized immediately in other comprehensive income in the period in which they arise.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment.

4.17 Change in shareholding ratio in subsidiary companies under common control is the difference between the investment for the change in proportion in subsidiary companies and book value of the subsidiary companies resulted from the change in proportion of investment in that subsidiary. The difference is shown as a separate item in the consolidated statements of financial position under the shareholders' equity and will be written off when the investment is disposed.

4.18 Non-controlling interests of subsidiary companies represent the portion of book value of the net assets of the subsidiary companies under the shareholding ratio that are not held by the Group and are presented separately under the shareholders equity in the consolidated statements of financial position and net profit (loss) of the non-controlling interest are presented separately in the consolidated statement of comprehensive income.

4.19 Revenue recognition.

Revenue are recognized when customer control of the goods and services in an amount that reflects the consideration to which the entity expects to be entitled excludes value added taxes and present net off trade discounts

4.19.1 Revenue from sales and services are recognized at the point in time when control of the goods and services are transferred to the customer, generally on delivery of the goods and services.

4.19.2 Rental income from operating lease contracts is recognized in profit or loss on a straight line basis over the term of the lease.

4.19.3 Dividend income is recognized in profit or loss on the date the Group right to receive payments is established.

4.19.4 Interest income is recognized in profit or loss on the accrual basis.

4.20 Expenses

4.20.1 Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

4.20.2 Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

4.20.3 Other expenses are recognized by accrual basis.

4.21 Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in profit or loss except to the extent that related to items recognized in other comprehensive income or recognized directly in equity which will recognize in other comprehensive income or recognized directly in equity as same as that items.

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. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

The Group recognize deferred tax liabilities for all taxable temporary differences while they recognize 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 utilized.

At each reporting date, the Group 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 utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

4.22 Basic earnings per share are calculated by dividing the profit or loss attributable to equity holders of the parent company (excluding other comprehensive income) by the weighted average number of common shares outstanding during the year.

4.23 Foreign currency transactions are translated to Thai Baht at the foreign exchange rates ruling at the occurrence dates.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognized in profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the occurrence dates.

4.24 The related parties with the Group meant individuals or enterprises which have the controlling power over the Group or are controlled by the Group either directly or indirectly, or under the same control with the Group. Furthermore, the related parties or related companies also meant the associated companies and the parties whose holding the shares with voting rights, either directly or indirectly, and have significant influence to the Group, important management, directors or the employees of the Group who have the power to plan and control the operations of the Group including the family members close to the said persons which could persuade or power to persuade to act in compliance with the said persons and business that the said persons have control power or significant influence, either directly or indirectly.

4.25 The sectoral business operation is disclosed under the separate business sectors of the Group, by the business sector that source products or provide services which have different risks and return from the risks and return of the products or services provide by other business sectors.

4.26 Financial instruments consisted of financial assets and liabilities which were carried on the financial statements include cash and cash equivalents, trade accounts receivable and payable, other accounts receivable and payable, investments and loan receivables and payables. The important accounting policies and measurement of these items are disclosed in the respective accounting policies for related items.

4.27 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 Group 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 Group 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 categories of input to be used in fair value measurement as follows:-

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

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

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

At the end of each reporting period, the Group 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. Related parties transaction

The Company has business transactions with related entities, which have the same group of shareholders or mutual directors. Such transaction which have been concluded on commercial terms and based agreed up on between the company and related parties and are in ordinary course of business which can be summarized as follow:-

5.1 Inter-assets and liabilities

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Trade and other receivable</u>				
Rich Asia Industry Co., Ltd.	-	-	18,092	18,092
G.Y.T. Engineering Co., Ltd.	-	-	20	20
Total	-	-	18,112	18,112
<u>Less</u> Allowance for doubtful debt	-	-	(18,092)	(18,092)
Trade and other receivable-net	-	-	20	20
<u>Advance payment for future project</u>				
Shareholders of the subsidiary companies (Note 7.4)	12,000	12,000	-	-
Total	12,000	12,000	-	-
<u>Short-term loans to related parties</u>				
Rich Asia Industry Co., Ltd.				
Beginning balance	-	-	595,943	391,600
Addition	-	-	14,575	249,533
Repayment	-	-	(40,079)	(45,190)
Ending balance	-	-	570,439	595,943
Skywell (Thailand) Co., Ltd.				
Beginning balance	-	-	-	-
Addition	-	-	1,000	-
Repayment	-	-	(1,000)	-
Ending balance	-	-	-	-
Total short-term loans to related parties	-	-	570,439	595,943

As at December 31, 2019 and 2018 the Company had short-term loans to the subsidiary company is carried by interest rate of 8.00% per annum.

Therefore, the Company ceased revenue recognition for interest income since July 1, 2017 onward due to there is uncertainty to collectable. However, the subsidiary company still has commitment to pay interest as stipulated in the loan agreement. The Company will recognize interest income when interest is paid.

However, the subsidiary company has mortgaged land, building and certain machinery as collateral to debenture payables of the Company for guarantee the repayment in credit limit amount of 500.00 million temporarily until to repayment. However, these mortgages are belonging collateral part of the short-term loans to the subsidiary company. On August 23, 2019, the subsidiary company has sold land and building to the representative of debenture holder and subrogate the right from the existing debenture holders as mentioned in the note to financial statements No. 11, 20 and 29.2(e).

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Trade and other payable</u>				
Rich Asia Industry Co., Ltd.	122,464	-	143,987	6,607
G.T. Steel Works Co., Ltd.	-	11,747	-	11,747
Director	22	617	22	18
Total	122,486	12,364	144,009	18,372
<u>Advance received for goods</u>				
Thai National Product Co., Ltd.	140	-	-	-
Total	140	-	-	-

As at December 31, 2019, the financial statements, trade and other payable - Rich Asia Industry Co., Ltd in the amount of Baht 122.46 million are accrued interest payable from subrogate the right from the existing debenture holders as mentioned in the note to financial statements No.20. However, in the preparation of consolidated financial statements, the Company does not eliminate an accrued interest expenses which is derived from the right transfer's debenture and presented in trade and other payable account in the amount of Baht 122.46 million. Because of the Company and Rich Asia Industry Co.,Ltd.(the subsidiary company), will consider and find a conclusion together later. Anyway Rich Asia Industry Co.,Ltd.(the subsidiary company), still holds the right to claim as the debenture creditor as same as the former debenture creditors.

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Short-term loans from related parties</u>				
Skywell (Thailand) Co., Ltd.				
Beginning balance	-	-	-	-
Rights transferred	50,000	-	-	-
Addition	5,000	-	-	-
Repayment	-	-	-	-
Ending balance	55,000	-	-	-
<u>Debentures (Note 20)</u>				
Rich Asia Industry Co., Ltd.				
Beginning balance	-	-	-	-
Rights transferred	-	-	550,000	-
Repayment	-	-	-	-
Ending balance	-	-	550,000	-

Short-term loan from Skywell (Thailand) Co., Ltd. in the amount of Baht 50.00 million due to the subsidiary companies entered into the agreement of transferred the rights of claim in loan payable - other person in accordance with the agreement among Rich Asia Industry Co., Ltd., Skywell (Thailand) Co., Ltd. and Skywell (Thailand) Co., Ltd.'s shareholder on December 26, 2019, commencing to charge interest from January 1, 2020 onward, loan payable in the amount of Baht 55.00 million interest rate of 6.00% per annum.

5.2 Inter-revenues and expenses

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Transactions with related person and related companies</u>				
Revenues from sales of goods	25	11,676	25	824
Other expenses	446	323	343	323
<u>Transaction with subsidiary companies</u>				
(Eliminated from consolidated financial statements)				
Other incomes	-	-	5	-
Rental income	-	-	240	240
Interest income	-	-	2	-
Purchase of goods	-	-	116,120	147,168
Subcontract production cost	-	-	-	297
Other expenses	-	-	23	286
Interest expense	-	-	13,338	-

5.3 Directors and management's benefits

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Short-term employee benefits	10,915	10,449	10,915	10,449
Post-employment benefits	8	89	8	89
Total	10,923	10,538	10,923	10,538

5.4 Pricing policies

Pricing policies for each transactions are described as follows:-

<u>Type of transactions</u>	<u>Pricing policies</u>
Revenues from sale	Price can be comparative against outside parties
Rental income	Contract price
Purchases of goods	Price can be comparative against outside parties
Subcontract production cost	Price can be comparative against outside parties
Other expenses	Actual price/Contract price
Interest income	Interest rate 8.00% per annum (2018 : Interest rate 1.00%-8.00% per annum)
Interest expenses	Interest rate 6.00 - 8.50% per annum total defaulted interest rates

The Company's director has guaranteed the Company's credit facilities from financial institution and debenture payables as mentioned in the note to financial statements No. 16 and 20. No fees are charged for these guarantees.

The other company has brought land and building guarantee the Company's credit facilities from financial institutions as mentioned in the note to financial statements No.16 and 21. No fees are charged for these guarantees.

5.5 Types of relationship of related parties are as follows:

<u>Name of Companies/Persons</u>	<u>Type of business</u>	<u>Type of relationship</u>
Rich Asia Industry Co., Ltd.	Production and distribution of steel pipe, steel product service of steel production and production of battery electric vehicles	Subsidiary
G.Y.T. Engineering Co., Ltd.	Procurement of material, equipment and technology as well as investment in utilities and infrastructure	Subsidiary
Skywell (Thailand) Co., Ltd. (Formerly : Rich Asia Utilities Co., Ltd.)	Distributor electric vehicles	Associate (year 2018 as a subsidiary and changed to an associated company on December 30, 2019)
Thai National Product Co., Ltd.	Foundation pile manufacturing, distribution and pile driving and production of concrete product	Associate
G.T. Steel Work Co., Ltd.	Production and distribution of steel	Closed cousin of executive officer are director and shareholders
Ms. Angkalam Tantiviroon		Chief Executive Officer
Mr. Somkiat Vongsarojana		Director
Mr. Teera Phoncharoensuk		Managing Director
Mr. Thanathorn Boonsiripattanacharoen		Director
		Shareholders of the subsidiary company

6. Cash and cash equivalent items

Consisted of:-

	(Unit : Thousand Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash	66	80	36	53
Savings deposits	15	62	1	-
Current deposits	6,126	18,765	20	662
Fixed deposit	1,080	-	-	-
Total	7,287	18,907	57	715

7. Trade and other receivable

Consisted of:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Trade receivable-other parties	2,065,700	2,116,216	1,803,548	1,850,060
Cheques received-other parties	69,802	63,607	35,670	36,360
Total trade receivable	2,135,502	2,179,823	1,839,218	1,886,420
<u>Less</u> Allowance for doubtful accounts	(2,107,542)	(2,143,833)	(1,830,350)	(1,879,633)
Total trade receivable-net	27,960	35,990	8,868	6,787
Other receivable-related parties	-	-	18,112	18,112
Other receivable-other parties	3,034	2,213	1,677	1,416
Revenue department receivable	4,927	4,227	294	-
Advance-payment for loan procurement	5,000	5,000	-	-
Advance-payment for future project-other persons	3,000	3,000	-	-
Advance-payment for future project-related persons	12,000	12,000	-	-
Advance payment to guarantee the future project	17,000	35,000	-	-
Others	3,854	2,494	1,577	1,722
Total other receivable	48,815	63,934	21,660	21,250
<u>Less</u> Allowance for doubtful accounts	(21,415)	(4,415)	(19,507)	(19,507)
Total other receivable-net	27,400	59,519	2,153	1,743
Total trade and other receivable	55,360	95,509	11,021	8,530

7.1 Trade receivable-other parties

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Within credit term	6,522	35,420	2,530	6,277
Over due 1 to 90 days	5,324	-	5,324	-
Over due 91 to 180 days	3,687	17,459	-	17,459
Over due 181 to 365 days	26,453	301,292	-	210,009
Over due over 1 year	2,093,516	1,825,652	1,831,364	1,652,675
Total	2,135,502	2,179,823	1,839,218	1,886,420
<u>Less</u> Allowance for doubtful debts	(2,107,542)	(2,143,833)	(1,830,350)	(1,879,633)
Net	27,960	35,990	8,868	6,787

The normal credit term granted by the Group is 7-120 days. However, the Company has the credit term for foreign receivable is 180 days with payment by letter of credit.

