



THE ROYAL CERAMIC INDUSTRY PLC.,

# ANNUAL REPORT

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2020

รายงานประจำปี 2563  
บริษัท โรแยล ซีรามิก อุตสาหกรรม จำกัด (มหาชน)

## Contents

	page
1. Message from Chairman	1
2. Board of Directors	3
3. Types of Business Operation	17
4. Significant Changes in 2020	22
5. Industrial Conditions and Competition	23
6. Plan and Strategies 2021	25
7. Risk Factors	26
8. General Information	28
9. Shareholding Structure	35
10.Dividend Policy	38
11.Management Structure organization and Board of Director	39
12.Good Corporate Governance	57
13.Sustainability Development Report of the year 2020	73
14.Internal Audit and Risk Management	81
15.Related transaction	87
12.Financial Analysis	91
13.Management Discussion and Analysis	92
14.Auditor's Report and Financial Statement	94

“Investors can learn more about the company from the Company’s Annual Registration Statement (Form 56-1) on [www.sec.or.th](http://www.sec.or.th) or [www.rci.co.th](http://www.rci.co.th) ”

## Message from Chairman

Dear Shareholders,

The Thai economy, as the past year during the COVID-19 epidemic with the factory has reduced the production capacity for two kilns. Those kilns are very old with the time usage for almost thirty years. The company decided to dismantle it all because it consumed a lot of fuel and caused an increase in the cost of production. Overall sales decreased approximately 12.6 percent and net profit of 63 million baht.

At the end of the year, the company remains accumulated loss approximately 31 million baht. It was expected to be completely eliminated in 2021, with the cooperation of the parent company, Dynasty Ceramic Public Company Limited who has always helped for the marketing.

Currently, Dynasty Ceramic Public Company Limited has acquired more than 90 percent of the shares which according to the rules of SET, required to delist its securities from being a listed securities company. It is because of both companies operating the same business.

Please be informed accordingly.

Yours faithfully,



Mr. Roongroj Saengsastra  
Chairman

## Core Value

“Continuous Improvement, Confident in Quality, Updated Technology, and Leading-edge Technology”



## Board of Directors



### Mr. Roongroj Saengsastra

<b>Position</b>	Chairman and Executive of Chairman (Authorized)
<b>Age</b>	70 years
<b>Citizen</b>	Thai
<b>Highest Education</b>	Bachelor of Accounting, Chulalongkorn University
<b>Appointed</b>	13 March 2017
<b>Year of directors membership at Dec 31,2020</b>	3 years 10 month
<b>% of Share Holding at Dec 30, 2020</b>	None (Including the share held by spouse and minor children)
<b>Training</b>	None
<b>Family relationship among executives</b>	-Mr.Monrak Saengsastra and Mr.Maruth Saengsastra's father -Miss Cattleya Saengsastra's brother
<b>Other Current Position: Listed Company</b>	1 Company 1.Chairman and Executive of Chairman /Dynasty Ceramic PLC.
<b>Other Current Position: Non Listed Company</b>	2 Companies

**A director or executive positions  
in other businesses that might  
cause conflicts**

**Experience**

**Meeting Attendance Year 2020**

**Illegal history within the past 10  
years**

1.Chairman of Tile Top Industry PLC.  
(Construction Materials)  
2.Executive of Director of Royal Asia  
Brick and Tile Co., Ltd.(Clay Tiles)  
Chairman and Executive of Chairman  
/Dynasty Ceramic PLC. / (Construction  
Materials)  
2011-2014 Chairman of Pick and Pay  
Co., Ltd  
Chairman of Muang Thong Ceramic Co.,  
Ltd  
Chairman of World Wide Ceramic Co.,  
Ltd  
-Board of Directors 6/6 meetings  
-Board of the Corporate Governance  
Committee 2/2 meetings  
-AGM 2020 1/1 meeting  
None



**Mr.Sanchai Jenejarat**

<b>Position</b>	Managing Director (Authorized)
<b>Age</b>	70 years
<b>Citizen</b>	Thai
<b>Highest Education</b>	Bachelor of Engineering, Chulalongkorn University
<b>Appointed</b>	1 August 2017
<b>Year of directors membership at Dec 31,2020</b>	3 years 5 months
<b>% of Share Holding at Dec 30, 2020</b>	None (Including the share held by spouse and minor children)
<b>Training</b>	Director Accreditation Program (DAP) No.54/2006
<b>Family relationship among executives</b>	None
<b>Other Current Position: Listed Company</b>	None
<b>Other Current Position: Non Listed Company</b>	None
<b>A director or executive positions in other businesses that might cause conflicts</b>	None
<b>Experience</b>	2011 – June 2017 MD of Dynasty Ceramic PLC. And Tile Top Industry PLC.
<b>Meeting Attendance Year 2020</b>	-Board of Directors 6/6 meetings -Board of the Corporate Governance Committee 2/2 meetings -AGM 2020 1/1 meeting
<b>Illegal history within the past 10 years</b>	None



## **Mrs. Samornwadee Polprasert**

<b>Position</b>	Chairman of Audit Committee and Independent Director (Not-Authorized)
<b>Age</b>	71 years
<b>Citizen</b>	Thai
<b>Highest Education</b>	- Master of Public and Private Management Program, NIDA - Bachelor of Business Administration, Chulalongkorn University
<b>Appointed</b>	15 January 2019
<b>Year of directors membership at Dec 31,2020</b>	1 year 11 months
<b>% of Share Holding at Dec 30, 2020</b>	None (Including the share held by spouse and minor children)
<b>Training</b>	None
<b>Family relationship among executives</b>	None
<b>Other Current Position: Listed Company</b>	None
<b>Other Current Position: Non Listed Company</b>	None



<b>A director or executive positions in other businesses that might cause conflicts</b>	None
<b>Experience</b>	1993-2010 Director of Credit Accounting Department/ Government Savings Bank (Headquarters)
<b>Meeting Attendance Year 2020</b>	-Board of Directors 6/6 meetings -Board of Audit Committee 4/4 meetings -AGM 2020 1/1 meeting
<b>Illegal history within the past 10 years</b>	None



**Mrs.Sirepen Mitravijarn**

<b>Position</b>	Independent Director and Audit Committee (Not-Authorized)
<b>Age</b>	72 years
<b>Citizen</b>	Thai
<b>Highest Education</b>	Bachelor's Degree in Accounting (Chulalongkorn University)
<b>Appointed</b>	15 January 2019

<b>Year of directors membership at Dec 31,2020</b>	1 year 11 months
<b>% of Share Holding at Dec 30, 2020</b>	None (Including the share held by spouse and minor children)
<b>Training</b>	None
<b>Family relationship among executives</b>	None
<b>Other Current Position: Listed Company</b>	None
<b>Other Current Position: Non Listed Company</b>	None
<b>A director or executive positions in other businesses that might cause conflicts</b>	None
<b>Experience</b>	<ul style="list-style-type: none"> <li>- Senior management positions under the office of the Board of Directors National Telecommunications (NTC)</li> <li>- Head of Accounting and Finance Department, GBP Inter-trade Company Limited (Bangkok), import/export granite.</li> <li>- General Manager position City Land Group Company Limited operates land and house allocation.</li> </ul>
<b>Meeting Attendance Year 2020</b>	<ul style="list-style-type: none"> <li>-Board of Directors 6/6 meetings</li> <li>-Board of Audit Committee 4/4 meetings</li> <li>-AGM 2020 1/1 meeting</li> </ul>
<b>Illegal history within the past 10 years</b>	None



## Mr. Chaiyos Rungcharoenchai

<b>Position</b>	Independent Director and Audit Committee (Not-Authorized)
<b>Age</b>	46 years
<b>Citizen</b>	Thai
<b>Highest Education</b>	BBA, Faculty of Business Administration, Assumption University
<b>Appointed</b>	8 August 2016
<b>Year of directors membership at Dec 31, 2020</b>	4 years 5 months
<b>% of Share Holding at Dec 30, 2020</b>	None (Including the share held by spouse and minor children)
<b>Training</b>	None
<b>Family relationship among executives</b>	None
<b>Other Current Position: Listed Company</b>	None
<b>Other Current Position: Non Listed Company</b>	3 Companies 1. Director, The JK group Co., Ltd 2. Director, Braccialini Co., Ltd 3. Director, 999 Textile Import & Export Co., Ltd

**A director or executive positions in other businesses that might cause conflicts**

None

**Experience**

2014 - Present: President of Thai Textile Merchants Association  
 2009 - Present: Director, The JK group Co.,Ltd  
 2002 - Present: Director, Braccialini Co., Ltd  
 1999 - Present: Director, 999 Textile Import & Export Co.,Ltd  
 -Board of Directors 6/6 meetings  
 -Board of Audit Committee 4/4 meetings  
 -AGM 2020 1/1 meeting

**Meeting Attendance Year 2020**

**Illegal history within the past 10 years**

None



**Mr. Monrak Saengsastra**

**Position**

Executive Director and Chief Business Development Officer (Authorized)

**Age**

45 years

**Citizen**

Thai

<b>Highest Education</b>	<ul style="list-style-type: none"> <li>-Master of Business Administration, Kasetsart University</li> <li>-Master of Art in International Economics Southern Methodist University (SMU)</li> <li>-Bachelor of Science in Business Computer Information Systems, University of North Texas (UNT)</li> </ul>
<b>Appointed</b>	28 April 2017
<b>Year of directors membership at Dec 31,2020</b>	3 years 8 months
<b>% of Share Holding at Dec 30, 2020</b>	None (Including the share held by spouse and minor children)
<b>Training</b>	Director Accreditation Program (DAP) No.107/2014
<b>Family relationship among executives</b>	Mr. Roongroj Saengsastra's Son/ Mr. Maruth Saengsastra's Brother
<b>Other Current Position: Listed Company</b>	1 Company 1. Chief Business Development Officer / Dynasty Ceramic PLC. (Construction Materials)
<b>Other Current Position: Non Listed Company</b>	2Companies 1.Executive of Director/Tile Top Industry PLC.(Construction Materials) 2. Director of Royal Asia Brick and Tile Co., Ltd. (Clay Tiles)
<b>A director or executive positions in other businesses that might cause conflicts</b>	Executive of Director and Chief Business Development/ Dynasty Ceramic PLC. / (Construction Materials)
<b>Experience</b>	2013 – 2017 Executive Director (Administration) / Dynasty Ceramic PLC.(Construction Materials) and Tile Top Industry PLC. (Construction Materials)
<b>Meeting Attendance Year 2020</b>	<ul style="list-style-type: none"> <li>-Board of Directors 6/6 meetings</li> <li>-Board of the Corporate Governance Committee 2/2 meetings</li> <li>-AGM 2020 1/1 meeting</li> </ul>