- (a) As at December 31, 2019, the consolidated financial statements, domestic account receivables in amount of Baht 30.14 million which shown in the aging in range of overdue 91-180 days and overdue 181-365 days are postpone to repayment several times. Currently such receivables are aged overdue in range of 181-365 days, so the subsidiary company recognize an allowance for doubtful account in accordance with the Group's policy at the rate of 50% equivalent to Baht 15.07 million.
- (b) As at December 31, 2019 and 2018, the consolidated financial statements, account receivable amount of Baht 313.92 million and amount of Baht 318.75 million (The separate financial statements amount of Baht 224.57 million and amount of Baht 227.47 million) respectively were foreign account receivable with settlement by letter of credit 180 days, deliver goods at the factory of the Group (Ex-work) with amount of foreign currency in the consolidated financial statements is equivalent USD 9.74 million. (The separate financial statements is equivalent USD 6.96 million). Such receivable is due to repayment on June 19, 2018 and August 20 and 23, 2018. When due such receivable postpones the repayment to August 31, 2018 and inform the Company regarding the delay payment of debts due to their total credit line is being revised by bank.

When it due as at August 31, 2018 the receivable request to extend the repayment to October 31, 2018 and when it due the receivable request to extend the repayment to November 20, 2018 plus default interest rate 8.00% per annum.

In December 2018, the Group filed a lawsuit against the Intellectual Property and International Trade Court to exercise the right to force the debtor to repayment and the Group has recognized allowance for doubtful in the whole amount of debtor.

Later, in February-May 2019, the Company's Audit Committee has verified such transaction since they acknowledge the notice from the Company's auditor under Section 89/25 of the Securities and Exchange Act B.E. 2535. So, the result of preliminary examination of such trade transaction and of asking the management of the Company about the details of the transaction which executed by the Audit Committee, they found that the management has exercised judgment in accordance with the principles of corporate governance together with the general guidelines and practices in general business operations and instructed the management to be more careful in business management as well as to find various preventive measures to reducing the Company's credit risk to prevent the problem in the future.

However, on August 15, 2019, The Group has withdrawn the case to bring the lawsuit to file the court which has jurisdiction. Because the case is the sale and delivery of goods in Thailand which are not the international trading under the jurisdiction of the Intellectual Property and International Trade Court. However, the Group is continuously asking for debt collection with foreign debtors. On September 6, 2019, foreign debtors authorized a representative in Thailand whom entered into a letter of debt acceptance with the Group, by accepting the trade debts in amount of USD 9.92 million in the consolidated financial statements and amount of USD 7.08 million in separate financial statements which including an interest from defaulted repayment in amount of USD 0.29 million in the consolidated financial statements and amount of USD 0.19 million in separate financial statements. The letter of debt acceptance request to debt repayment by installments in 39 installments and when the payment of trade debt is completed the Group will be release the defaulted interest to the debtor which has details of payment to the Company and subsidiary company as follows.

The detail of monthly installment to the Company for the debt amount of USD 7,075,842.88 which commencing from October 2019 to December 2022 totaling 39 installments are as follows:

<u>Periods</u>	<u>Detail</u>	<u>Total amount (USD)</u>
1 - 6	USD 30,000.00 per installment	180,000.00
7 - 9	USD 50,000.00 per installment	150,000.00
10 - 12	USD 70,000.00 per installment	210,000.00
13 - 15	USD 100,000.00 per installment	300,000.00
16 - 21	USD 200,000.00 per installment	1,200,000.00
22 - 27	USD 250,000.00 per installment	1,500,000.00
28 - 38	USD 300,000.00 per installment	3,300,000.00
39	Remaining USD 235,842.88	235,842.88
	Total	<u><u>7,075,842.88</u></u>

The detail of monthly installment to the subsidiary company for the debt amount of USD 2,839,565.74 which commencing from January 2020 to December 2022 totaling 36 installments are as follows:

<u>Periods</u>	<u>Detail</u>	<u>Total amount (USD)</u>
1 - 3	USD 20,000.00 per installment	60,000.00
4 - 7	USD 30,000.00 per installment	720,000.00
28 - 30	USD 200,000.00 per installment	600,000.00
31 - 35	USD 250,000.00 per installment	1,250,000.00
36	Remaining USD 209,566.74	209,565.74
	Total	<u>2,839,565.74</u>

However, the Group has not yet filed any additional lawsuits, due to being in the process of following up debt collection in according to the letter of debt acceptance. Such foreign trade receivables has already repaid to the Group and the Company in the consolidated financial statements in amount of Baht 5.79 million and the separate financial statements in amount Baht 3.86 million. After the reporting period, such receivables have defaulted to repayment in according to the letter of debt acceptance.

- (c) As at December 31, 2019 and 2018, the consolidated financial statements, accounts receivable total amount of Baht 1,779.59 million and amount of Baht 1,825.75 million. (The separate financial statements, accounts receivable total amount of Baht 1,606.79 million and amount of Baht 1,652.68 million) respectively. Such receivables have defaulted on repayment to the Group. The Group have filed a lawsuit against such receivables to enforce debt repayment. The Group set up the allowance for doubtful accounts in the consolidated and separate financial statements for the whole amount. However, lawsuits have finalized, the debtors and the Company entered into compromise agreement. The debtors agreed to make a repayment to the Group by installment which has installment periods in 36-60 periods. Currently is in the process to collect debt according to the compromise agreement including additional legal action to enforce debt repayment for the debtors which defaulted to repayment. However, such receivables have defaulted to repayment according to the compromise agreement. The Group has taken additional legal action for the defaulted debtor.

As at December 31, 2019 and 2018, the consolidated and separate financial statements, the default trade receivables have detail of follow-up for repayment as followings.

(Unit : Thousand Baht)

Detail	Consolidated financial statements				Separate financial statements			
	Book value		Book value		Book value		Book value	
	As at December 31,		As at December 31,		As at December 31,		As at December 31,	
Number of accounts	2019	Number of accounts	2018	Number of accounts	2019	Number of accounts	2018	
Group A	5	1,395,394	6	1,440,589	5	1,234,028	6	1,279,223
Group B	1	245,670	1	245,670	1	245,670	1	245,670
Group C	1	122,042	1	122,372	1	122,042	1	122,372
Group D	3	16,480	3	17,020	2	5,050	2	5,410
Total	10	1,779,586	11	1,825,751	9	1,606,790	10	1,652,675
Less Allowance for doubtful accounts		(1,779,506)		(1,825,081)		(1,606,740)		(1,652,165)
Net		80		570		50		510

The receivables of Group A were defaulted to repayment in accordance with the compromise agreement.

The Company and subsidiary appealed against the Civil Court to request an order to appoint the Enforcement Officer to enforce the debtors to pay debts to the Group under the civil court judgment. Including, the Group and the Company traced the land of the debtors with Land Department and not found their property. Thus, the Company and subsidiary filed the lawsuit to debtors against the Bankruptcy Court to request such debtors to pay the debts to the Group. Later, Central Bankruptcy Court has ordered to seize the debtor's assets under the Bankruptcy Act B.E. 2483 to enter the process of filed a request for payment with the Official Receiver. Later, in 2019 the Central Bankruptcy Court has ordered 6 debtors for bankrupt the amount of debt in the consolidated financial statements amount of Baht 1,440.59 million and in the separate financial statements amount of Baht 1,279.20 million. The Company's board of management directors meeting No.17/2019 dated on September 25, 2019 has resolution to write-off a debtor and allowance for doubtful account amount of Baht 45.20 million as bad debt in accordance with the judgment of the Bankruptcy Court, including assigned the finance manager to continued seeking the debtor's assets before the lawsuits expire.

In addition, the Company's board of management directors meeting No.17/2019 dated on September 25, 2019 and No.20/2019 dated on November 21, 2019 and the board of director meeting of the subsidiary company No. 24/2019 dated on October 24, 2019 and No.26/2019 dated on November 20, 2019 has resolution to write-off 4 debtors and allowance for doubtful accounts in the consolidated financial statements amount of Baht 1,120.20 million and in the separate financial statements amount of Baht 968.82 million as bad debt in accordance with the judgment of the Bankruptcy Court, including assigned the finance manager to continued seeking the debtor's assets before the lawsuits expire. Later, the Company's board of management directors meeting No.21/2019 dated on December 18, 2019 and the board of director meeting of the subsidiary company No. 28/2019 dated on December 19, 2019 has resolved to cancel the write-off such receivables and allowance for doubtful accounts as bad debt. Because the Company's legal counsel has opinion that not yet be able to write-off bad debt as per the Revenue Code.

The receivables of Group B were defaulted to repayment in accordance with the compromise agreement. The Company traced the land of the debtors with Land Department and not found their property. However, the receivables Group B have been filed the lawsuit against the Bankruptcy Court by other company and the Central Bankruptcy Court has ordered to seize the debtor's assets. The Company is in the process to file a request for payment with the Official Receiver. Later, in June 2019, the Central Bankruptcy Court has ordered the debtor for bankrupt the amount of debt in the consolidated financial statements and in the separate financial statements amount of Baht 245.67 million.

The Company's board of management meeting directors No. 17/2019 dated on September 25, 2019 has resolution to write-off a debtor and allowance for doubtful account in the consolidated and separate financial statements amount of Baht 245.67 million as bad debt in accordance with the judgment of the Bankruptcy Court, including assigned the finance manager to continued seeking the debtor's assets before the lawsuits expire. Later, the Company's board of management directors meeting No.21/2019 dated on December 18, 2019 has resolved to cancel the write-off such receivables and allowance for doubtful accounts as bad debt. Because the Company's legal counsel has opinion that not yet be able to write-off bad debt as per the Revenue Code.

The receivables of Group C were defaulted to repayment in accordance with the compromise agreement which the Company and subsidiary are in the process to asking the debtors to pay the debts under the compromise agreement.

The receivables of Group D were debtors who are being installment payment to the Group in accordance with the compromise agreement.

However, in the execution of the lawsuit against the debtors in the bankruptcy case with the Central Bankruptcy Court. The management has taken civil and criminal rights to the court till the ended and has enforced the debtors to pay the debt by followed the judgment of court or the court order till the ended. Therefore, the Company and subsidiary filed the lawsuit to debtors in the bankruptcy case against the court in order to ultimate debt enforcement.