**Illegal history within the past 10 years**      None



## **Mr. Maruth Saengsastra**

<b>Position</b>	Executive Director and Chief Marketing and Sales Officer (Authorized)
<b>Age</b>	43 years
<b>Citizen</b>	Thai
<b>Highest Education</b>	-Master of Science in Computer Science, University of North Texas, USA
<b>Appointed</b>	28 April 2017
<b>Year of directors membership at Dec 31, 2020</b>	3 years 8 months
<b>% of Share Holding at Dec 30, 2020</b>	None (Including the share held by spouse and minor children)
<b>Training</b>	Director Accreditation Program (DAP) No.107/2014 -CFO's Orientation Course Class 4 / SET
<b>Family relationship among executives</b>	Mr. Roongroj Saengsastra's Son/ Mr. Monrak Saengsastra's Brother
<b>Other Current Position: Listed Company</b>	1 Company

<p><b>Other Current Position: Non Listed Company</b></p>	<p>1. Executive of Director and Chief Marketing Officer /Dynasty Ceramic PLC (Construction Materials)</p> <p>2Companies</p> <p>1.Executive of Director/Tile Top Industry PLC.(Construction Materials)</p> <p>2. Director of Royal Asia Brick and Tile Co., Ltd. (Clay Tiles)</p>
<p><b>A director or executive positions in other businesses that might cause conflicts</b></p> <p><b>Experience</b></p>	<p>Executive of Director and Chief Marketing and Sales Officer / Dynasty Ceramic PLC (Construction Materials)</p> <p>Jan 2020-Sep 2020 CFO at Dynasty Ceramic PLC , Tile Top Industry PLC and Royal Ceramic Industry PLC</p> <p>2011 – 2017 Senior Executive Vice President (Marketing) at Dynasty Ceramic PLC and Tile Top Industry PLC.</p> <p>2011 – Present Assistant Company Secretary and Investor Relation at Dynasty Ceramic PLC.</p> <p>2011 -2015 Vice President Information Officer at Dynasty Ceramic PLC and Tile Top Industry PLC.</p>
<p><b>Meeting Attendance Year 2020</b></p>	<p>-Board of Directors 6/6 meetings</p> <p>-Board of the Corporate Governance Committee 2/2 meetings</p> <p>-AGM 2020 1/1 meeting</p>
<p><b>Illegal history within the past 10 years</b></p>	<p>None</p>



**Mr. Jaruwat Traithavil**

<b>Position</b>	Executive of Director and Chief Production Officer (Authorized)
<b>Age</b>	40 years
<b>Citizen</b>	Thai
<b>Highest Education</b>	-Master of Engineering Project Management, University of Melbourne, Australia -Bachelor of Engineering (Honours), Australian National University, Australia -Bachelor of Information Technology, Australian National University, Australia
<b>Appointed</b>	28 April 2017
<b>Year of directors membership at Dec 31,2020</b>	3 years 8 months
<b>% of Share Holding at Dec 30, 2020</b>	None (Including the share held by spouse and minor children)
<b>Training</b>	Director Accreditation Program (DAP) No.143/2017
<b>Family relationship among executives</b>	None
<b>Other Current Position: Listed Company</b>	1 Company



**Other Current Position: Non Listed Company**

1. Executive of Director and Chief Production Officer / /Dynasty Ceramic PLC (Construction Materials)

2Companies

1.Executive of Director/Tile Top Industry PLC.(Construction Materials)

2. Director of Royal Asia Brick and Tile Co., Ltd. (Clay Tiles)

**A director or executive positions in other businesses that might cause conflicts**

Executive of Director and Chief Production Officer / Dynasty Ceramic PLC.

/(Construction Materials)

**Experience**

2009 – Present VP Production / Tile Top Industry PLC.

2010 – 2017 Senior VP Production / Dynasty Ceramic PLC.

**Meeting Attendance Year 2020**

-Board of Directors 6/6 meetings

-Board of the Corporate Governance Committee 2/2 meetings

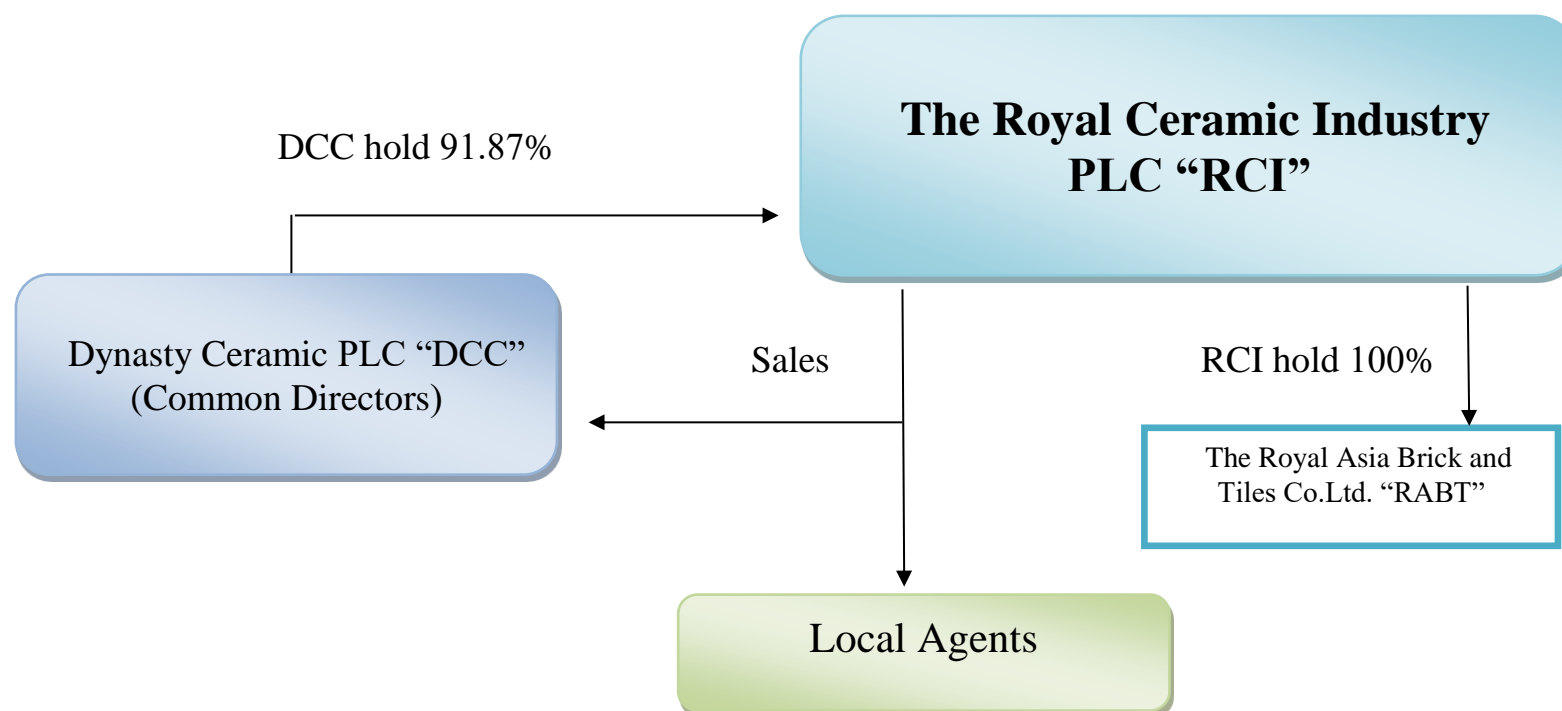
-AGM 2020 1/1 meeting

**Illegal history within the past 10 years**

None

## The Company's Business Structure

at 31 December 2020



## Nature of Business

### History and Important developments

- The Company was set up on September 11, 1969 with initial registered capital worth 5 million baht.
- The Company was listed in the Stock Exchange of Thailand on September 28, 1989 with 180 million baht registered capital.
- The Company increased registered capital to 220 million baht on May 23, 1991 and registered as a public company on April 19, 1994.
- The Company increased registered capital to 314.29 million baht on December 28, 2000.
- In 2005, the Company invested 100 Million baht in machineries as to enhance production efficiency and to replace the old ones and invested 100 Million in The Royal Asia Brick & Tile Company Limited as to expand product lines and for the growth of the company.
- In 2006, the shareholders' meeting had endorsed the change of stock value from 10 baht per share into 1 baht per share. The change became effective on May 15, 2006.
- In 2007, the Company expanded distribution channel by opening two new RCI outlets to sell products directly from the factory.
- In 2008, The Company bought the building and machines for producing the decorated tiles in the amount of 22 Million baht and also added the new product lines were grout and adhesive for tile fixing.
- In 2010, The Company decided to cancel the grout and adhesive for tile fixing, because of product is not make profit.
- In 2011, The Company cannot comply with the resolution of The Extraordinary General Meeting of Shareholders 1/2011, due to the company received the notice letter from the shareholders of the VSSL Enterprise Company Limited dated October 5, 2011. They cannot comply to some conditions and desire to cancel to invest in the Company.
- In year 2012, The Royal Ceramic Industry PLC (RCI) has the significant change in the shareholder structure. Since April 4, 2012 the company got the approval from the Annual General Shareholder Meeting for the partial tender offer from The Union Mosaic Industry PLC (UMI) in order to support the company operation and technical assistance including the administrative and manufacturing management that effect to the cost reduction and create the business partner in ceramic industry. Since of July 2, 2012 that The Union

Mosaic Industry PLC (UMI) became the major share of The Royal Ceramic Industry PLC (RCI).

- In the year 2013 the Extraordinary Meeting of Shareholder No.1/2013 held on September 26<sup>th</sup>, 2013 approved a capital increase of the company, to use as working capital within the business. The company issued and allocated warrants to purchase new ordinary shares of the company No.1 (RCI-W1) to the existing shareholders who subscribe for new ordinary shares at ratio of 1 new ordinary share per 1 unit. The term of the warrants is 2 years and the exercise date is 1 year and 2 years. The first exercise date is 22 October, 2014 and the last exercise date is 22 October, 2015 respectively.

On October 21<sup>st</sup>, 2013 the Company has informed the Stock Exchange of Thailand (SET) about the amount of capital increase ordinary shares that was offered for sales, was resulted in the actual amount of capital increase ordinary shares of 74,449,652 shares. Therefore, the Company received the approval that the said capital increase shares started to trade on the SET from November 1<sup>st</sup>, 2013 onwards. Moreover, the Company has already registered paid-up capital increase with the Ministry of Commerce on October 24<sup>th</sup>, 2013.