Movements of allowance for doubtful debts trade and other receivable for the year ended December 31, 2019 and 2018, are as follow:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Beginning balance	(2,148,248)	(1,844,833)	(1,899,140)	(1,701,468)
Increase during the year	(32,070)	(333,362)	-	(227,468)
Reversal during the year	6,166	29,947	4,088	29,796
Write-off to bad debt	45,195	-	45,195	-
Ending balance	<u>(2,128,957)</u>	<u>(2,148,248)</u>	<u>(1,849,857)</u>	<u>(1,899,140)</u>

- 7.2 As at December 31, 2019 and 2018, the consolidated financial statements, advance payment for loan procurement amount of Baht 5.00 million for both years is advance payment to an agent who will be finding the source of loan for the subsidiary company in the loan amount not less than amount of Baht 600.00 million. The fees for proceed of loan not exceeding 5.00% of loan granted. which approved by the board of director meeting No. 13/2018 of the subsidiary dated on November 23, 2018. However, if the agent cannot find a loan, the advance payment will be refunded to the subsidiary company in full amount plus interest rate at 8.00% per annum.
- 7.3 As at December 31, 2019 and 2018, the consolidated financial statements advance payment for future project-other person amount of Baht 3.00 million for both years is advance payment for future construction project which approved by the board of director meeting No. 7/2018 of the subsidiary dated on August 14, 2018. If such project cannot reach an agreement, the advance payment will be refunded to the subsidiary company in full amount. Later, on November 16, 2018, the advance payment has defaulted on repayment to the subsidiary company. The subsidiary company has notified prosecution against the debtor to enforce debt repayment. The subsidiary company set up the allowance for doubtful accounts for the whole amount.
- 7.4 As at December 31, 2019 and 2018, the consolidated financial statements, advance payment for future project-related persons amount of Baht 12.00 million for both years is advance payment for future construction project to the Shareholders of the subsidiary company (Percentage of shareholdings is 0.02%) which according to the agreement of construction project acquirement. The transaction has approved by the board of director meeting No. 6/2017 of the subsidiary dated on November 17, 2017 and No. 2/2018 dated on February 21, 2018. The contract determines service fees to compensate for the coordination in order to get the job as the percentage of the project value received. If such project cannot reach an agreement, the advance payment will be refunded to the subsidiary company in full amount plus interest rate at 8.00% per annum. The term of contract is 180 days, when due the counterparty has extended the term, due to such construction project has postpone. However, the management believes that the subsidiary company will receive a full amount of advance payment if the contract party cannot reach agreement.
- 7.5 As at December 31, 2019 and 2018, the consolidated financial statements, advance payment to guarantee the project the amount of Baht 17.00 million and amount of Baht 35.00 million derived from the contract of hire and accepted to hire for a part of the construction project which the subsidiary company has paid an advance payment to 2 non-related companies as security to guarantee for acceptance of hiring contract which has detail as follows :

The first contract :-

The contract dated September 21, 2018. The contract has determined the director of counterparty company is the guarantor for the deposit in amount of Baht 25.00 million and determined to the director of counterparty handovers the Nor. Sor. 3 Kor. and title deed in Prachuap Khiri Kkan and Bangkok in the amount of 8 title deeds to the subsidiary company for mortgage securities, including handover the postdated cheque, dated December 21, 2018 to the subsidiary company for guarantee in which the case of redeem the advance payment from the counterparty company. The transaction has approved by the board of director meeting No.10/2018 of the subsidiary dated on September 19, 2018. Nevertheless, the counterparty and the subsidiary company did not register such land mortgage with the Department of Lands and does not appraise the value of lands which pledge for collateral. However, the operation of the contract was disrupted. Later, on December 21, 2018, the contract party changed the postdated cheque in the amount of 12 cheques, dated in February to July 2019, with a check value of Baht 1.50-3.00 million each, totaling a value of Baht 25.00 million. Currently, the subsidiary company has collected the cash from 3 cheques amount of Baht 5.00 million. Later, the contract party changed the postdated cheque latest by separate to repayment in 16 installments totaling amount of Baht 20.00 million as followings.

<u>Period</u>	<u>Cheque Dated</u>	<u>Amount</u>	<u>Period</u>	<u>Cheque Dated</u>	<u>Amount</u>
1	Aug 13, 2019	Baht 1.00 million	9	Feb 1, 2020	Baht 0.50 million
2	Aug 28, 2019	Baht 0.50 million	10	Mar 1, 2020	Baht 0.50 million
3	Sep 16, 2019	Baht 0.50 million	11	Apr 1, 2020	Baht 0.50 million
4	Sep 27, 2019	Baht 0.50 million	12	May 1, 2020	Baht 0.50 million
5	Oct 10, 2019	Baht 0.50 million	13	Jun 1, 2020	Baht 0.50 million
6	Oct 31, 2019	Baht 12.00 million	14	Jul 1, 2020	Baht 0.50 million
7	Dec 1, 2019	Baht 0.50 million	15	Aug 1, 2020	Baht 0.50 million
8	Jan 1, 2020	Baht 0.50 million	16	Sep 1, 2020	Baht 0.50 million

Currently, the subsidiary company has received payment in the first to fifth installments amount of Baht 3.00 million and the sixth installments amount of Baht 10.00 million and still remaining debt due for payment in the sixth installment amount of Baht 2.00 million. The subsidiary company has negotiated with the contract party by requesting to appoint a representative from the subsidiary company for cash monitoring of the counter party's company. By appointed the subsidiary company representative to Co-authorized to approved any withdrawal of the contract party's bank account.

Later, the subsidiary company and the contract party changed the postdated cheque latest by separate to repayment in 14 installments totaling amount of Baht 7.00 million as followings.

<u>Period</u>	<u>Cheque Dated</u>	<u>Amount</u>	<u>Period</u>	<u>Cheque Dated</u>	<u>Amount</u>
1	Jan 1, 2020	Baht 0.50 million	8	Aug 1, 2020	Baht 0.50 million
2	Feb 1, 2020	Baht 0.50 million	9	Sep 1, 2020	Baht 0.50 million
3	Mar 1, 2020	Baht 0.50 million	10	Oct 1, 2020	Baht 0.50 million
4	Apr 1, 2020	Baht 0.50 million	11	Nov 1, 2020	Baht 0.50 million
5	May 1, 2020	Baht 0.50 million	12	Dec 1, 2020	Baht 0.50 million
6	Jun 1, 2020	Baht 0.50 million	13	Jan 1, 2021	Baht 0.50 million
7	Jul 1, 2020	Baht 0.50 million	14	Feb 1, 2021	Baht 0.50 million

Later, when cheque No. 1 and No. 2 is due, the counter party has defaulted to payment.

The second contract :-

The contract dated October 26, 2018. The contract has determined the director of counterparty company is the guarantor for the deposit in amount of Baht 10.00 million and determined to the director of counterparty handovers the title deed in Chiang Mai in the amount of 4 title deeds to the subsidiary company for mortgage securities, including handover the postdated cheque, dated on April 26, 2019 to the subsidiary company for guarantee in which the case of redeem the advance payment from the counterparty subsidiary company. The transaction has approved by the board of director meeting No. 12/2018 of the subsidiary dated on October 24, 2018. Nevertheless, the counterparty and the subsidiary company did not register such land mortgage with the Department of Lands and does not appraise the value of lands which pledge for collateral. However, the operation of the contract was disrupted. Later, on July 2, 2019, the contract party has changed the collateral by changing to a new title deed in Chiang Rai replace of the former and issue 4 cheques for assurance the payments with include interest in total amount of Baht 11.44 million as follows.

<u>Period</u>	<u>Cheque dated</u>	<u>Amount</u>
1	September 20, 2019	Baht 0.68 million
2	September 30, 2019	Baht 5.00 million
3	October 30, 2019	Baht 0.76 million
4	October 30, 2019	Baht 5.00 million

Later, on September 17, 2019, the contract party has changed the cheques for assurance the payments with include interest the first and second installments anew dated in November 30, 2019, for both cheques with value as cheques for assurance the payments have amount of Baht 0.82 million and Baht 5.00 million.

Later, on November 28, 2019 the subsidiary company and the contract party change the postdate cheque latest by separate to issue 2 cheques as followings.

<u>Period</u>	<u>Cheque dated</u>	<u>Amount</u>
1	January 31, 2020	Baht 10.00 million
2	January 31, 2020	Baht 1.90 million

Later, when cheques No.1 and No.2 is due, the counter party postponed the payment by issued the new cheques to the Company which dated on April 30, 2020. The amount of cheques are separate to refund advance payment amount of Baht 10.00 million and defaulted interest amount of Baht 2.26 million.

The management of the subsidiary company believes that obtaining such post dated cheque and received partial payment and title deed from counterparty. Even if not preparing a land mortgage agreement to register with that land office are appropriate and adequate for this situation to reduce the risk from refundable deposit and believes that the subsidiary company will refund the deposit in the whole amount. However, after the contract parties defaulted to repayment as mentioned in above, the subsidiary company recognized an allowance for doubtful accounts of advance payment in whole amount of Baht 17.0 million. Anyway, the management is following debt repayment with the contract parties.

8. Short-term loans to other person

Consisted of:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>	<u>As at December 31,</u>	<u>As at December 31,</u>	<u>As at December 31,</u>
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Short-term loans to other person	23,700	28,000	23,700	28,000
<u>Less</u> Allowance for doubtful account	(22,700)	(25,700)	(22,700)	(25,700)
Net	1,000	2,300	1,000	2,300

Movements of allowance for declining in value of inventories for the year ended December 31, 2019 and 2018, are as follow:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Beginning balance	(25,700)	(30,000)	(25,700)	(30,000)
Received during the year	3,000	4,300	3,000	4,300
Ending balance	<u>(22,700)</u>	<u>(25,700)</u>	<u>(22,700)</u>	<u>(25,700)</u>

As at December 31, 2019 and 2018, the whole amount of short-term loans to other person derived from the Company paid deposits for due diligence before invested in Yala Green Energy Company, in accordance with the minute of the board of director No. 6/2015. Later, the board of management director No. 17/2016, has resolution to cancel an investment due to the result of the due diligence did not meet agreed criteria thus the board resolved to transfer the deposit for investment to short-term loan in the form of loans agreements, maturity within 1 year, which due at June 19, 2017 and interest rates of 6.50% per annum. The borrower has pledged Yala Green Energy Company Limited's common stock of 1,144,950 shares and a post dated cheques amount of Baht 30.00 million as collaterals. Later, the borrower has requested to extend the repayment period to August 31, 2017, which approved by the board of management directors No. 7/2018 dated March 2, 2017, which has interest rate include default interest rate at 8.50% per annum. However, the borrower has defaulted on repayment to the Company when due and request to extend the repayment period to next 6 months. The Company has filed a lawsuit against such borrower to enforce debt repayment. The Company set up the allowance for doubtful accounts for the whole amount.

However, the borrower and the Company entered into compromise agreement, the borrower agreed to repayment to the Company amount of Baht 2.00 million within December 31, 2018, and the remaining will repay by installment 42 periods, with the 1st to 6th installments of Baht 300,000 per installment. The 7th to 41st installments of Baht 500,000 per installment and the final installments of Baht 8,700,000, the first installment commencing in January 31, 2019.

9. Inventories

Consisted of:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Finished goods	23,186	26,171	1,321	3,032
Work in process	478	6	-	-
Raw materials	13,905	6,627	-	733
Supplies	4,801	4,571	1,320	1,388
Total	42,370	37,375	2,641	5,153
<u>Less</u> Allowance for declining in value of inventories	(8,644)	(6,892)	(539)	(1,536)
Net	33,726	30,483	2,102	3,617

Movements of allowance for declining in value of inventories for the year ended December 31, 2019 and 2018, are as follow:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Beginning balance	(6,892)	(5,703)	(1,536)	(770)
Reversal (increase) during the year	(1,752)	(1,189)	997	(766)
Ending balance	(8,644)	(6,892)	(539)	(1,536)

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cost of inventory record as expense and include in the cost of goods sold				
- Cost of goods sold	267,724	303,279	118,647	213,315
- Loss from allowance for decline in value of inventories (reversal)	1,770	1,195	(997)	766
- Loss from allowance for decline in value of advance payment for goods (reversal)	(18)	(6)	-	-
Total	269,476	304,468	117,650	214,081

10. Advance payment for goods

Consisted of:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Advance payments for goods-other parties	363,010	361,843	361,843	361,843
<u>Less</u> Allowance for doubtful accounts	(361,843)	(361,843)	(361,843)	(361,843)
Net	1,167	-	-	-

For the year ended December 31, 2019 and 2018, no movement of allowance for declining in value of inventories of advance payment.