- In the year 2014, the Annual General Meeting (AGM) of Shareholders No. 1/2014 on April 28, 2014 has passed the resolution to let the Company exercising the right to purchase the capital increase ordinary shares of T.T. Ceramic Public Company Limited (TTC) in the part that the existing shareholders do not exercise their right at some part at the amount of 50,000,000 shares having a par value of Baht 1.00 totally 50,000,000 Baht. The Company appointed AEC Securities Public Company Limited as independent financial advisor which had concluded the advantages and disadvantages of connected transaction and reasonable price by stating its opinion that purchasing of the capital increase ordinary price of TTC was the appropriate price as the appraised price was higher than the transaction price. The AGM of shareholders has also approved the reduction of registered capital of the Company at the amount of 16,814,986 Baht by cutting out ordinary shares remaining unsold in issuing capital increase shares at the amount of 16,814,986 shares at a par value of 1.00 Baht from existing registered capital of 480,000,000 Baht to new registered capital of 463,185,014 Baht.

On October 22, 2014, the Company reported the result of the exercise of shares subscription rights exercised by warrant holders of RCI-W1 No. 1 as follows: There were 2 warrant holders who exercised their

right with total amount of exercised warrants at 2,540 units from the allotment of totally 74,449,652 ordinary shares of the company and amount of remained warrant at 74,447,112 units. The Company had already registered capital increase on October 30, 2014. At present, the paid-up capital of the company consists of 388,737,902 shares with a par value of 1 Baht per share, totaling 388,737,902 Baht.

- In the year 2015, the Company has approved the transfer of legal reserve and capital surplus to compensate for total accumulated losses in the separate financial statements of the Company at the amount of 31.4 million Baht and capital surplus of 141.3 million Baht respectively to compensate for total accumulated losses of the Company as stipulated in financial statements as of December 31st, 2014 at the amount of 172.7 million Baht. After the compensation of such accumulated losses, the capital surplus of the Company at the amount of 17.8 million Baht and the accumulated losses of the Company shall be equal to zero. Finally, this will enable the company to pay a dividend if the company has profit in the future.

On October 22, 2015, the Company reported the conversion of warrants RCI-W1 No. 2 (the last exercise) as follows: 383 warrant holders of RCI-W1 exercise their rights to convert warrants at the amount of 73,891,622 units and the Company has allocated ordinary shares of 74,447,112 shares with 555,490 remaining un-exercised warrants (expired). The Company has already registered the increase of paid-up capital on November 3, 2015 to 462,629,524 shares at par value of 1 Baht per share at the total amount of 462,629,524 Baht at present.

On December 31, 2015, the Union Mosaic Public Company Limited deducted a shareholding from 32.26% to 10.60% of issued capital and paid-up capital.

- In 2016, the Union Mosaic Public Company Limited deducted a shareholding from 10.60% to 0.02% issued capital and paid-up capital. In present, the Union Mosaic Public Company Limited is not a shareholder.

On October 20, 2016, the Union Mosaic Public Company Limited has a notice of termination of Management fee before the agreement expiration on December 31, 2017 effected on December 1, 2016.

- In 2017, on April 28, 2017, by virtue of the resolution of The Annual General Meeting of Shareholders NO.1/2017, has appointed 4 directors with as a directors of Dynasty Ceramic Public Company Limited. A

manufacturer and distributor of ceramic tiles, the same business type who is not a shareholder and entered to signed employment agreement with Dynasty Ceramic Public Company Limited to manage in production, marketing, and all management with management fee 1.0 million Baht monthly for 1 year since May 2, 2017 until May 1, 2018. There was a termination of management fee before the expiration on October 1, 2017 (by the resolution of the Extra General Meeting of Shareholders No.1/2017 held on November 27, 2017) due to the new management structure.

- In 2018, the Annual General Meeting of Shareholder for year 2018 on April 23, 2018.

To approve the reduction of the Company's registered capital from the existing registered capital of Baht 463,185,014, to be a new registered capital of Baht 462,629,524 by cancelling the number of 555,490 authorized but unissued shares, which were reserved for the exercise of 555,490 units of warrant to purchase ordinary shares in the Company (RCI-W1) and such warrants had not been exercised within its term. As a result, such warrants had already expired) in accordance with the EGM No. 1/2013 held on 26 September 2013

To approve the increase of the company's registered capital from THB 462,629,524 to be THB 616,839,365 by issuing 154,209,841 new ordinary shares with a par value of THB 1 each, totaling THB 154,209,841

To resolved that the number of 154,209,841 new shares at the par value of THB 1 each by way of rights issue at the ratio of 3 existing shares to 1 new ordinary share (any fraction of shares will be disregarded) at the offer price of Baht 1.50 per share. At present, the company's registered capital ordinary shares 616,839,365 with a par value of THB 1 each, totaling THB 616,839,365

- In 2019 on November 25, 2019, Dynasty Ceramic PLC to acquire RCI by voluntary tender offer from all shareholders of RCI. The result of tender offer for all securities, Dynasty Ceramic Public Company Limited is become a major shareholder of RCI as 84.88%.
- In 2020 on August 31, 2020, Dynasty Ceramic PLC bought ordinary shares of RCI from shareholders totaling 6.99%. DCC held the share increasing to 91.87%.

The Royal Ceramic Industry PLC is the manufacturer and distributor of ceramic tiles which are wall tile, floor tile, decorative tile, porcelain tile and clay

tile. Most of customers are housing estate projects and dealer shop for construction materials. After the management restructure in mid of 2017, the main customer is Dynasty Ceramic PLC which produce and sell only wall tile and floor tile by canceling production and distribution decorative tile, porcelain tile and clay tile because the production cost is very high.

The Company is held by Thai nationals 99.72 % and 0.28 % by foreigners. (Register closed 30 December, 2020)

## Our Brands

The ceramic tiles produced by the Company and its subsidiaries comprise under the trademark “RCI”

## Product Types and Sizes

The company has divided the product tiles into 2 groups which are

1. Wall Tile Size 20x25cm. , 20x30cm. , 20x30cm. (Digital) 25x40cm. , 25x40cm. (Digital)
2. Floor Tile Size 30x30cm. (Digital), 60x60cm.(Digital), 60x120 cm.(Digital)

## Revenue structure of the company and subsidiary

- Revenue from the sale of floor and wall tiles produced by Royal Ceramic Industry PLC since April 2017, started selling to Dynasty Ceramic PLC which is the main customer. No export operation.
- Other income such as revenue from warehouse management, retail income, exchange gain, interest received, profit from selling assets, etc.
- The Subsidiary company ceased its operations and therefore no major income.

**Total Income structure in the last 3 years (Consolidated Financial Statement)**

TYPE	Y2020		Y2019		Y2018	
	MB	%	MB	%	MB	%
<b><u>Domestic</u></b>						
Sales from tiles	1,010.28	99.4%	1,156.32	97.8%	980.88	99.8%
Sales from others	0	0%	0	0%	0	0%
<b>Total Sales - Domestic</b>	<b>1,010.28</b>	<b>99.4%</b>	<b>1,156.32</b>	<b>97.8%</b>	<b>980.88</b>	<b>99.8%</b>
<b><u>Overseas</u></b>						
Sales from tiles	0	0%	0	0%	0	0%
Total Sales - Overseas	0	0%	0	0%	0	0%
<b>Total Sales</b>	<b>1,010.28</b>	<b>99.4%</b>	<b>1,156.32</b>	<b>99.8%</b>	<b>980.88</b>	<b>99.8%</b>
Others income	6.12	0.6%	25.45	0.2%	2.20	0.2%
<b>Total income</b>	<b>1,016.40</b>	<b>100.0%</b>	<b>1,181.77</b>	<b>100.0%</b>	<b>983.08</b>	<b>100.0%</b>

## Significant changes in 2020

### Factories

#### Improvement of production line

The company give importance to production process and production cost. In 2020, the company has begun operating the newly installed production line and installed a new kilns to replace the old kilns that is obsolete. Those new kilns will be ready for a production in 2021 and resulting to the production of large size capacity proportion is higher. Also contribute to energy saving of natural gas in this new production line compared with the old production line that use the old technology.

#### Large size tiles production

In 2020, the company has developed and improved the production process to support large size tiles. By started to produce and distribute ceramic tile size 60x120 cm, offering an alternative for customer to replace imported products.



## Head Office

### Investment in additional ordinary shares of Dynasty Ceramic Public Company Limited (“DCC”)

On August 31, 2020, Dynasty Ceramic Public Company Limited (“DCC”) purchased the additional company’s ordinary shares from the minor shareholder. The increased was 91.87% from the existing 84.88%, causing the company to be ineligible to maintain the status of a listed company and to borne additional fees. By the regulations of the Stock Exchange of Thailand subject to accepting ordinary shares or preferred share listed securities in 2015 (including the amendment) stipulated that a listed company on the Stock Exchange of Thailand shall be at least 150 shareholders and such shareholders shall hold not less than 15% of shares. On the Board of directors’ meeting No. 2/2021 on February 10, 2021 resolved to propose the Annual General Meeting of shareholders for the year 2021 to consider and approve a delisting the company as a listed company on the Stock Exchange of Thailand.

### Developing employee efficiency and working process

The company still has goals and give importance on efficiency and quality by allow employees to use their creativity to develop working quality in each department. In accordance with arrange both internal and external training throughout the year. Also give importance on apply a various software for maximum efficiency in accordance with a policy of parent company.

## Industrial Conditions and Competition

In 2020, the company has developed a new products to penetrate the upper market group by producing large size tiles of 60x120 cm, distribute through Dynasty Ceramic PLC. more than 200 outlets. DCC who is a major shareholders, be able to distribute products throughout the country rapidly. Also continuously develop on other size of tiles in 2021 to cover all propose and all market group level.

From the situation of the COVID-19 pandemic together with the company has a production line improvement and adjust the selling price to be compete in the market. In year 2020, the total products sales are 1,010 million baht, decreased by 13%. The production volume decreased from 10.7 million square meters in 2019 to 9.68 million square meters in 2020.

## Competition in business group

In 2020, the company has a percentage of market share in floor and wall tiles business groups at the least in the country is 5% equal to the previous year. Meanwhile the total market value decreased by 3% of the 4 ceramic tiles manufacturers listed in the Stock Exchange of Thailand, which are DCC, UMI,

COTTO and RCI. Since the company is another production place of DCC (parent company), marketing and sales strategy is in the same line with parent group's policy.

**Sales classify by floor and wall tiles business in the ceramic group in 3 years (million baht)**

Company	Y2020		Y2019		Y2018	
	Sales (Million Baht)	%Rise (Fall) From previous year	Sales (Million Baht)	%Rise (Fall) From previous year	Sales (Million Baht)	%Rise (Fall) From previous year
DCC	8,501	5%	8,118	1%	8,027	9%
RCI	1,020	-13%	1,156	18%	981	93%
UMI	2,215	-3%	2,275	1%	2,244	-4%
COTTO	9,951	-8%	10,871	-6%	11,513	-10%
<b>Total</b>	<b>21,677</b>	<b>-3%</b>	<b>22,420</b>	<b>-2%</b>	<b>22,765</b>	<b>-9%</b>

**%Market Share classify by floor and wall tiles business in the ceramic group on the past 3 years**

Company	Y2020- (%)	Y2019-(%)	Y2018-(%)
DCC	39	36	32
RCI	5	5	5
UMI	10	10	10
COTTO	46	49	53
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source : Annual performance data from the Stock Exchange of Thailand

DCC = Dynasty Ceramic Public Co.Ltd. ,TGCI = Thai-German Ceramic Industry Public Co.Ltd. ,UMI = The Union Mosaic Industry Public Co. Ltd.,

COTTO = SCG Ceramic Public Co.Ltd. (Consists of 1.Thai Ceramic Co.Ltd. 2. Gemago Co.Ltd 3.The Siam Ceramic Group Industries Company Limited 4. Sosuco and Group (2008) Co.Ltd. and 5. Thai-German Ceramic Industry Public Limited: SCG Ceramic Public Co.Ltd. "Company" set up by a business combination through merger which is a business integration of produce and distribute ceramic tiles in Thailand under 5 company group in The Siam Cement Public Co.Ltd., to create an appropriate organization structure and increase the efficiency of cooperation in each company. As well as supporting the expansion of ceramic business both domestically and internationally. The company registered as a juristic person in Thailand and approved as a listed security in the Stock Exchange of Thailand on August 1, 2019 (date of merger).

## Plan and Strategies 2021

At the end of 2020, Dynasty Ceramic Public Company Limited invest in purchase of ordinary shares from the minority shareholders. This makes DCC's shareholding in the company 91.87%, being a major shareholder (parent company) with the management structure still unchanged. The company believe that the management will be manage in the same way with a parent company. A Factories is likely another production place for DCC, both parties focusing on benefit of each other equally through the approval of the Audit Committee which are all the independent directors. If the resolution is connected to both parties, a directors with interest will abstain from voting in that resolution.

## Company's Goals in 2021

Continued in development according with the plan in 2020 with parent company as follows:

- Improve the efficiency of existing machinery. Create more patterns and size to meet the needs of market.
- Control costs of administration and sales to be more efficient.
- Develop the potential of employees of all department. Focus on identity and direct responsibilities, reduce work process to create time but still efficient.

## Risk Factors

The company is a subsidiary of Dynasty Ceramic Public Company Limited (Parent company) and conducts in the same business causing it to get various policies from the parent company with the same risk management measures as the parent company.

### 1. Business Risk

The Company focus mainly to grow with the sustainable organization development and realize the importance of risk management in business operation. The company has set policies and corporate culture for employee at all levels to participate in risk management to be consistent and able to support business operation appropriately and efficiency.

Nowadays and during the past year, the company has changed business risk. Especially the situation of a global pandemic situation. Results to the recession of business and economic conditions around the world and also in Thailand. Construction materials market is one of the business that were also affected by this situation. In response to these risks, the company has been focused and determined to expand market, improve and develop products accordingly with market demand by emphasizing the products to support all target groups. However, the company still has a commitment to society through product development with modern technology and energy saving. In present, the company has now launched a variety of products such as non-slip tiles to support aging society and safety. A large size tiles to increase distribution channel and a choice to replace imported products. At the same time, the company also focusing on developing productivity and competence of its employees within the company to maintain production costs in accordance with the situation.

### 2. Environmental and Social Risks

The company focus on waste management in the production process with 3R concept which is Reuse, Reduce and Recycle to reduce waste material externally and reduce disposal costs. The company has improved the production process to reduce energy consumption, especially use of natural gas to reduce greenhouse effect and improve production process to reduce dust. As well as determine on monitoring environment around production area. Resulting passed the standard with not affecting or destroy an environment of the community and in accordance with the law.

### 3. Risk of technology and Innovation

Risk of technology and innovation in manufacturing and product is one of the operation risk. The company research and development is a process that the company give an importance continuously. The company has research, follow up, experiment and develop products or production process using efficient modern technology, reduce energy consumption and contribute to the highest productivity. The company confidence in production process that is innovative and be able to compete sustainably in the industry.

### 4. Operational Risk

#### 4.1 Continuity risk of materials

The main raw materials of ceramic tiles manufacturing process including clay, rocks, mineral, glazes and water. Those have a risk in scarcity and rising of raw materials prices. The company has a risk management to determine a strategic policy for having multiple sources of raw materials and all kinds of raw materials must have store up source. There was a management of delivery, storage and production formulations development to reduce scarcity risk. Also cooperate with trading partners to survey, improve and forecast raw materials reserve quantity for manufacturing process

#### 4.2 People Risk

Due to a high demand for skill person to work in the industrial and in pandemic situation. The company is expose the risk of labor shortage and wage rate adjustment. This may result in lower productivity and higher cost in human resource. The company has managed the development of employee retention and give importance in health by appropriate welfare and compensation. In addition, the company has developed a process to be automatic to reduce risk of accident which may occur at the point, and to replace employee positions in heavy work area and not suitable for human labor.

### 5. Financial Risks

#### 5.1 Liquidity Risk

To build a confidence that the company has sufficient liquidity. The company has continuously monitored and assessed the liquidity. To prepare credit limits from financial institutions and maintain sufficient reserves for business operation and hedge the risk from fluctuation of cash flows that may occur.

## 5.2 Credit Risk

To reduce the company risk, the company has manage and control the risk of accounts receivable financing by control, operate and use of various financial instruments such as deposit a bank guarantee from financial institution, estimating the credibility of debtor, setting a credit limit for debtor, etc.



## General Information

<b>Company's name:</b>	The Royal Ceramic Industry PLC., Registered No. 0107537001137(Bor MorJor 360)
<b>Product:</b>	Manufacturer and Distributor of Floor Tiles and Wall Tiles
<b>Office location:</b>	DCC Building 37/7 Suthisarn-Vinijchai Road,Samsen-Nok Sub-district HuayKwang District, Bangkok 10310 Tel: 0-2276-9275-80 Fax: 0-2643-0948-9
<b>Mill location:</b>	No. 54/7 Village No. 3 Suwannasorn Road, Khokyaе Sub-district, Nongkhae District, Saraburi Province 18230 Tel: 036-305249, 036-305979-81 Fax: 0-3630-5988
<b>Registered capital:</b>	616,839,365 ordinary shares, 1.00 baht per share 616,839,365 Baht
<b>Paid-up capital:</b>	616,839,365 ordinary shares, 1.00 baht per share 616,839,365 Baht

## Company share

**Registrar:** Securities Depository Center (Thailand) Co., Ltd.  
**Office location:** No. 93 Stock Exchange of Thailand Building  
Ratchadaphisek Road, Din Dang Sub-district, Din  
Dang District, Bangkok 10400 Tel: 0-2009-9999, 0-  
2003-9378 Fax: 0-2009-9476

**Company's Auditor** Karin Audit Company Limited  
**Office location:** 72 CAT Telecom Tower, Floor 24, Charoen Krung  
Road, Bangrak, Bangkok 10500 Tel. 0-2105-4661  
Fax. 0-2026-3760 <http://www.karinaudit.co.th/>  
Email: [audit@karinaudit.co.th](mailto:audit@karinaudit.co.th)

**Company Secretary** Miss Cattleya Saengsastra  
Tel: 02-276-9275-81 ext 403 Fax: 02-276-0313-17  
E-mail: [Cattleya.sa@rci.com](mailto:Cattleya.sa@rci.com)

## Information of Shareholding of the company in other companies

**Security Name:** The Royal Asia Brick and Tile Company Limited  
(Ordinary shares)

**Office location :** DCC Building 37/7 Suthisarn-Vinijchai Road,  
Samsen-Nok Sub-district HuayKwang District,  
Bangkok 10310 Tel: 0-2276-9275-80  
Fax: 0-2643-0948-9

**Number of shares:** 79,994 shares, equal to 99.99 per cent of registered  
80,000 shares, value at 1,000 baht per share.

\*\*\*\*\*

**Security Name:** Baan Somthavil Co.,Ltd (Ordinary shares)  
**Office location:** No.1 Mahadlekluang 3 Lane, Rajdamri Road, Lumpini  
Sub-district, Pathumwan District, Bangkok 10330  
Tel: 0-2650-2100-11 Fax: 02-254-0370

**Number of shares:** 450,000 shares, equal to 45 per cent of registered  
1,000,000 shares, value at 25 baht per share. All sold  
out on 5 February 2021

\*\*\*\*\*



## Report of the Audit Committee

To the Shareholders

The Audit Committee of Royal Ceramic Industry Public Company Limited consists of directors; Mrs. Samornvadee Pholprasert Chairman of Audit Committee, Mrs. Sirepen Mittravijarn and Mr. Chaiyos Rungcharoenchai as Audit Committee, which are the independent directors, qualified person, knowledge and experience in business operation. And Mrs. Samornvadee Pholprasert and Mrs. Sirepen Mittravijarn have sufficient knowledge and experience to be able to review the reliability of financial statement.

In 2020, Audit Committee held a total of 4 meetings by discussing with the management team and auditors on relevant matters.

Audit committee performs duties as assigned by the Board of Directors in accordance with the regulations of the Stock Exchange of Thailand and summarize the meeting report to the Boards. The summary of the mission of the year as;

### 1. Review of the quarterly and annual financial statements of the Separate and the Consolidated Financial Statements in 2020

There was a meeting with auditor, internal audit department, accounting department and other management department to review data, evidence and accounting system, including questioning and get satisfy explication on important item to obtain reliable financial statement. In accordance to the accounting standard prescribed by the Federation of Accounting Professions of Thailand issued under the Accounting Act and the disclosure footnotes to financial statement enough and appropriate for business operation. As result, the auditor give unqualified opinions in company's financial statement and consolidated financial statement. The Audit committee will approved the audit's report, financial statement and footnotes to financial statement with the company consolidated financial statement to present to the Board of Directors for approval before propose to the shareholder's meeting.