Movements of allowance for doubtful account of advance payment for the year ended December 31, 2019 and 2018, are as follow:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Beginning balance	(361,843)	(361,843)	(361,843)	(361,843)
Increase during the year	-	(31,798)	-	-
Reversal during the year	-	31,798	-	-
Ending balance	(361,843)	(361,843)	(361,843)	(361,843)

10.1 As at December 31, 2019 and 2018, the consolidated and separate financial statements, the Company has advance payment for goods to 3 suppliers with total amount of Baht 361.84 million for both years, such suppliers have been unable to deliver goods to the Company in time according to the contract including they did not refund the prepayment amount to the Company. The Company has filed a lawsuit against such suppliers to enforce debt repayment. The Company set up the allowance for doubtful account in the consolidated and separate financial statements whole amount. Later, 2 debtors and the Company entered into compromise agreement. The debtors agreed to make a repayment to the Company by installment which has installment periods in 36-48 periods. However, such receivables have defaulted to repayment according to the compromise agreement. The Company has taken additional legal action for the defaulted debtor.

As at December 31, 2019 and 2018, the consolidated and separate financial statements, the 2 default receivables have detail of follow-up for repayment as followings.

		(Unit : Thousand Baht)	
		<u>Consolidated /Separate financial statements</u>	
		<u>Book value</u>	
<u>Detail</u>	<u>As at December 31,</u>		
	<u>2019</u>	<u>2018</u>	
The 1 st amount 1	200,567	200,567	
The 2 nd amount 1	155,607	155,607	
Total	356,174	356,174	
<u>Less</u> Allowance for doubtful accounts	(356,174)	(356,174)	
Net	-	-	

The 1st receivable was defaulted to repayment in accordance with the compromise agreement. The Company appealed against the Civil Court to request an order to appoint the Enforcement Officer to enforce the debtor to pay debt to the Company under the civil court judgment. Including, the Company traced the land of the debtors with Land Department and not found their property. Thus, the Company filed the lawsuit to debtor against the Bankruptcy Court to request such debtor to pay the debt to the Company. Later, Central Bankruptcy Court has ordered to seize the debtor's assets under the Bankruptcy Act B.E. 2483 to enter the process of filed a request for payment with the Official Receiver. Later, in December 2019, the Central Bankruptcy Court has ordered the debtor for bankrupt the amount of debt in the consolidated financial statements and separate financial statements amount of Baht 200.57 million.

The 2nd receivable was defaulted to repayment in accordance with the compromise agreement. The Company traced the land of the debtors with Land Department and not found their property. However, such receivable has been filed the lawsuit against the Bankruptcy Court by other company and the Central Bankruptcy Court has ordered to seize the debtor's assets. The Company is in the process to file a request for payment with the Official Receiver. However, in April 2019, the Central Bankruptcy Court has ordered the debtors to be bankrupt.

The Company's board of management directors meeting No. 17/2019 dated on September 25, 2019 has resolution to write-off a debtor and allowance for doubtful account in the consolidated and separate financial statements amount of Baht 155.61 million as bad debt in accordance with the judgment of the Bankruptcy Court, including assigned the finance manager to continued seeking the debtor's assets before the lawsuits expire. Later, the Company's board of management directors meeting No.21/2019 dated on December 18, 2019 has resolved to cancel the write-off such receivables and allowance for doubtful accounts as bad debt. Because the company's legal counsel has opinion that not yet be able to write-off bad debt as per the Revenue Code.

However, in the execution of the lawsuit against the debtors in the bankruptcy case with the Central Bankruptcy Court. The management has taken civil and criminal rights to the court till the ended and has enforced the debtors to pay the debt by followed the judgment of court or the court order till the ended. Therefore, the Company and subsidiary filed the lawsuit to debtors in the bankruptcy case against the court in order to ultimate debt enforcement.

- 10.2 As shown in the statement of comprehensive income for year ended December 31, 2018, expenses from defaulted of advance payment for goods derived from the subsidiary company has advance payment for goods which is advance payment for purchase raw material to 2 overseas supplies. The advance payment for first supplier is amount of Baht 34.23 million and the second is amount of Baht 29.37 million and totaling amount of Baht 63.60 million which recognize allowance for doubtful debt amount of Baht 31.80 million. The sale contract is required the subsidiary company to pay in advance at the rate of 10% of the value contract and the remaining 90% of total amount will be payment by letter of credit. The subsidiary company has entered into a business co-operation framework agreement with a foreign company. Under the terms of business co-operation framework agreement, such foreign company will issue letter of credit to pay the remaining 90%. However, when it dues the foreign partner informs to the subsidiary company that they cannot open letter of credit to pay for the goods. The subsidiary company has negotiated with overseas suppliers to refund the advance payment. Anyway, the overseas suppliers notice to the subsidiary company, they will charge with all and any damages, costs and expenses incurred which has final conclusion as following.

The first overseas supplier has advance payment amount of Baht 34.23 million, they refund to the subsidiary company amount of Baht 15.26 million and charge for legal expense, cargo expenses and loss on exchange rate totaling in amount of Baht 18.97 million. The subsidiary company recognizes such damage to expenses from defaulted of advance payment for goods in whole amount.

The second overseas supplier has advance payment amount of Baht 29.37 million. The overseas supplier will not refund the advance payment to the subsidiary company and request the subsidiary company to seek others buyer enter to contract instead the subsidiary company and paid the 90% which is remaining amount of cost of raw material. Currently, the subsidiary company has sought the buyer to enter in to the contract instead. However, the buyer will compensate the advance payment to the subsidiary company amount of Baht 15.38 million and requests the discount for the purchase transaction amount of Baht 13.99 million. The subsidiary company recognizes such discount to the buyer are expenses from defaulted of advance payment for goods amount of Baht 13.99 million.

11. Non-current assets held for sale

During the year 2019, the Group transferred the land and buildings of the subsidiary company with book value of Baht 415.81 million to non-current assets held for sale which the subsidiary company has pledge as collateral for guarantee the repayment to the debenture payables of the Company. The Company's board of directors meeting No. 1/2019 dated on February 18, 2019 and the Extraordinary General Shareholder Meeting No. 1/2019 of the subsidiary company dated on March 8, 2019 has resolution to approved the subsidiary company sell land and building to the representative of debenture holder of the Company for settlement the debenture of the Company as mentioned in the note to financial statements No.20 and No.29(e).

On August 23, 2019, the subsidiary company has performed the legal transaction of disposing of land and buildings to the representative of debenture holder of the Company at the Samut Sakhon Land Office and on the same day the subsidiary company entered into a lease agreement to rent is 2 years and 1 month at rate of Baht 0.53 million per month, starting from August 23, 2019 onwards. However, not less than 6 months before the end of the rental period, the representative of debenture holders of the Company and the subsidiary company agree to negotiate about the rental renewals. In case of there is no negotiation, it is considered that the subsidiary company does not desire to continue such rental assets and this disposal does not have an agreement or contract for the right to buy back.

However, the selling price of land and building have Baht 550.00 million which has selling expense in amount of Baht 25.46 million. The fair value of land and building which appraised by an appraiser whom approved by the Securities and Exchange Commission (the “SEC”) is in amount of Baht 502.50 million. The subsidiary company recognizes the excess of sale price above fair value as deferred income from sale and leaseback in amount of Baht 38.17 million which amortize to other income over the period of lease contract because the management expect the useful lives of assets as same as the period contract. The detail is as follows:

(Unit : Thousand Baht)

<u>Consolidated financial statements</u>	
<u>As at December 31, 2019</u>	
Deferred income from sale and leaseback	38,165
<u>Less</u> Amotized to income in the year	(6,550)
<u>Less</u> Current portion as amortized to income	(18,319)
Net (Including in other non-current liabilities)	13,296

12. Investment in subsidiaries

Consisted of:-

(Unit : Thousand Baht)

<u>Name of companies</u>	<u>Paid-up</u>		<u>Percentage of</u>		<u>Separate financial statements</u>			
	<u>share capital</u>		<u>shareholding(%)</u>		<u>Investment</u>		<u>Dividend</u>	
					<u>cost method</u>		<u>For the year ended</u>	
					<u>As at December 31.</u>		<u>December 31.</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Rich Asia Industry Co., Ltd.	441,701	441,701	51.88	51.88	536,062	536,062	-	-
G.Y.T. Engineering Co., Ltd.	20,750	20,750	94.82	94.82	19,675	19,675	-	-
Skywell (Thailand) Co., Ltd	60,000	1,250	19.99	99.99	-	1,250	-	-
Total					555,737	556,987		
<u>Less</u> Allowance for impairment loss- Rich Asia Industry Co., Ltd.					(533,200)	(493,800)		
Allowance for impairment loss- G.Y.T. Engineering Co., Ltd.					(19,675)	(8,500)		
Allowance for impairment loss- Skywell (Thailand) Co., Ltd					-	(740)		
Net					-	53,947		

Movement of allowance for impairment loss for the year ended December 31, 2019 and 2018, are as follow:-

	(Unit : Thousand Baht)	
	<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Beginning balance	(503,040)	(348,931)
Increase during the year	(53,437)	(154,109)
Reversal during the year	148	-
Reversal from sales of investment in subsidiary	592	-
Ending balance	<u>(555,737)</u>	<u>(503,040)</u>

Non-controlling interests

Subsidiary with material non-controlling interests is as follow:-

	(Unit : Thousand Baht)					
	<u>Proportion of ownership</u>		<u>Total comprehensive</u>			
	<u>interests held by the NCI</u>		<u>income allocated to NCI</u>		<u>Accumulated NCI</u>	
	<u>As at</u>		<u>For the year ended</u>		<u>As at</u>	
	<u>December 31,</u>		<u>December 31,</u>		<u>December 31,</u>	
<u>Name of companies</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Rich Asia Industry Co., Ltd.	48.12%	48.12%	4,828	(109,183)	(27,375)	(32,204)

Summarised financial information for Rich Asia Industry Company Limited before eliminations,
is as follow :-

	(Unit : Thousand Baht)	
	<u>Rich Asia Industry Co., Ltd.</u>	
	<u>As at December 31,</u>	
	<u>2019</u>	<u>2018</u>
Current assets	655,822	125,341
Non-current assets	133,416	581,672
Total assets	<u>789,238</u>	<u>707,013</u>
Current liabilities	(803,742)	(704,977)
Non-current liabilities	(42,386)	(68,960)
Total liabilities	<u>(846,128)</u>	<u>(773,937)</u>
Equity attributable to the Company's shareholders	<u>(29,515)</u>	<u>(34,720)</u>
Non-controlling interests	<u>(27,375)</u>	<u>(32,204)</u>

	(Unit : Thousand Baht)	
	<u>Rich Asia Industry Co., Ltd.</u>	
	<u>For the year ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Revenue	498,433	192,273
Loss for the year attributable to the Company's shareholders	5,545	(117,715)
Loss for the year attributable to non-controlling interests	5,144	(109,183)
Loss for the year	<u>10,689</u>	<u>(226,898)</u>
Other comprehensive income for the year	(655)	-
Total comprehensive income attributable to the Company's shareholders	5,205	(117,715)
Total comprehensive income attributable to non-controlling interests	4,828	(109,183)
Total comprehensive income for the year	<u>10,033</u>	<u>(226,898)</u>
Net cash from operating activities	(56,070)	(143,447)
Net cash from investing activities	26,503	(47,264)
Net cash from financing activities	29,496	194,008
Cash and cash equivalent items increase(decrease)-net	<u>(71)</u>	<u>3,297</u>

Skywell (Thailand) Co., Ltd.

In according with minute of the Company's board of directors meeting No. 3/2019 dated on September 9, 2019, has resolution to approve of the Company to dispose ordinary shares of Skywell (Thailand) Co., Ltd. (the subsidiary company) amount of 0.40 million shares with a par value of Bath 10.00 per share, which the Company has paid 25% of the shares, equivalent to Bath 2.50 per share to 2 other persons, sold at the price of Bath 1.00 per share, equivalent to amount of Baht 0.40 million. As a result of the above sale of ordinary shares, the Company's shareholding in such subsidiary company changed from 99.99% to 19.99%. The Company has registered the change of authorized director dated on January 3, 2020. In this regard, the Company considers that the Company has control in such subsidiary company until December 30, 2019. Therefore, does not include the statement of financial position of the subsidiary company in the consolidated statement of financial position as at December 31, 2019, but include its financial performance and cash flows from January 1, 2019 to December 30, 2019 in the consolidated statements of comprehensive income and cash flows. In addition, as a result of the changing status, the Company recorded a loss from revaluation of investment in subsidiary company which change the status to be associated company in amount of Baht 0.19 million and a gain on sale of investment in subsidiary company in the consolidated financial statements amount of Baht 0.34 million and a loss on sale of investment in subsidiary company in the separate financial statements amount of Baht 0.01 million.

As at the date of Skywell (Thailand) Co., Ltd. changed its status to be an associate, the net asset value of such company are as follows:

	(Unit : Thousand Baht)
Current assets	50,394
Other current assets	1
Total assets	<u>50,395</u>
Current liabilities	50,084
Other current liabilities	-
Total liabilities	<u>50,084</u>
Net assets	<u>311</u>
Investment sales amount	400
<u>Less</u> Cash and cash equivalents of subsidiary which status changed to associate	<u>(208)</u>
Net cash received from disposal of subsidiary	<u><u>(192)</u></u>

13. Investment in associate

Consisted of:-

(Unit : Thousand Baht)

<u>Name of companies</u>	<u>Percentage of Shareholding(%)</u>		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>Investment as</u>		<u>Investment as</u>	
	<u>2019</u>	<u>2018</u>	<u>equity method</u>		<u>cost method</u>	
	<u>As at December 31,</u>	<u>As at December 31,</u>	<u>As at December 31,</u>	<u>As at December 31,</u>	<u>As at December 31,</u>	<u>As at December 31,</u>
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Thai National Product Co., Ltd.	29.89	29.89	158,322	165,574	198,478	198,478
SKYWELL(THAILAND) Co., Ltd.	19.99	-	3,562	-	3,750	-
Total			161,884	165,574	202,228	198,478
<u>Less</u> Allowance for impairment loss Thai National Product Co., Ltd.			-	-	(40,500)	(40,500)
Net			161,884	165,574	161,728	157,978

Movement of allowance for impairment loss for the year ended December 31, 2019 and 2018, are as follow:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Beginning balance	-	-	(40,500)	-
Increase during the year	-	-	-	(40,500)
Ending balance	-	-	(40,500)	(40,500)

Financial information of associate company

The financial information as presented in the financial statements of the Thai National Product Co., Ltd. were as follows :-

	(Unit : Thousand Baht)	
	<u>As at December 31,</u>	
	<u>2019</u>	<u>2018</u>
Current assets	191,228	172,013
Non-current assets	304,050	307,287
Total assets	495,278	479,300
Current liabilities	(79,851)	(84,731)
Non-current liabilities	(14,031)	(5,917)
Total liabilities	(93,882)	(90,648)
Net assets	401,396	388,652

	(Unit : Thousand Baht)	
	<u>For the year ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Revenue	369,063	294,866
Profit for the year	17,930	737
Other comprehensive income for the year	(5,185)	-
Total comprehensive income for the year	12,745	737
Dividend received from associate for the year	-	-

Reconciliation of financial based on the above information and the carrying amount of the equity of Thai National Product Co., Ltd. with recognize them gradually in the consolidated financial statements.

	(Unit: Thousand Baht)	
	<u>As at December 31,</u>	
	<u>2019</u>	<u>2018</u>
Net assets of the associate	401,396	388,652
Shareholding of the company (%)	29.89	29.89
	119,977	116,168
Adjustment the fair value as at acquisition date	38,345	49,406
Other adjustments	-	-
Book value of the Company in associate	158,322	165,574

As at December 31, 2019 and 2018, the Company has pledge its shares of investment in associate 4,346,666 shares, equivalent to 16.04% of shareholdings for both years, as collateral of short-term loan from other persons and parties as mentioned in the note to financial statements No. 19.

The financial information as presented in the financial statements of the Skywell (Thailand) Co., Ltd. were as follows :-

	(Unit : Thousand Baht)	
	<u>As at December 31,</u>	
	<u>2019</u>	<u>2018</u>
Current assets	58,894	-
Non-current assets	1	-
Total assets	58,895	-
Current liabilities	(41,092)	-
Non-current liabilities	-	-
Total liabilities	(41,092)	-
Net assets	17,803	-

Reconciliation of financial based on the above information and the carrying amount of the equity of Skywell (Thailand) Co., Ltd. with recognize them gradually in the consolidated financial statements.

	(Unit: Thousand Baht)	
	<u>As at December 31,</u>	
	<u>2019</u>	<u>2018</u>
Net assets of the associate	17,803	-
Shareholding of the company (%)	19.99	-
	3,561	-
Other adjustments	1	-
Book value of the Company in associate	3,562	-

In accordance with the minute of the Extraordinary General Meeting of Shareholders of No. 3/2019 hold on December 26, 2019 of Skywell (Thailand) Co., Ltd., has resolution approved to increase its registered capital of the Company from ordinary shares 0.50 million shares with the par value of Baht 10.00 per share, amount of Baht 5.00 million and has paid-up share capital amount of Baht 1.25 million to ordinary shares 6.00 million shares with the par value of Baht 10.00 per share, amount of Baht 60.00 million and has paid-up share capital amount of Baht 18.75 million which the Company has paid-up share capital amount of Baht 3.50 million.

14. Investment property

The movement of investment property for the year ended December 31, 2019 and 2018, were as follow:-

	(Unit : Thousand Baht)			
	Consolidated/Separate financial statements			
	Land	Buildings	Work in process	Total
Cost :				
As at January 1, 2018	1,878	18,406	-	20,284
As at December 31, 2018	1,878	18,406	-	20,284
Purchase during the year	405	-	2,786	3,191
As at December 31, 2019	2,283	18,406	2,786	23,475
Accumulated depreciation :				
As at January 1, 2018	-	(13,278)	-	(13,278)
Depreciation for the year	-	(920)	-	(920)
As at December 31, 2018	-	(14,198)	-	(14,198)
Depreciation for the year	-	(920)	-	(920)
As at December 31, 2019	-	(15,118)	-	(15,118)
Book Value :				
As at December 31, 2018	1,878	4,208	-	6,086
As at December 31, 2019	2,283	3,288	2,786	8,357
The depreciation in profit or loss				
For the year ended December 31, 2018				920
For the year ended December 31, 2019				920
Fair value				
As at December 31, 2018				30,560
As at December 31, 2019				30,560

As at December 31, 2019 and 2018, the consolidated and separate financial statements, the whole amount of investment property are pledged for loans granted by financial institutions as mentioned in the note to financial statements No. 16.

The fair value of investment property was determined by an independent appraiser who has been approved by the office of the Securities and Exchange Commission (Thailand). As at December 31, 2019 the fair value of investment property is in accordance to the valuation report dated on July 2018 by using Market Approach for the land valuation and Cost Approach for building valuation which is hierarchy level 3.

15. Property, plant and equipment

The movement of property, plant and equipment for the year ended December 31, 2019 and 2018, were as follow:-

(Unit : Thousand Baht)

	Consolidated financial statements										
	Land and land improvement	Buildings	Building improvement	Machinery	Machinery improvement	Tools and equipment and office equipment	Office rental improvement	Vehicle	Work in process	Machinery and equipment in process	Total
Cost :											
As at January 1, 2018	316,565	849,154	5,411	1,208,004	12,158	26,050	-	14,151	566	123	2,432,182
Purchase	-	-	-	-	-	255	-	-	-	-	255
Transfer in	-	-	566	20,415	-	2,622	-	-	-	-	23,603
Transfer out	-	-	-	-	-	-	-	-	(566)	(84)	(650)
Sale	-	-	-	-	-	-	-	(41)	-	-	(41)
As at December 31, 2018	316,565	849,154	5,977	1,228,419	12,158	28,927	-	14,110	-	39	2,455,349
Purchase	-	-	-	-	-	1,632	35	420	96	-	2,183
Transfer in	-	-	96	-	-	-	-	-	-	-	96
Transfer out	(275,027)	(836,154)	-	-	-	-	-	-	(96)	-	(1,111,277)
Sale/Written-off	-	-	-	-	-	(10)	-	(4,671)	-	(39)	(4,720)
Transfer out of subsidiary with status changed to associate	-	-	-	-	-	(1)	-	-	-	-	(1)
As at December 31, 2019	41,538	13,000	6,073	1,228,419	12,158	30,548	35	9,859	-	-	1,341,630
Accumulated depreciation :											
As at January 1, 2018	(50,082)	(616,704)	(2,673)	(1,025,100)	(11,487)	(25,203)	-	(14,008)	-	-	(1,745,257)
Depreciation for the year	(431)	(29,819)	(346)	(29,464)	(404)	(668)	-	(74)	-	-	(61,206)
Sale	-	-	-	-	-	-	-	41	-	-	41
As at December 31, 2018	(50,513)	(646,523)	(3,019)	(1,054,564)	(11,891)	(25,871)	-	(14,041)	-	-	(1,806,422)
Depreciation for the year	(78)	(5,978)	(385)	(29,774)	(141)	(984)	(1)	(139)	-	-	(37,480)
Transfer out	50,591	644,775	-	-	-	-	-	-	-	-	695,366
Sale/Written-off	-	-	-	-	-	10	-	4,671	-	-	4,681
Transfer out of subsidiary with status changed to associate	-	-	-	-	-	1	-	-	-	-	1
As at December 31, 2019	-	(7,726)	(3,404)	(1,084,338)	(12,032)	(26,844)	(1)	(9,509)	-	-	(1,143,854)
Net book value :											
As at December 31, 2018	266,052	202,631	2,958	173,855	267	3,056	-	69	-	39	648,927
As at December 31, 2019	41,538	5,274	2,669	144,081	126	3,704	34	350	-	-	197,776
The depreciation in profit or loss											
For the year ended December 31, 2018											61,206
For the year ended December 31, 2019											37,480

(Unit : Thousand Baht)

Separate financial statements

	Land	Buildings	Building improvement	Machinery	Machinery improvement	Tools and equipment and office equipment	Office rental improvement	Vehicle	Total
Cost :									
As at January 1, 2018	41,538	13,000	5,411	79,107	12,159	16,950	-	14,152	182,317
Purchase	-	-	-	-	-	251	-	-	251
Transfer in	-	-	-	20,332	-	2,621	-	-	22,953
Sale	-	-	-	-	-	-	-	(41)	(41)
As at December 31, 2018	41,538	13,000	5,411	99,439	12,159	19,822	-	14,111	205,480
Purchase	-	-	-	-	-	210	35	336	581
Transfer in	-	-	-	-	-	-	-	-	-
Sale	-	-	-	-	-	(10)	-	(4,671)	(4,681)
As at December 31, 2019	41,538	13,000	5,411	99,439	12,159	20,022	35	9,776	201,380
Accumulated depreciation :									
As at January 1, 2018	-	(6,426)	(2,673)	(78,590)	(11,487)	(16,561)	-	(14,009)	(129,746)
Depreciation for the year	-	(650)	(270)	(1,715)	(404)	(500)	-	(74)	(3,613)
Sale	-	-	-	-	-	-	-	41	41
As at December 31, 2018	-	(7,076)	(2,943)	(80,305)	(11,891)	(17,061)	-	(14,042)	(133,318)
Depreciation for the year	-	(650)	(271)	(2,033)	(140)	(731)	(1)	(124)	(3,950)
Sale	-	-	-	-	-	10	-	4,671	4,681
As at December 31, 2019	-	(7,726)	(3,214)	(82,338)	(12,031)	(17,782)	(1)	(9,495)	(132,587)
Net book value :									
As at December 31, 2018	41,538	5,924	2,468	19,134	268	2,761	-	69	72,162
As at December 31, 2019	41,538	5,274	2,197	17,101	128	2,240	34	281	68,793
The depreciation in profit or loss									
For the year ended December 31, 2018									3,613
For the year ended December 31, 2019									3,950

As at December 31, 2019 and 2018, the Group has pledged the part of land, property and machinery with the book value stated in the consolidated financial statements amount of Baht 175.54 million and amount of Baht 621.97 million respectively, to guarantee against credit facility of the Company that receives from commercial banks, financial institutions and debentures payable according to the note to financial statements No. 16 and 20.