### 2. Review of the internal control system

In 2020, The Audit committee Review assessment if the internal control system and computer system used to record financial information and coordinate operation with auditor and management department involve to operate according to the internal control requirement and the authority to the company for internal control system and computer system sufficiency and suitable with nature of business operation which consistent with the assessment of the auditor that is not



make any significant observation in the internal control system in the company.

### 3. Review of the internal control

It has a review in the performance of audit according to the plan, resulting that the performance was meet the target in such of vision development set that is a creative examination to create value added in the organization according to the principle of good governance , able to formulate strategies and plan to achieve goals which most will be determined from the summary of the quarterly audit result proposed for examined and share opinion together with institute which receive in determining the corrective measure to meet a resulting of the department operation to be more sufficiency.

### 4. Review on compliance with laws, regulations and requirements

It has conduct a joint review with the auditing unit and the related management and found that the working units have satisfactorily complied with the laws, regulations and requirements provided. In case of the discrepancies, the correction would be undertaken as soon as possible. In addition, the agenda was involved with changes in laws, accounting standards and other matters related to the operation of the company in each quarter to make a study and provide comments on the suitable practices of the related units in compliance with the operation and business of the company.

### 5. Assessment on risk management

It has reviewed and assessed the risk management of the risk management committee and it is found that the company has complied with the requirements on risk management with risk control, monitoring and management, particularly in reducing the major risk, to the acceptable level as evident in the performance which is more efficient, concise, rapid and could reduce the working time while the key risk factors are shown in the annual report.

### 6. Review of inter-company transactions and conflict of interest transactions

The Audit Committee has examined and made comments on inter-company transactions or transactions with possible conflict of interest of the company and its subsidiaries on a quarterly basis based on conservatism assumption, reasonable and consideration of the stakeholders benefits, including sufficient disclosure in accordance with the conditions provided by the Stock Exchange of Thailand while such transactions have been sufficiently disclosed in notes to financial statements.

### 7. Promotion of good governance

The company is committed to managing the business by adhere to the

principle of good governance. This is for transparency and examine in ethical. There are a channels for complain in such not match with the law practice, regulations and ethics. These are create confidence for shareholders and stakeholders. In 2020, there was no complaint found for not practice with the regulation and organize activities to communicate with employee at all levels to understand and comply with the code of conduct. Especially in the issue of Anti-corruption

#### 8. Proposed appointment and remuneration of the auditor for the year 2021

There was a considered to propose the current auditor which considered by qualifications and experience that is appropriate. Accordingly, agreed to propose Karin Audit Company Limited to be the auditor of the company and subsidiaries. Then propose to the Board of Directors for consideration and approval before proposing to the ordinary shareholders' meeting approve the appointment and determination of the auditor's remuneration for the year 2021.

The opinion of the audit committee is that the company has the process to prepare and disclose the appropriate and reliable information in the financial statements with adequate internal control system, supervision and risk management, the related-company transactions have been disclosed in accordance with the criteria to reflect transparent management and complied with the good governance principles as regulated by the Stock Exchange of Thailand.

On behalf of the Audit Committee  
The Royal Ceramic Industry Public Company Limited



(Mrs. Samornvadee Pholprasert)  
Chairman on the Audit Committee  
10 February 2021

## Report of the Executive and Corporate Governance Committee

To the shareholders,

The company realized that the importance of business operations in accordance with good corporate governance guidelines and business ethics in order to improve the standard of operation of the company to be transparent, increase credibility and with sustainable development. The Board of Directors has established a written corporate governance principles and assigned the Corporate Governance Committee to be responsible for corporate governance in accordance with the good corporate governance criteria complied with the Stock Exchange of Thailand and the Securities and Exchange Commission standard.

In 2020, the Corporate Governance Committee conducted a total of two corporate governance meeting in accordance with the established corporate governance policy and plans. To summarize, the Company's corporate governance meeting was conducted in the following aspects:

1. Set the criteria for the opportunity for shareholders to propose the agenda and/or to nominate qualified candidates to be elected as Directors at the 2021 Annual General Meeting of Shareholder.
2. Support and promote the implementation of Anti-Corruption policy. Moreover, there are activities to communicate to employees at all levels to know and understand the Company's code of conduct, especially in the fight against corruption.
3. Promoted the Board of Directors and Management to conduct a self-assessment according to the Corporate Governance Self-Assessment Evaluation.
4. Ensured the implementation of program and activities of corporate social responsibility policies.

Such evaluation, which imply that the company has given priority and importance to good governance, concentrate and dedicate all attempts to comply with principles of good corporate governance constantly.



(Mr. Roongroj Saengsastra)

Chairman of the Executive and Corporate Governance Committee

## Report of the Board of Directors' Responsibilities for Financial Reports

The Board of Directors is responsible for the consolidated and Company-only financial statements, the financial statements and the notes to the financial statements of The Royal Ceramic Industry Public Company Limited have been prepared in accordance with Thai Financial Reporting Standards, by choosing proper accounting policies and consistently adhering to them including careful consideration, together with prudent and reasonable estimations in preparation. These reflect the actual, transparent and reasonable financial position and performance that are useful to all shareholders and investors.

The Board of Directors has also established and reviewed appropriate and effective risk management, internal control, and compliance measures, to be reasonably assured that the financial records are accurate, complete, and adequate to protect the Company's assets. These controls also serve as preventive measures against any significant operational risk of the Company.

The Board of Directors has appointed an Audit Committee comprised of independent directors responsible for the quality of the Company's financial reporting and internal control systems as well as complete and appropriate disclosure of connected transactions and other processes. The opinion of the Audit Committee with regard to these matters appears in the Report of the Audit Committee in this Annual Report.

The Board of Directors has considered of Company's internal control system. From the year ended on December 31, 2020, the company has settled in satisfactory level and create a reasonable reliable to the reliability of consolidated financial statement of the company and its subsidiaries.



(Mr. Roongroj Saengsastra)  
Chief Executive officer

## Shareholding Structure

Top ten major shareholders and percent of shareholding at December 30, 2020

No.	Company/individual shareholder name	% of shareholding
1.	Dynasty Ceramic Public Co., Ltd <sup>*</sup>	91.87
2.	Ms. Nuntapak Sirichaiprasert	1.42
3.	Wall Street Finance & Securities Public Co., Ltd	0.64
4.	Mr.Thiti Lerdwattanamongkol	0.44
5.	Mr. Chokchai Srisawegkarn	0.37
6.	Mrs Jaruwun Joungpipattanasuk	0.25
7.	Mrs Kanitha Makduengthein	0.16
8.	WILLIAM HUNT & CO., INT'L LTD.B.V.I.	0.16
9.	Mr.Thun Prewtheinyingtaewee	0.16
10	Mr. Wunchai Anuntaprakorn	0.16
	Total 10 major shareholders	<b>95.63</b>
	Total number of shares (Shares)	616,839,365
	Issued and Paid-up share capital (Baht)	616,839,365
	Authorized Share Capital (Baht)	616,839,365
	Par Value per share (Baht)	1.00

<sup>\*</sup>Dynasty Ceramic Public Company limited acquired the company by voluntary tender offer and being a major shareholder (Parent Company) at the end of November 2019 and The end of August 2020, Dynasty Ceramic PLC bought ordinary shares of RCI and held the share increasing to 91.87%.

*Data as of 30 December 2020*

- ❖ Shareholders that are Thai legal entities 12 entities; holding 571,537,234 shares or 92.65%
- ❖ Major shareholder that is Thai legal entity is Dynasty Ceramic Company Limited
- ❖ Shareholders that are foreign legal entities 2 entities; holding 1,038,300 shares or 0.17%
- ❖ Major shareholder that is foreign legal WILLIAM HUNT & CO., INT'L LTD.B.V.I.

## Report of changes in the holdings of shares of directors and executives in 2020 (as at 30 December 2020)

No.	Name	Position	Number of shareholding as at 30 Dec 2019	Number of shareholding as at 30 Dec 2020	Number of shareholding increase (decrease) in 2020	% of shareholding
1.	Mr. Roongroj Saengsastra	Chairman and Executive of Chairman	-0-	-0-	-0-	-0-
	(the share held by spouse and minor children)		-0-	-0-	-0-	-0-
2.	Mrs. Samornwadee Polprasert	Chairman of Audit Committee and Independent Director	-0-	-0-	-0-	-0-
	(the share held by spouse and minor children)		-0-	-0-	-0-	-0-
3.	Mrs. Sirepen Mitravijarn	Independent Director and Audit Committee	-0-	-0-	-0-	-0-
	(the share held by spouse and minor children)		-0-	-0-	-0-	-0-
4.	Mr. Chaiyos Rungcharoenchai	Independent Director and Audit Committee	-0-	-0-	-0-	-0-
	(the share held by spouse and minor children)		-0-	-0-	-0-	-0-
5.	Mr. Sanchai Jenejarat	Executive Director /Managing Director	-0-	-0-	-0-	-0-
	(the share held by spouse and minor children)		-0-	-0-	-0-	-0-
6.	Mr. Monrak Saengsastra	Executive Director and Chief Business Development Officer	-0-	-0-	-0-	-0-
	(the share held by spouse and minor children)		-0-	-0-	-0-	-0-
7.	Mr. Maruth Saengsastra	Executive Director and Chief Marketing and Sales Officer	-0-	-0-	-0-	-0-
	(the share held by spouse and minor children)		-0-	-0-	-0-	-0-
8.	Mr. Jaruwat Traithavil	Executive of Director and Chief Production Officer	-0-	-0-	-0-	-0-
	(the share held by spouse and minor children)		-0-	-0-	-0-	-0-

## Shareholding Structure of the Subsidiaries

### Royal Asia Brick and Tile Co., LTD

Company/individual shareholder name	No. of shares	% of shareholding
1. The Royal Ceramic Industry PLC.	79,996	100%
2. Minority shareholders 4 persons	4	-

### Securities of The Royal Ceramic Industry Public Co., Ltd consist of;

- ❖ No debentures or warrants have been issued whatsoever
- ❖ No obligations with regard to the issue of future securities to Thai Trust Fund
- ❖ No Major Shareholding Agreement on any company's business

### Investments in other company as at 31 December 2020 Totally 151.5 Million Baht or 14.0% of total Assets.

Company's name	Authorized Share Capital (Baht)	Issued and Paid-up share capital (Baht)	Par value per share (Baht)	Holding (%)	Cost Method (Baht)	Less Allowance for impairment (Baht)	Cost Method - net (Baht)
<b>Subsidiaries company:</b>							
Royal Asia Brick and tiles Co.,Ltd.	80,000,000	80,000,000	1,000.00	100.00	139,985,000	(62,986,196)	76,998,804
<b>Associated company:</b>							
Bann Somthavil co.,Ltd	25,000,000	25,000,000	25.00	45.00	11,250,000	(11,250,000)	-0-
<b>Non-marketable equity securities:</b>							
Cermas Co.,Ltd	21,000,000	21,000,000	100.00	1.50	314,300	-0-	314,300
<b>Total</b>					<b>151,549,300</b>	<b>(74,236,196)</b>	<b>77,313,104</b>

Early 2020, the Company sold all of its investments in T.T.Ceramic Public Company Limited held 8.32%.