As at December 31, 2019 and 2018, the Company has pledged the part of land, property and machinery with the book value stated in the separate financial statements amount of Baht 49.01 million and amount of Baht 49.93 million respectively, to guarantee against credit facility of the Company that receives from commercial banks and financial institutions according to the note to financial statements No. 16.

As at December 31, 2019 and 2018, in the consolidated financial statements the Group had the assets which fully depreciated but still in used. The cost price was amount of Baht 226.36 million, the book value was amount of Baht 2,615.23 and the cost price was amount of Baht 238.77 million, the book value was amount Baht 2,635.23 respectively.

As at December 31, 2019 and 2018, in the separate financial statements the Company had the assets which fully depreciated but still in used. The cost price was amount of Baht 116.38 million, the book value was amount of Baht 560.01 and the cost price was amount of Baht 120.40 million, the book value was amount of Baht 556.01 respectively.

16. Credit facilities and guarantee

The Company has credit line from commercial bank and several financial institutions in form overdraft, trust receipts, short-term and long-term loan, the letter of guarantee, note receivable discount and factoring by granted the total credit line as at December 31, 2019 and 2018, in amount of Baht 1,172.85 million for both years, it is pledged by the Company's land and buildings and certain machinery according to note to financial statements No. 14 and 15, some land and buildings of other company, land and buildings of director of the Company, a part of deposit at bank of the Company and its subsidiaries, other company and director the Company, and beneficiary from insurance in buildings, machinery and equipment to commercial bank and financial institutions.

17. Short-term loans from financial institutions

Consisted of:-

	(Unit : Thousand Baht)	
	<u>Consolidated/Separate financial statements</u>	
	<u>As at December 31,</u>	
	<u>2019</u>	<u>2018</u>
Promissory notes	14,141	15,400
Total	<u>14,141</u>	<u>15,400</u>

As at December 31, 2019 and 2018, the Company has short term loan promissory notes in amount of Baht 14.14 million and amount of Baht 15.40 million respectively, which has default interest rate at 15.00% per annum.

Promissory notes constitute collaterals according as mentioned in the note to financial statements No. 16.

As at December 31, 2019 the financial institution has filed a lawsuit against the Company as mentioned in the note to financial statement No. 29.2(b).

18. Trade and other payable

Consisted of:-

	(Unit : Thousand Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Trade payable-related parties	-	8,647	8,172	15,254
Trade payable-other parties	28,186	134,673	-	112,124
Other payable-related parties	22	3,118	35	3,118
Other payable-other parties	6,472	6,194	3,769	2,507
Advance received for goods-related parties	140	-	-	-
Advance received for goods-other parties	-	7,527	-	7,642
Accrued expenses-related parties	-	599	-	-
Accrued expenses-other parties	234,283	246,769	228,940	241,405
Post dated cheques-other parties	15	7	-	-
Accrued interest-related parties	122,464	-	135,802	-
Deferred income from sale and leaseback	18,319	-	-	-
Total	<u>409,901</u>	<u>407,534</u>	<u>376,718</u>	<u>382,050</u>

In according with minute of the Company's board of management directors meeting No. 17/2019 dated on September 25, has resolution approved to write-off 12 creditors whose expired the right of legal claims, totaling amount of Baht 128.20 million according to the legal advisor's opinion.

19. Short-term loans from other persons and parties

Consisted of:-

(Unit : Thousand Baht)

	<u>Consolidated/Separate financial statements</u>	
	<u>As at December 31,</u>	
	<u>2019</u>	<u>2018</u>
Short-term loans from other persons and parties	125,000	125,000
Total	125,000	125,000

As at December 31, 2019 and 2018, amount of Baht 125.00 million for both years, was loan from bill of exchange issue to private placement investor through financial institutions whose recommend the investor for the Company. Such loan has maturity term for 6-9 months with financial cost equivalent to interest rate at 7.50% per annum for both years. Such loan has shares of associate pledged as collateral according to the note to financial statements No. 13.

As at December 31, 2019 and 2018, the short term loan from other persons and parties in amount of Baht 125.00 million for both years, which has default interest rate at 15.00% per annum.

20. Debentures

As at December 31, 2019 and 2018, the Company had issued unsubordinated and unsecured debentures, payable quarterly, totaling Baht 1,230 million as follows:-

(Unit : Thousand Baht)

<u>Debentures No.</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		<u>Interest Rate</u>	<u>Term</u>	<u>Maturity Date</u>
	<u>As at December 31,</u>		<u>As at December 31,</u>				
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>			
1/2015	309,600	500,000	500,000	500,000	6.50 %	1 year 9 month	30 Jan 2017
2/2015	268,600	500,000	500,000	500,000	6.50 %	2 year	16 Jul 2017
3/2015	101,800	230,000	230,000	230,000	6.20 %	1 year 11 month 29 date	27 Oct 2017
รวม	680,000	1,230,000	1,230,000	1,230,000			

On January 11, 2018 the Company received a notice from the bank creditor informing of default payments of liability under debt restructure agreement as mentioned in the note to financial statements No. 21 and called the Company to repay the principal and accrued interest within 15 days from the date of receipt of the notice (which on January 26, 2018). Consequently, the impact of the aforementioned call repayment of all outstanding debts, has resulted a cross default to all outstanding debentures according to the right terms of debentures which has interest rate include default interest rate at 8.20%-8.50% per annum.

However, the Debenture Holder's Meeting of No. 1/2018 held on February 7, 2016 has resolution to approve the Debenture No. 1/2015 amount of Baht 500.00 million and Debentures No. 2/2015 amount of Baht 500.00 million which is total outstanding of Baht 1,000.00 million, has been immediately due for payment. For the Debentures No. 3/2015 amount of Baht 230.00 million, the Company default to repayment interest on April 29, 2018, which cause to default to debentures No. 3/2015. The Company is required to immediately pay all principal amounts of the Debentures No. 1/2015, No. 2/2015 and No. 3/2015 with interest calculated from the date of default to the Debenture Holders.

Later, the Debenture Holders' Meeting No. 1/2019 for the Company's debenture holder No.1/2015, No.2/2015 and No.3/2015, dated February 2, 2019, which could be summarized a significant resolution as follows:-

1. Acknowledge results of request for business rehabilitation.
2. Considerations for initial process to rectify the defaulted debt repayment whereby partial repayment of the principal will be made and provide third party collateral. The resolution of the debenture holders' meeting was approved.
3. Considerations for process of partial of principle debenture repayment whereby the Company has agreed for partial repayment of the principal of Baht 400.00 million, all repayment will be made to every debenture holder in proportion to the value of debentures. In this regard, the debenture holders will have to approve the agenda items 4 and 5, and with conditions requiring the debenture holders to submit letter of consent for business rehabilitation not less than amount of Baht 922.50 million. The resolution of the debenture holders' meeting was approved.
4. Considerations for mortgage registration as debenture holder's insurance whereby the Company has given consent for Rich Asia Industry Co., Ltd. mortgage its machinery as guarantee to the debenture holders in the amount of Baht 100.00 million. The resolution of the debenture holders' meeting was approved.

5. The Company has provided initial guidelines for the rectification for defaults of the Company's debt by submitting for new business rehabilitation. Whereby, when the Company is able to make partial repayment to debenture holders in Agenda 3 and mortgage its machinery as guarantee in Agenda 4, together with a private guarantee for the rest of the default for the debenture holders in Agenda 6, the debenture holders are to consider allowing the debenture holders signed letter of consent for the Company to enter Business Rehabilitation. Whereby, PCL Planner Co., Ltd. and Phoenix Advisory Services Co., Ltd. are assigned to be co-planner of the Company's Business Rehabilitation Plan. The resolution of the debenture holders' meeting was approved.
6. Considerations for guarantee and further repayment which the Debenture holders has proposed to Ms. Angkarn Tantiviroon as Chief Executive Officer to sign for personal guarantee with credit limit amount of Baht 830.00 million. And in the case of Rich Asia Industry Co., Ltd. can make 2nd machinery mortgaging for additional borrowing, Rich Asia Industry Co., Ltd. has to make additional repayment to debenture holders in the amount of Baht 50.00 million. The resolution of the debenture holders' meeting was approved.

However, the Company has not yet repaid the principle in amount of Baht 400.00 million to the debenture holder but the Company has mortgaged land, buildings and certain machinery of Rich Asia Industry Company Limited (the subsidiary company) as collateral for guarantee the repayment in credit limit amount of Baht 500.00 million as mentioned in the note to financial statements No. 14 (separate to land and building's mortgaged amount of Baht 400.00 million and machinery's mortgaged amount of Baht 100.00 million) and the Company's Chief Executive Officer has already signed for personal guarantee the repayment to the debenture holder with credit limit in amount of Baht 830.00 million.

Anyway, the representative of debenture holders has filed a lawsuit to the Rich Asia Industry Company Limited (the subsidiary company) to enforce mortgage land and building which pledged as collateral as mentioned in the note to financial statement No. 29.2(e).

Later, the Company's board of directors meeting No. 1/2019 dated on February 18, 2019 has unanimously resolved for the Rich Asia Industry Co, Ltd. (the subsidiary company) to dispose of land and building to the representative of debenture holder of the Company at the price of Baht 550.00 million and in accordance with the resolution of Extraordinary General Shareholder Meeting No. 1/2019 of the subsidiary company dated on March 8, 2019, has resolution to the subsidiary company to dispose of land and building to the representative of debenture holder for repayment the debenture of the Company. The subsidiary company subrogated the right from the existing debenture holders as mentioned in the note to financial statement No. 11.

As at December 31, 2019 the Debenture payable as stated in the consolidated financial statements decrease from the separate financial statements amount of Baht 550.0 million due to eliminating inter-transaction between Rich Asia Industry Co.,Ltd. (the subsidiary company) has transferred the right of land and plant to settle the debenture payable on behalf of the Company and Rich Asia Industry Co.,Ltd. has been transferred the rights of claims from the existing debenture holders.

21. Liabilities under debt restructuring agreement

Consisted of:-

	(Unit : Thousand Baht)	
	<u>Consolidated/Separate financial statements</u>	
	<u>As at December 31,</u>	
	<u>2019</u>	<u>2018</u>
Principal amount	537,746	537,746
Accrued interest expenses	332,273	247,012
Accrued interest pending for waiving	253,167	253,167
Total	1,123,186	1,037,925

The movements of liabilities under debt restructuring agreement for the year ended December 31, 2019 and 2018, is as follow:-

	(Unit : Thousand Baht)	
	<u>Consolidated/Separate financial statements</u>	
	<u>As at December 31,</u>	
	<u>2019</u>	<u>2018</u>
Book value at the beginning balance	1,037,925	967,804
Suspend accrued interest for the year	85,261	70,121
Book value at the ending balance	1,123,186	1,037,925

The consolidated and separate financial statements, liabilities under debt restructuring agreement derived from the debt restructuring contract dated on May 30, 2014. In first quarter of the year 2016, the Company and creditor together agreed and signed the new agreement of debt restructure dated March 30, 2016, to adjust the repayment terms and a partial release of collateral. The contract has classified the debt to 4 tranches and details of new repayment term as following:-

1. The Company must pay to creditor at least Baht 560.00 million, which the repayment amount to deduct the principal and accrued interest of each tranches are as follows:-

(Unit : Thousand Baht)

<u>Tranche</u>	<u>Credit Lines</u>	<u>Principals</u>	<u>Accrued interests</u>	<u>Total</u>
1	Baht 400 million	176,760	24,840	201,600
2	Baht 275 million	132,570	18,630	151,200
3	Baht 250 million	88,380	12,420	100,800
4	Baht 200 million	93,290	13,110	106,400
	Total	491,000	69,000	560,000

2. The remaining principal repayment in monthly installments including 96 months (8 years) or the maturity date of March 31, 2024 began the first payment date of April 30, 2016, as detailed below:-

- First tranche : The credit line of Baht 400.00 million, as at December 31, 2019, remaining balance amount of Baht 410.44 million comprise principal amount of Baht 195.60 million, accrued interest amount of Baht 125.25 million and accrued interest pending for waiving amount of Baht 89.59 million (December 31, 2018 : remaining balance amount of Baht 379.68 million comprise principal amount of Baht 195.60 million, accrued interest amount of Baht 94.49 million and accrued interest pending for waiving amount of Baht 89.59 million), with interest rate at SPRL+1.00% per annum.
- Second tranche : The credit line of Baht 275.00 million, as at December 31, 2019, remaining balance amount of Baht 311.32 million comprise principal amount of Baht 141.00 million, accrued interest amount of Baht 95.84 million and accrued interest pending for waiving amount of Baht 74.48 million (December 31, 2018 : remaining balance amount of Baht 288.74 million comprise principal amount of Baht 141.00 million, accrued interest amount of Baht 73.26 million and accrued interest pending for waiving amount of Baht 74.48 million), with interest rate at SPR+1.25% per annum.

- Third tranche : The credit line of Baht 250.00 million, as at December 31, 2019, remaining balance amount of Baht 182.87 million comprise principal amount of Baht 99.46 million, accrued interest amount of Baht 42.74 million and accrued interest pending for waiving amount of Baht 40.67 million (December 31, 2018 : remaining balance amount of Baht 167.07 million comprise principal amount of Baht 99.46 million, accrued interest amount of Baht 26.94 million and accrued interest pending for waiving amount of Baht 40.67 million), with interest rate at SPR+1.25% per annum.
- Fourth tranche : The credit line of Baht 200.00 million, as at December 31, 2019, remaining balance amount of Baht 218.56 million comprise principal amount of Baht 101.68 million, accrued interest amount of Baht 68.45 million and accrued interest pending for waiving amount of Baht 48.43 million (December 31, 2018 : remaining balance amount of Baht 202.44 million comprise principal amount of Baht 101.68 million, accrued interest amount of Baht 52.33 million and accrued interest pending for waiving amount of Baht 48.43 million), with interest rate at SPR+1.00% per annum.

Table of principal and interest repayment per installment (Unit : Million Baht)

<u>Installment periods</u>	<u>First tranche</u>	<u>Second tranche</u>	<u>Third tranche</u>	<u>Fourth tranche</u>	<u>Total</u>
Periods 1-12 (Apr 16-Mar 17)	1.665	1.17	0.81	0.855	4.50
Periods 13-24 (Apr 17-Mar 18)	1.850	1.30	0.90	0.950	5.00
Periods 25-36 (Apr 18-Mar 19)	2.220	1.56	1.08	1.140	6.00
Periods 37-48 (Apr 19-Mar 20)	2.405	1.69	1.17	1.235	6.50
Periods 49-60 (Apr 20-Mar 21)	3.145	2.21	1.53	1.615	8.50
Periods 61-72 (Apr 21-Mar 22)	3.330	2.34	1.62	1.710	9.00
Periods 73-84 (Apr 22-Mar 23)	4.070	2.86	1.98	2.090	11.00
Periods 85-95 (Apr 23-Feb 24)	4.995	3.51	2.43	2.565	13.50
Periods 96 (Mar 24)			Outstanding		

If the Company can perform the terms of the debt restructuring, the creditors willing to compromise forgiven accrued interest pending for waiving of all group amount of Baht 253.17 million.

Liabilities under debt restructuring agreement constitutes collaterals according in note to financial statements No. 16.

In the October 2016, the Company did not completely repay the debt in accordance with debt restructuring agreement which has default interest rate at 21.00% per annum. On January 11, 2017 the Company received a notice from the bank creditor informing of default payments of liability under debt restructure and called the Company to repay the principal and accrued interest within 15 days from the date of receipt of the notice (which on January 26, 2017). The Company has classified the whole amount of liability under debt restructuring agreement to current liabilities caption.

As at December 31, 2019 the financial institution has filed a lawsuit to the Company as mention in the note to financial statements No.29.2(d).

22. Employee benefit obligations

Changes in the present value of the employee benefit obligations is as follows:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Employee benefit obligations as at January 1,	3,404	3,428	1,481	1,552
Past service cost	1,123	-	273	-
Current service cost	778	147	489	115
Interest cost	133	84	63	34
Reversal employee benefit obligations	-	(78)	-	(43)
Benefit paid	(465)	(177)	(465)	(177)
Actuarial losses arising from defined benefit plan	3,277	-	2,593	-
Employee benefit obligations as at December 31,	8,250	3,404	4,434	1,481

Changes in the actuarial loss arising from defined benefit plan recognized in other comprehensive income which is included in the retained earnings were as follows :-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the six-month periods ended June 30,</u>			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Beginning book value	-	-	-	-
Recognized during the period	(3,277)	-	(2,593)	-
Ending book value	(3,277)	-	(2,593)	-

Expenses recognized in profit or loss for the year ended December 31, 2019 and 2018, as follows:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cost of goods sold	1,433	-	629	-
Selling expenses	40	7	4	5
Administrative expenses	420	51	121	21
Directors and management's benefits	8	89	8	89
Finance cost	133	84	63	34
Total	2,034	231	825	149

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Recognized in other comprehensive income</u>				
Actuarial losses arising from defined benefit plan				
Financial assumption	(88)	-	(166)	-
Demographic assumption	1,362	-	1,436	-
Experience adjustments	2,003	-	1,323	-
Total	3,277	-	2,593	-

Principal actuarial assumptions at the reporting date are as at December 31, 2019 and 2018, were as follows:-

(% per annum)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Discount rate	2.00-2.12	1.68-3.48	2.00	1.68-2.68
Salary increase rate	0.00-3.40	1.93-3.10	0.00-2.80	1.93-2.26
Employee turnover rate	9-60	0-54	9-29	17-47
Mortality rate	100 of Thai Mortality Ordinary Table 2017	100 of Thai Mortality Ordinary Table 2008	100 of Thai Mortality Ordinary Table 2017	100 of Thai Mortality Ordinary Table 2008
Disability rate	0 of Thai Mortality Ordinary Table 2017	10 of Thai Mortality Ordinary Table 2008	0 of Thai Mortality Ordinary Table 2017	10 of Thai Mortality Ordinary Table 2008

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts, were as follows:-

(Unit : Thousand Baht)

		<u>Consolidated financial statement</u>			
		<u>As at December 31,</u>			
		<u>2019</u>		<u>2018</u>	
Discount	Increase rate (1.00% movement)	(463)	Increase rate (0.50% movement)	(119)	
Discount	Decrease rate (1.00% movement)	511	Decrease rate (0.50% movement)	125	
Future salary growth	Increase rate (1.00% movement)	563	Increase rate (0.50% movement)	152	
Future salary growth	Decrease rate (1.00% movement)	(514)	Decrease rate (0.50% movement)	(145)	
Employee turnover	Increase rate (10.00% movement)	(333)	Increase rate (0.50% movement)	(175)	
Employee turnover	Decrease rate (10.00% movement)	361	Decrease rate (0.50% movement)	117	

(Unit : Thousand Baht)

		<u>Separate financial statements</u>			
		<u>As at December 31,</u>			
		<u>2019</u>		<u>2018</u>	
Discount	Increase rate (1.00% movement)	(217)	Increase rate (0.50% movement)	(46)	
Discount	Decrease rate (1.00% movement)	236	Decrease rate (0.50% movement)	48	
Future salary growth	Increase rate (1.00% movement)	247	Increase rate (0.50% movement)	55	
Future salary growth	Decrease rate (1.00% movement)	(229)	Decrease rate (0.50% movement)	(53)	
Employee turnover	Increase rate (10.00% movement)	(241)	Increase rate (0.50% movement)	(76)	
Employee turnover	Decrease rate (10.00% movement)	260	Decrease rate (0.50% movement)	80	

On December 13, 2018, the National Legislative Assembly passed a resolution approving the draft of a new Labor Protection Act. On the April 5, 2019, Labor Protection Act has announcement in the Royal Gazette which effective on May 5, 2019. The Labor 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 of not less than that of the 400 days, based on the final wage rate. This change is considered a post-employment benefits plan amendment, which the Company have additional liabilities for employee benefit obligations. The Group and the Company have recorded the effect of the change by recognizing past service costs as expenses in profit or loss.

23. Deferred tax liabilities

Deferred tax liabilities as at December 31, 2019 and 2018, were as follows:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>	
	<u>As at December 31,</u>	
	<u>2019</u>	<u>2018</u>
Deferred tax assets	-	-
Deferred tax liabilities	(25,349)	(67,060)
Net	(25,349)	(67,060)

The movements of deferred tax liabilities for the year ended December 31, 2019 and 2018, were as follows:-

)Unit : Thousand Baht(

	<u>Consolidated financial statements</u>		
	As at	(Charged)/credited to	As at
	January 1,	profit or loss	December 31,
	2019	(Note 26)	2019
Deferred tax liabilities			
Property, plant and equipment	(67,060)	41,711	(25,349)
Total	(67,060)	41,711	(25,349)

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		
	As at	(Charged)/credited to	As at
	January 1,	profit or loss	December 31,
	2018	(Note 26)	2018
Deferred tax liabilities			
Property, plant and equipment	(77,884)	10,824	(67,060)
Total	(77,884)	10,824	(67,060)

As at December 31, 2019 and 2018, the Group and the Company had deductible temporary differences and tax losses carried forward in consolidated financial statements totaling amount of Baht 3,161.94 million and amount of Baht 3,682.34 million respectively and separate financial statements totaling amount of Baht 3,440.47 million and amount of Baht 3,622.70 million respectively which have not been recognized as deferred tax assets in the statements of financial position. Because it is not probable that it will be able to utilize the tax benefit in the foreseeable future.

24. Share capital

The movement of share capital for the year ended December 31, 2019 and 2018, were as follow:-

	Consolidated/Separate financial statements				
	2019			2018	
	Par Value (Baht)	Number of share (Thousand shares)	Amount (Thousand baht)	Number of share (Thousand shares)	Amount (Thousand baht)
Authorized share capital					
Ordinary shares at beginning of the year	1.00	9,600,000	9,600,000	9,600,000	9,600,000
<u>Add</u> Increase ordinary shares	1.00	-	-	-	-
Ordinary shares at end of the year	1.00	9,600,000	9,600,000	9,600,000	9,600,000
Issue and paid-up share capital					
Ordinary shares at beginning of the year	1.00	3,115,270	3,115,270	3,115,270	3,115,268
<u>Add</u> Increase ordinary shares	1.00	-	-	-	2
Ordinary shares at end of the year	1.00	3,115,270	3,115,270	3,115,270	3,115,270

In December 2018, the Company received proceeds from the increasing in share capital from the exercise of warrants RICH-W1 for 1,550 additional shares of Baht 1.00. As a result, issued share capital increasing Baht 3,115.27 million. The Company registered the increase in share capital from the exercise of the warrants with the Ministry of Commerce.

Capital management

The objectives of the Group's capital management are arrangement of appropriated financial structure and maintenance of ability in continuously business operation whereas there is policy of debt to equity ratio maintenance to hold in the rate that the Group can operate business while there is appropriated capital cost burden including policy of debt to equity ratio maintenance to comply with term in the loan contract that there are related financial institutes.