## Dividend Payment Policy

The Board of Directors will announce the dividend payment upon its cash flow position after legal reserve (not less than 10% of registered share capital). Dividend payout depends on the necessity of future expenditure such as debt repayment plan and investment for continued business expansion. Thereafter, it will be proposed to the Shareholders' meeting for considerations on an occasionally basis. This process is also applied to interim dividend payout. Dividend is paid within 1 month from the day of the Shareholders' meeting or the resolution of the Board of Directors is taken place.

In the year 2016-2019, no dividend payment

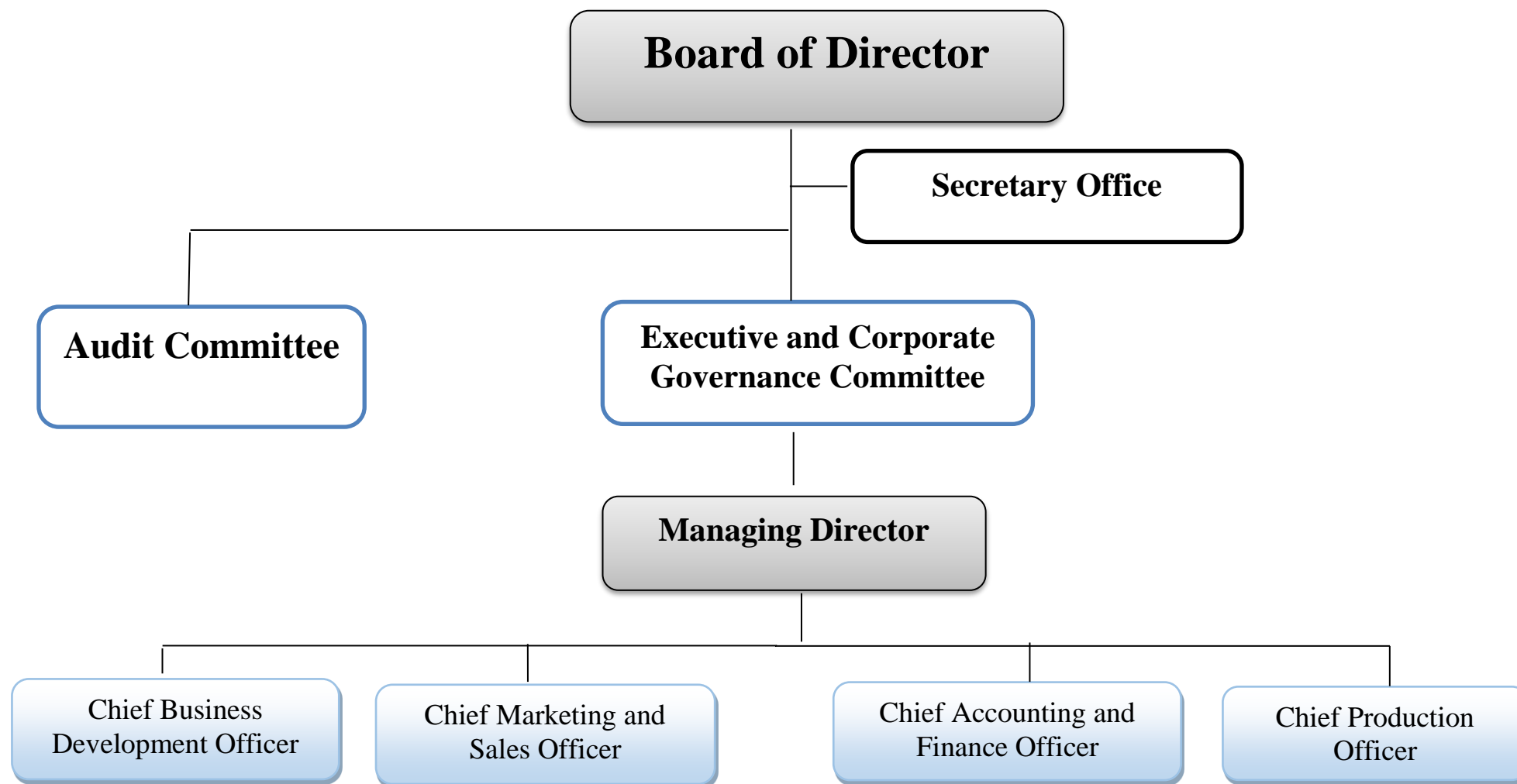
In the year 2020, no dividend payment because the company still has deficit and is in the process of restructuring the management.

### Total dividends paid in the past 5 years

Dividend Details	Y2020	Y2019	Y2018	Y2017	Y2016
1.Net Profit (Million Baht)	63.0	165.0	162.5	(252.6)	(30.3)
2.Number of shares (Million Shares)	616.8	616.8	616.8	462.6	462.6
3.Earning per Share (Baht)	0.10	0.27	0.29	(0.55)	(0.04)
4.Dividend paid per share (Baht)	-0-	-0-	-0-	-0-	-0-
5.Total Dividend Paid (Million Baht)	-0-	-0-	-0-	-0-	-0-
6.Dividend Payout Ratio (%)	-0-	-0-	-0-	-0-	-0-



## Organization Chart (at 31 December 2020)



## Management structure (at 31 December 2020)

Comprises 3 committees that is

1. The Board of Directors
2. The Audit Committee
3. The Executive & Corporate Governance Committee

### 1. Board of Directors

#### 1.1 The Structure of the Board of Directors

The Board of Directors comprises knowledgeable and competent persons who are responsible for drawing up corporate policy and collaborating with the top executives in making operating plans, both short-term and long-term, including financial policy, risk management policy, and organizational overview. The Board plays an important role in overseeing, monitoring and assessing the performance of the Company and top executives on an independent basis. The Articles of Association of the Company prescribe that there must be no fewer than 5 persons.

The Board of Directors comprises 8 members

Name	Position	Remarks
1. Mr. Roongroj Saengsastra *	Chairman and Chief Executive Officer	/
2. Mr. Sanchai Jenejarat	Managing Director	/
3. Mrs. Samornwadee Polprasert	Independent Director and Chairman of Audit Committee	///
4. Mrs. Sirepen Mitravijarn	Independent Director and Audit Committee	///
5. Mr. Chaiyos Rungcharoenchai	Independent Director and Audit Committee	///
6. Mr. Monrak Saengsastra *	Chief Business Development Officer	/
7. Mr. Maruth Saengsastra *	Chief Marketing and Sales Officer	/
8. Mr. Jaruwat Traithavil *	Chief Production Officer	/

Directors who have the authorization to bindingly sign for the Company are 2 authorized directors who jointly sign on behalf of the Company, with the common seal of the Company affixed.

Remarks      / = Director who holds position in the chain of command 5 persons

                     /// = Director and Audit Committee who does not hold position in the chain of command 3 persons

\*Director No. 1, 6, 7 and 8 as Director of Dynasty Ceramic PLC, the same business type.

### Executive Director

An executive director is a director who is involved in management on a full-time basis and receives regular monthly remuneration from RCI in the form of salary or its equivalent.

## Independent Director

An independent director is a director who does not manage RCI or any of its subsidiaries, is independent from management and major shareholders, and has no business dealings with RCI, which may compromise our interests and/or the shareholders' interests.

### Qualifications of Independent Directors of the Company

The Company's qualifications for independent directors are as follows:

1. Shall not hold shares exceeding 1 percent of the total number of voting shares of the Company, its parent company, subsidiary, associate, major shareholder or controlling person, including shares held by related persons of such independent director.
2. Shall neither be nor have ever been a director with management authority, employee, staff member, advisor who receives a salary or is a controlling person of the Company, its parent company, subsidiary, associate, same-tier subsidiary company, major shareholder or controlling person unless the foregoing status has ended not less than 2 years prior to the date of becoming a director. Such prohibitions shall not, however, include cases where the independent director previously served as a government officer or an advisor to a government agency which is a major shareholder or controlling person of the Company.
3. Shall not be a person related by blood or legal registration as father, mother, spouse, sibling, or child, including spouse of child of an executive, major shareholder, controlling person, or person to be nominated as director, executive or controlling person of the Company or its subsidiary.
4. Shall neither have nor have ever had a business relationship with the Company, its parent company, subsidiary, associate, major shareholder or controlling person, in a manner that may interfere with his/her independent judgment, and neither is nor has ever been a significant shareholder or controlling person of any person having a business relationship with the Company, its parent company, subsidiary, associate, major shareholder or controlling person, unless the foregoing relationship has ended not less than 2 years prior to the date of becoming an independent director. The term "business relationship" in the preceding paragraph shall include any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or granting or receipt of financial assistance through receiving or extending loans, guarantees, providing assets as collateral, and any other similar actions, which result in the applicant or his/her counterparty being subject to indebtedness payable to the other party in the amount of 3 percent or more of the net tangible assets of the applicant or 20 Million Baht or more, whichever is lower. The amount of such indebtedness shall be calculated according to the method for calculation of value of connected transactions under the Notification of the Capital Market Supervisory Board governing rules on connected

transactions. The consideration of such indebtedness shall include indebtedness incurred during the period of one year prior to the date on which the business relationship with the person commences.