As at December 31, 2019 and 2018, in the consolidated financial statements, the debt to equity ratio is (1.24) : 1.00 and (1.51) : 1.00 respectively and the separate financial statements, the debt to equity ratio is (1.40) : 1.00 and (1.48) : 1.00 respectively.

25. Expenses by nature

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Changing within finished goods and work in process	2,513	18,709	1,711	30,545
Raw material used	122,093	153,702	-	-
Value of purchase inventory for sale	99,366	32,305	116,136	147,168
Loss from declining in value of inventories (reversal)	1,752	1,189	(997)	766
Employee expenses	25,228	28,887	12,807	18,361
Depreciation	38,400	62,126	4,870	4,534
Doubtful accounts (reversal)	(22,903)	299,115	(7,088)	193,372
Impairment loss on investment in subsidiaries	-	-	53,289	154,109
Impairment loss on investment in associate	-	-	-	40,500
Loss on loss of non – controlling in subsidiary	188	-	-	-
Unrealized (gain) loss from exchange rate	-	1,844	-	1,029
Actuarial losses arising from defined benefit plan	655	-	-	-
Expenses from defaulted of advance payment for goods	-	32,963	-	-
Other expenses	87,798	72,759	24,501	63,247
Finance costs	198,089	195,228	210,119	195,178
Total	553,179	898,827	415,348	848,809

26. Income tax revenue

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current income tax expenses	3,228	-	-	-
Deferred tax expense (Note 23)				
Movements in temporary differences	(41,711)	(10,824)	-	-
Total	(38,483)	(10,824)	-	-

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the year ended December 31, 2019 and 2018, as follows:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Accounting loss before tax	(104,395)	(643,177)	(157,995)	(623,006)
Applicable tax rate	20%	20%	20%	20%
Accounting loss before tax multiplied by applicable tax rate	(20,879)	(128,635)	(31,599)	(124,601)
Effect from change of deferred tax	(41,711)	(10,824)	-	-
Tax effect of income exempt from tax and expenses that are not considered as taxable expenses	25,611	107,113	9,441	85,824
Current year loss for which no deferred tax asset was recognised	22,593	55,432	22,158	38,777
Loss carry forward	(44,066)	-	-	-
Effect of elimination entry on the consolidated financial statements	19,969	(33,910)	-	-
Income tax revenues reported in comprehensive income statement	(38,483)	(10,824)	-	-

27. Basic loss per share

Basic loss per share is calculated by dividing loss for the year attributable to equity holders of the Company (excluding other comprehensive income) by the number of issued and paid-up ordinary shares during the period.

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Loss for the year (Unit : Thousand Baht)	(68,527)	(522,860)	(157,995)	(623,006)
The number of issued and paid-up ordinary shares (Unit : Thousand shares)	3,115,270	3,115,270	3,115,270	3,115,270
Basic loss per share (Baht/share)	(0.02)	(0.17)	(0.05)	(0.20)

28. Segment information

Segment information is presented in respect of the Group business segments.

Operating segment information is reported in a manner consistent with the internal reports of the Group 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.

Segment results and operating assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Business segments

For years ended December 31, 2019 and 2018, the Group has only one major geographic segment is a produce and distribution of steel product business

Geographic segments

Management considers that the Group operate in a single geographic area, mainly in Thailand, and has, therefore, only one major geographic segment.

Major customers

For the years ended December 31, 2019, the Group has revenues from 2 customers amount of Baht 211.68 million of the Group total revenues. (2018 : revenues from 4 customers, amount of Baht 168.04 million.)

29. Obligations and contingent liabilities

Certain liabilities shown on the financial statements, the Group still remains contingent liabilities with commercial banks and third party as follows:-

29.1 The Group had letter of guarantee has bank as follows:-

(Unit: Million Baht)

	<u>Consolidated/Separate financial statements</u>			
	<u>As at December 31</u>			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
- Letter of guarantee has bank deposit of the Group pledge for collateral	1.65	2.90	-	1.25

29.2 Litigation

- (a) As at December 31, 2019 and 2018, a lawsuit had been filed against the Company claiming in the amount of Baht 25.35 million. This comprised debt amount of Baht 24.61 million arising from the purchase of goods and interest charges amount of Baht 0.74 million and interest rate at 12.00% per annum until the payment is settled. The Civil Court ordered the Company to pay the creditor. Currently the Company has already paid the whole amount of principle debt. The remaining interest expenses amount of Baht 0.84 million, the Company has negotiated with creditor to waived the remaining amount.

- (b) As at December 31, 2019 and 2018, a lawsuit had been filed against the Company regarding breach of the contract, promissory notes, forced mortgage and guarantor as mentioned in the note to financial statement No.17. Which claiming in the amount of Baht 19.73 million plus interest rate at 15.00% per annum. This principle debt amount of Baht 16.00 million. The Company submitted a filed against a lawsuit. And on November 11, 2019, the Court has ordered the payment of Baht 14.14 million plus interest rate 10.00% per annum from the default date. However, the Company is preparing to submit an objection to the Court of Appeal.
- (c) As at December 31, 2019 and 2018, a lawsuit had been filed against Rich Asia Industry Company Limited (the subsidiary company) regarding breach of the contract for work hiring which claiming in the amount of Baht 1.63 million. The subsidiary company submitted a filed against a lawsuit. Later, on December 26, 2017 the Court dismissed the case. However, the plaintiff submitted a letter appealing to the court. Later, on September 27, 2018 the appeal court has reversal of civil court judgement and passes the judgement order to the subsidiary company pay the creditor in amount of Baht 1.21 million plus interest rate at 7.50% per annum. The subsidiary company has appeal against the judgement to the Court of Appeal and outcome of the case has not been finalized. A lawsuit is in between considered of the Court and therefore the subsidiary company has not recorded provision liability.
- (d) As at December 31, 2019, a lawsuit had been filed against the Company regarding breach of the contract for credit, guarantor, forced mortgage, receiving debt condition and claiming damages as mentioned in the note to financial statement No. 20. Which claiming in the amount of Baht 1,117.27 million plus interest rate to 21.00% per annum. This principle debt amount of Baht 579.51 million. A lawsuit is in between considered of the Court.
- (e) A lawsuit had been filed against Rich Asia Industry Company Limited (the subsidiary company) from the representative of debenture holders of the Company regarding breach of contract and enforce mortgage land and building which the subsidiary company has pledge as collateral for guarantee the repayment to the debenture holders in the credit limit in amount of Baht 400.00 million plus interest rate at 8.50% per annum. Later, the subsidiary company and the representative of debenture holders entered into compromise agreement as mention in the note to financial statements No. 11 and No. 20. In order to settle disputes in this lawsuit the Court considers that the compromise agreement is not against the law and therefore judges the lawsuit to be completed in accordance with the compromise agreement.

29.3 Tax assessment

During the quarter 1/2017, the Company received a value added tax assessment notice from the Revenue Department, covering the years 2012 through 2014, and assessing tax amounting to approximately amount of Baht 202.13 million (including penalties and surcharges). The Company did not agree with the assessments and submitted a letter appealing the assessment to the Tax Appeal Committee of the Revenue Department on April 11, 2017 and the appeal is currently under consideration by the Committee. Anyway the Revenue Department has issued a warning letter to the Company to pay the outstanding taxes in February and August 2018 and has ordered to sequester some bank deposit account of the Company in September 2018. However, the management believes that the outcome of the case will be favorable to the Company and therefore, the Company has not recorded provision for the tax assessments in the accounts.

30. Financial instruments

30.1 Policy to manage financial risk

The Group are exposed to normal business risks from changes in market interest rates and currency exchange rate and from non-performance of contractual obligations by counterparties. The Group do not hold or issue derivative financial instruments for speculative or trading purposes.

30.2 Interest rate risk

Interest rate risk is derived from fluctuation of interest rates in the future which affects upon operation result and the cash flow. The Group constitute risk from rate of interest in deposits at financial institutions, loan to related company, bank overdrafts, loan from the financial institutions, loan from others person and companies, loans from related company and liabilities under finance lease agreement.

(Unit: Million Baht)

Consolidated financial statements

	<u>Amount</u>		<u>Interest rate per annum (%)</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Saving deposit	0.02	0.06	0.30-1.00	0.10-0.50
Current bank deposit, interest bearing	5.66	17.39	1.00	1.00
Short-term loans from to other person	1.00	2.30	-	-
Fixed deposit	1.74	3.08	0.22	0.80-1.00
Short-term loans from financial institutions	14.14	15.40	6.25-15.00	6.25-15.00
Short-term loan from other persons and parties	125.00	125.00	7.50-15.00	7.50-15.00
Debentures	680.00	1,230.00	8.20-8.50	8.20-8.50
Debt under restructuring agreement	537.75	537.75	8.75-21.00	8.75-21.00

(Unit: Million Baht)

Separate financial statements

	<u>Amount</u>		<u>Interest rate per annum (%)</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Saving deposit	0.01	-	1.00	-
Short-term loans to subsidiary company	570.44	595.94	8.00	8.00
Short-term loan to other person	1.00	2.30	-	-
Fixed deposit	-	1.35	-	1.00
Short-term loans from financial institutions	14.14	15.40	6.25-15.00	6.25-15.00
Short-term loan from other persons and parties	125.00	125.00	7.50-15.00	7.50-15.00
Debentures from other persons and related parties	1,230.00	1,230.00	8.20-8.50	8.20-8.50
Debt under restructuring agreement	537.75	537.75	8.75-21.00	8.75-21.00

30.3 Exchange rate risk

The Group had exchange rate risk which involves with purchase or sales products in foreign currencies as a result, the Group constitute risk with respect to the change of exchange rate. However, the Group will consider using appropriately financial derivative so as to hedge against such risk when the exchange rate situation holds unstable trend. The Group obtained assets and liabilities in foreign currencies over which the contract to hedge against risk of exchange rates has not been conducted as follows:-

<u>Currency</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Assets</u>				
Million US Dollor	9.74	9.92	6.96	7.08
<u>Liabilities</u>				
Million US Dollor	-	2.57	-	2.57

30.4 Credit risk

The Group obtain credit risk to trade debts. As result, the Group do not anticipate material losses from their debt collection outside those for which provision has already been set aside.

30.5 Fair Value

Since most of the financial assets and liabilities are short-term and loans bearing interest rates closed to market rates, the Group's management believes such financial assets and liabilities are presented in value not materially different from relevant fair value

31. Fair value hierarchy

As of December 31, 2019 and 2018, the Group had the assets and liabilities that were disclosed fair value which using different levels of inputs to be used in fair value measurement as follows:-

(Unit : Million Baht)

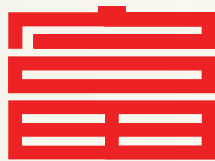
	<u>Consolidated/Separate financial statements</u>							
	<u>As at December 31, 2019</u>				<u>As at December 31, 2018</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets disclosed at fair value</u>								
Investment properties (Note 14)	-	-	30.56	30.56	-	-	30.56	30.56

32. Provident fund

The Company had provident fund covering substantially all employees. This fund was registered with the Ministry of Finance under the Provident Fund Act B.E.1987, in the name of “TISCO 2 Registered Provident Fund”. The fund is contributed to by the Company and its employees at rates ranging from 2% of the employees’ salaries the Fund is managed by Tisco Securities Company Limited and will be paid to the employees upon termination in accordance with the rules of fund. The contributions are recognized as expenses in the year in when they are incurred. For the year ended 2019 and 2018, the Company has provident fund expense in amount of Baht 0.28 million and Baht 0.33 million respectively.

33. Approval of financial statements

These consolidated and separated financial statements were authorized for issue by the Company’s board of director on March 2, 2020.



RICH ASIA

CORPORATION PUBLIC COMPANY LIMITED

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