5. Shall not be nor have ever been an auditor of the Company, its parent company, subsidiary, associate, major shareholder or controlling person, and not be a significant shareholder, controlling person, or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, associate, major shareholder or controlling person, unless the foregoing relationship has ended not less than 2 years prior to the date of becoming an independent director.
6. Shall not be nor have ever been a provider of any professional services including legal advisor or financial advisor who receives service fees exceeding 2 Million Baht per year from the Company, its parent company, subsidiary, associate, major shareholder or controlling person, and not be a significant shareholder, controlling person or partner of the provider of professional services, unless the foregoing relationship has ended not less than 2 years prior to the date of becoming an independent director.
7. Shall not be a director appointed as representative of the Board of Directors, major shareholder or shareholder who is related to a major shareholder of the Company.
8. Shall not undertake any business in the same nature and in competition with the business of the Company or its subsidiary, nor be a significant partner in a partnership or director with management authority, employee, staff member or advisor who receives salary or holds shares exceeding 1 percent of the total number of shares with voting rights of another company which undertakes business in the same nature and in competition with the business of the Company or its subsidiary.
9. Shall not have any other characteristic that limits his or her ability to express independent opinions regarding the Company's operations.
10. Shall be able to attend meetings of the Board of Directors and make independent judgment.
11. Shall be able to look after the interests of all shareholders equally.
12. Shall be able to prevent conflicts of interest.
13. Shall not have been convicted of violating security or stock exchange laws, financial institution laws, life insurance laws, general insurance laws, anti-money laundering laws or any other financial law of a similar nature, whether Thai or foreign, by an agency with authority under that certain law. Such wrongful acts include those involved with unfair trading in shares or perpetration of deception, fraud or corruption.
14. If qualified according to all items 1-13 specified above, the independent director may be assigned by the Board of Directors to make decisions relating to business operations of the Company, its parent company, subsidiary, associate, same-tier subsidiary or any juristic person with a

conflict of interest on the basis of collective decision, whereby such actions of the independent director are not deemed partaking of management.

During the past year, all the 4 Independent Directors neither involved in any business nor provided any professional service of which its value exceeded the specification in the Notification of Capital Market Supervisory.

#### 1.2 The Board of Directors has the following authorities:

1. Acting in a best interest of shareholders (Fiduciary Duty) by observing the following 4 main practices:

1.1 Performing its duties with responsibility and all due circumspection and caution (Duty of Care).

1.2 Performing its duties with faithfulness and honesty (Duty of Loyalty).

1.3 Performing its duties in compliance with laws, objectives, Articles of Association, the resolutions of the Board of Directors and resolutions of Shareholders' Meetings (Duty of Obedience).

1.4 Disclosing information to shareholders accurately, completely, and transparently with verification and timeliness. (Duty of Disclosure).

2. Directing RCI's visions, missions, and business strategies, with an annual revision and approval.

3. Reviewing the major operating plan, budgets, business goals, and business policies and enhancing the capabilities of the Company to reach a globally competitive level.

4. Overseeing and monitoring the implementation of the Company's strategies; overseeing and monitoring overall performance by requiring their performance reports periodically; and setting policies to develop and improve the business operations with concern for safety, hygiene, social and environmental responsibility and development of the Company's employees.

5. Devoting their time and efforts to the Company without seeking benefits for themselves or others and not acting in conflict of interest or in competition with the Company.

6. Directing the Company's operation in compliance with the laws, objectives, Articles of Association, resolutions of the Board of Directors and resolutions of Shareholders' Meetings in good faith and with care to preserve the highest interests of the Company and fairness to all involved parties.

7. Specifying risk management policies and overseeing to ensure effective risk management systems together with reviewing and assessing the systems periodically and in the wake of a change in risk levels.

8. Overseeing and developing the Company's corporate governance to provide guidelines for business operations while monitoring to ensure compliance and being a role model in complying with the principles of good corporate governance and RCI Code of Conduct.

9. Encouraging staff at all levels to be conscious of ethics and morality and comply with the Company's principles of corporate governance, Code of Conduct and the anti-corruption policy while promoting awareness of the importance of

internal control system and internal audits to reduce the risk of fraud and abuse of authority and prevent any illegal act.

10. Protecting the fair rights and interests of both major and minor shareholders along with supporting shareholders in exercising their rights to protect their own interests, and receive accurate, complete, transparent, veritable, and timely information.

11. Recognizing the roles, duties, and responsibilities of the Board of Directors, respecting the rights of shareholders, ensuring the equitable and transparent treatment of shareholders and other stakeholders; overseeing and establishing a clear process and channels for receiving and handling complaints from informants or stakeholders, and ensuring an opportunity for every stakeholder to contact or lodge complaints about potential issues directly to the Board of Directors.

12. Reviewing top executive while overseeing to ensure the effective performance assessment of top executives on an annual basis and determining appropriate remuneration in line with the Company's operating results to provide both short-term and long-term incentives.

13. Assessing the performance of the Board of Directors annually by performing assessments as a whole without aiming at any individual director; together with monitoring the assessment results of the Board and its Sub-committees which will be jointly deliberated by the Board of Directors.

14. Overseeing and monitoring to ensure the selection and nomination process of a director is carried out transparently and the remunerations for directors and sub-committee members are determined appropriately.

15. Attending all meetings of the Board of Directors and Shareholders' Meetings, except in unavoidable circumstances. The directors who are unable to attend a meeting must notify the Chairman or the Secretary to the Board in advance of the meeting.

16. Developing their knowledge and competency related to their duties consistently through courses or curricula related to directorial duties or seminars that enhance their knowledge in continual performing its duty. Performing its duties, the Board of Directors may seek external consultation from independent consultants or experts in various fields, as deemed necessary and appropriate.

1.3 Scope of Authority of the Chairman of the Board of Directors has the following authority:

1. Sets Board meeting agenda in consultation with Chief Executive Officer & Managing Director and oversees to ensure Board members receive accurate, complete, timely, and clear information prior to the meeting to assist in their decision making process.

2. Provides leadership and direction to the Board of Directors and chairs meetings of the Board.

2.1 Conducts a Board meeting according to the agendas, the Company's Articles of Association, and applicable laws.



2.2 Encourages and allocates sufficient time to each Board member to discuss and express their free and frank opinion with due circumspection and concern for all stakeholders.

2.3 Sums up the Board meeting resolutions and the actions to take clearly.

2.4 Sets up a Board meeting.

3. Chairs meetings of shareholders according to the agendas, the Company's Articles of Association, and relevant laws by allocating time appropriately along with providing opportunities for shareholders to express their opinions equitably and ensuring that shareholders' inquiries are responded to appropriately and transparently.

4. Supports and be a role model in compliance with the principles of good corporate governance and RCI Code of Conduct.

5. Fosters a positive working relationship between the Board of Directors and the Management and supports the performance of the duties of the Managing Director and the Management in accordance with the Company's policy.

6. Oversees to ensure the transparent disclosure of information and management in the event of conflicts of interest.

7. Oversees to ensure the Board of Directors has appropriate structure and composition.

8. Oversees that the Board of Directors as a whole, Sub-committee members, and each individual director perform their duties effectively and efficiently.

9. Oversees to ensure the performance assessment of the Board of Directors as a whole.

#### 1.4 The Board of Directors' Authorization

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

#### **Authorization of credit limit**

The Company has power to authorize spending on normal business transactions and financial transactions, such as loans or any loan application from financial institution by the summary as follows:

#### **Approval limit**

	<b>Normal business transactions</b>	<b>Financial transactions</b>
Executive Committee	Up to 100 million Baht	Up to 100 million Baht
Board of Directors	Unlimited	Unlimited

## 1.5 Directors' Term of Service on Board

### **Duration of Each Term**

The Company's Articles of Association has stipulated number of years in office in each term of each director according to Public Limited Companies Act, B.E.2535. At the Annual General Meeting of Shareholders each year, one-third of the total directors must retire from office. If it is not possible to divide the total number of directors evenly by three, the number closest to one-third must retire from the office. In choosing those directors who retire, length of service on the board should be considered, so that those who have served longest are most eligible to retire. At present, the Company currently has a total of 10 members of directors who will each hold office for 3 years. Nevertheless, a retiring director is eligible for re-election.

## 1.6 Separation of the Roles of the Board of Directors and the Management

The Company defines clear roles and responsibilities regarding the Board of Directors and the management. The Board shall be responsible for establishing the policies and overseeing the management's implementation of those policies. The management, on the other hand, shall be responsible for implementing the policies formulated by the Board, and ensuring that these are carried out as planned. The management is authorized to manage the Company's operations in accordance with the policies set by the Board; take responsibility for the Company's operating results; control expenses and capital expenditures within the limits approved by the Board in the annual operating plan; manage human resources in line with the prescribed policy; resolve problems or conflicts that affect the Company; and maintain effective communication with the stakeholders.

## **2. The Audit Committee**

The Audit Committee comprises 3 independent directors, all of whom are well accepted and have a full understanding of Mrs. Samornwadee Polprasert and Mrs. Sirepen Mitravijarn, with their extensive knowledge and experience, are responsible for reviewing the reliability of the financial statements. The Audit Committee members' duties include a review to ensure that operations have been carried out in accordance with the Company's Articles of Association as well as the laws and regulations of compliance-related agencies. Moreover, the Committee is committed to promoting the advancement of the Company's financial and accounting report system to meet international standards and to ensure that the Company has an appropriate, modern and efficient internal control system, internal audit system and risk management system. The Audit Committee acts and expresses opinions independently. The Audit Committee also consults regularly with external auditors, consultants and specialists in the areas of law and accounting. The Audit Committee must set up meetings with the Company's external auditors to get their opinions on various matters.

<b>Name</b>	<b>Position</b>
1. Mrs. Samornwadee Polprasert	Chairman of Audit Committee



2. Mrs.Sirepen Mitravijarn	Audit Committee
3. Mr. Chaiyos Rungcharoenchai	Audit Committee

### **The Audit Committee's Term on Board**

The Audit Committee is subject to a three-year term. The directors must retire from office by rotation at the Annual General Meeting of Shareholders. Nevertheless, a retiring director is eligible for re-election.

### **Scope of Authority of the Audit Committee**

The Audit Committee is authorized to fulfill the following duties:

1. Review the appropriateness of financial reporting system and disclosure of information in its financial statements in accordance with the legally defined Financial Reporting Standards, with transparency, correctness, and adequacy.
2. Promote the development of financial reporting systems in compliance with International Financial Reporting Standards.
3. Review the compliance of the Company's Internal Control System and the appropriateness and the effectiveness of the Company's Internal Audit System in accordance with internationally accepted approaches and standards.
4. Review "The Assessment Form of the Adequacy of the Internal Control System" as audited and assessed by the Internal Audit Office to ensure that the Company has sufficient internal control system and propose to the Board of Directors for consideration.
5. Review the presence of proactive preventive system to enhance operating effectiveness and efficiency.
6. Review the corporate risk management system.
7. Review the Company's Compliance Procedure in accordance with the Securities and Exchange Act, rules, regulations and other laws relevant to the Company's business.
8. Review the results of fraud investigation, establish the preventive measures in organization and review the internal processes of whistleblower system.
9. Review the correctness and effectiveness of the information technology system relating to internal control, financial reports, and risk management and suggest updates and improvements as needed.
10. Consider connected transactions or those having possible conflict of interest to ensure compliance with all pertinent laws and requirements of the Stock Exchange of Thailand.
11. Review and give the opinion toward the audit practices of the Internal Audit Office and coordinate with external auditors.
12. Prepare the audit committee's report to be disclosed in the Company's Annual Report and duly signed by the Chairman of the Audit Committee and containing opinions on various matters as required by SET.
13. Consider, select and propose the appointment or discharge an independent person to perform the duties of the Company's auditor and also propose the

remuneration of the Company's external auditor and evaluate the effectiveness of external auditor's performance.

14. Organize meetings with the Company's external auditor, without the attendance of management, at least once a year.

15. Review the execution of the Internal Audit Office for the performance assessment according to international standards.

16. Approve the internal audit plan, budget and manpower of the Internal Audit Office.

17. Consider the independence of the Internal Audit Office based upon the execution of work, reports, and line of command.

18. Review the self-assessment form on anti-corruption measures which has been verified and assessed by the Internal Audit Office in accordance with the Thai Institute of Directors' Private Sector (IOD) self-assessment form.

19. Perform other actions as required by law or as assigned by the Board of Directors.

To fulfill its duties under its scope of authority, the Audit Committee is authorized to call for and order management, heads of offices, or employees concerned to present opinions, attend meetings, or submit necessary documents. In addition, the Committee may seek independent opinion from professional consultants as deemed appropriate, at the Company's expense.

The Audit Committee performs duties within its authority and responsibilities under the order of the Board of Directors. The Board of Directors is responsible for the Company's operations and is directly accountable to shareholders, stakeholders, and the public.

### **Responsibilities of the Audit Committee**

1. In case the Audit Committee is informed by the auditor about suspicious behavior of directors, managers or persons responsible for business operation of the Company, which may violate, Section 311, 312 or 313 of the Securities and Exchange Act, the Audit Committee is to investigate the case and submit a preliminary report to the Securities and Exchange Commission (SEC), as well as to the auditor, within 30 days of the date it is informed.

2. Upon finding or having doubt about the following actions or transactions, which may significantly affect the financial position and performance of the Company, the Audit Committee is to report such events to the Board of Directors in order to find remedy within a period deemed appropriate by the Audit Committee:

- (1) Transactions which may cause conflicts of interest.
- (2) Fraud or irregular events or material flaws in the internal control system.
- (3) Violations of laws pertaining to Securities and the Stock Exchange, the regulations of the Stock Exchange, or laws pertaining to the Company's business.

Should the Board of Directors or management committee fail to remedy the issues within the timeline specified by the Audit Committee, a member of the Audit Committee may report the issue to the SEC or the SET.

### 3. Executive & Corporate Governance Committee

The Executive & Corporate Governance Committee comprised 5 members

- |    |              |             |                    |
|----|--------------|-------------|--------------------|
| 1. | Mr. Roongroj | Saengsastra | Chairman           |
| 2. | Mr. Sanchai  | Jenejarat   | Executive Director |
| 3. | Mr. Monrak   | Saengsastra | Executive Director |
| 4. | Mr. Maruth   | Saengsastra | Executive Director |
| 5. | Mr. Jaruwat  | Traithavil  | Executive Director |

#### Scope and Authority of Executive & Corporate Governance Committee

1. Authorize to order, plan and implement operations of the Company in accordance with the policies established by the Board.

2. Establish operational strategies for the Company's group

3. Formulate plans and directions concerning investment and fund raising in accordance with the Company's and Subsidiaries' policies before proposing them to the Board of Directors for approval.

4. Determine the salary rate, appoint, dismiss, fire, reward, and award raises as well as bonus to staff.

5. Has the authority to determine staff welfare in line with the situation, tradition and law.

6. Has the authority to approve investment, sales and purchases of fixed assets of the Company and Subsidiaries, procurement, application for loans, provision of loans, entry into contracts, and legal transactions in relation to normal business and trade and in accordance with the Company's objectives, under a budget approved by the Board of Directors and within the operating authority of the Company. In case the items represent conflicts of interest with the Company or the subsidiaries, the Executive Board must present such items to the meeting of the Board and/or the meeting of Shareholders (as applicable) for approval of the items in accordance with the Company's Articles of Association or relevant laws.

#### Certification of Accuracy of Information by the Executive Board

The Executive Board reviews the annual information disclosure form as Executive Directors of the Company or as Top Accounting Executive by certifying that the information disclosed is complete and accurate and does not mislead or lacks important contents that should be disclosed, as follows:

1. Financial statements and financial information presented in the annual information disclosure form comprise complete and correct data on financial status, operating results and cash flows of the Company and Subsidiaries.

2. Responsible for arranging an adequate information disclosure system for the Company to ensure that the Company discloses complete and accurate information of a significant nature of the Company and its subsidiaries, including overseeing that the system is followed.

3. Responsible for arranging an effective internal control system for the Company and overseeing that the system is followed, which includes system

weaknesses and major changes as well as illegal actions that may affect the preparation of the financial reports of the Company and its subsidiaries.

### Company Secretary

The Annual General Meeting of Shareholder for year 2017 on April 28, 2017 resolved to appoint **Ms. Cattleya Saengsastra** to be the Company's secretary and determine following scopes of responsibilities that the secretary must perform responsibly, prudently and honestly as follow;

1. Arrange shareholders and Board of Directors' meetings to be in compliance with the Company's rules and regulations and regulations of relevant regulatory agencies.

2. Make meeting minutes of the shareholders and Board of Directors' meetings and follow up the operation result according to the shareholders and Board of Directors' resolutions.

3. Ensure that the information disclosures are in compliance with rules and regulation of the SET and the Office of the SEC.

4. Prepare and keep following documents

(A) Director's registration

(B) Board's meeting invitation and meeting minutes

(C) Shareholders' meeting invitation and meeting minutes

(D) The Company's Annual Report.

5. Store connected transaction reports that Directors and managements report to the Company.

6. Give preliminary advice to the Board of Directors concerning rules and regulations of the Company and ensure that the practices are in compliance with those regulations. The secretary must report any significant changes to the Directors.

7. Oversee Board of Directors' activities and other issues according to the laws or as assigned by the Board of Directors or by the securities exchange regulators. The secretary has prepared initial report concerning the Company's secretary and to contribute to best corporate governance practices. The Company Secretary reports functionally to the Chairman and organizationally to the Board of Director.

### Profile of the Company Secretary

Miss Cattleya Saengsastra: Company Secretary

Appointed 28 April 2017

Age 72 years

\*\*\*\*\*

% of Share Holding

-0- shares (-0-%) at Dec 30, 2020

Family relationship among executives

Mr. Roongroj Saengsastra's Sister

Highest Education

-Bachelor degree Accounting (Honor),  
Chulalongkorn University

-Management Development Program

J.J Kellogg, North Western University

Training from IOD

Directors Accreditation Program (DAP)

No.47/2005

Training from IOD: Company Secretary Program	None
Experience	2011-2014 Director of Pick and Pay Co., Ltd, Muang Thong Ceramic Co., Ltd, World Wide Ceramic Co., Ltd
Other Current Position	
Listed Company	2 Companies 1. Independent Director and Chairman of Audit Committee / S&P Syndicated PLC. 2. Executive Director and Company's Secretary / Dynasty Ceramic PLC.
Non Listed Company	1 Company 1. Executive Director and Company's Secretary / TileTop Industry PLC.

### The Board of Directors' Meeting

Directors of the Company must attend the Board of Directors' meetings regularly in order to get informed and share decision making in the Company's business operations. The meeting shall be held at least 6 times per year. The meetings' schedule is planned in advance on an annual basis. Each director will be informed about the schedule from the beginning of the year for the purpose that each director will be able to arrange their time for attending the meeting. In addition, special meeting might be held to consider the important and urgent matters.

In the meeting Chairman of the Board of Directors, Chief Executive Officer, and Managing Director of the Company jointly determine which agenda items are relevant to the meetings. Every individual member of the Board is entitled to propose agenda items.

In 2020, the Boards held 6 meetings prior to each meeting, all members received the agenda and supporting documents 7 working days prior to the date of the meeting to allow adequate time for preparation.

When considering the matters presented to the Board, the Chairman of the Board presides over and duly conducts the meetings. All members of the Board are allowed to express their opinions independently. Resolutions are passed with a majority vote, whereby one director is eligible to vote shall be excused and/or abstain from voting. In case of a tied vote, the chairman of the meeting will cast his vote to reach a resolution.

In addition, the Board attaches significance to managing the conflicts of interest of the concerned parties with prudence, fairness and transparency. The information shall be fully disclosed. Any director with a vested interest in the matter under consideration must not be involved in the decision process.

After the Meeting, the secretary to the Board of Directors is responsible for preparing the minutes for all directors. The minutes must then be approved as the first agenda item of the following meeting of the Board, which is duly signed by the Chairman. Directors may make comments, corrections or additions to ensure maximum accuracy and completeness. After approval, minutes of the meeting are stored securely in the corporate secretary's office together with all related documents, which are backed up electronically to facilitate data searches and refer.

Details of attendance records of The Royal Ceramic Industry PLC are shown in the following table:

Name Of Directors	Position	Board Meeting in 2020			AGM in 2019
		Board Of Director Total 6 times	Board Of Audit Committee Total 4 times	Executive & Corporate Governance Committee Total 2 times	
1.Mr. Viboon Wadcharasurang Resigned on June 8,2020	Chairman	2/2	-	-	1/1
2. Mr.Roongroj Saengsastra	Chief Executive Officer	6/6	-	2/2	1/1
3. Mr. Sanchai Janejarat	Managing Director	6/6	-	2/2	1/1
4.Mrs. Samornwadee Polprasert	Chairman of Audit Committee	6/6	4/4	-	1/1
5.Mrs.Sirepen Mitravijarn	Independent Director and Audit Committee	6/6	4/4	-	1/1
6. Mr. Chaiyos Rungcharoenchai	Independent Director and Audit Committee	6/6	4/4	-	1/1
7. Mr. Monrak Saengsastra	Executive Director- Business Development	6/6	-	2/2	1/1
8. Mr. Maruth Saengsastra	Executive Director- Marketing and Sales	6/6	-	2/2	1/1
9. Mr. Jaruwat Traithavil	Executive Director- Production	6/6	-	2/2	1/1



**Top executives**

4 top executives from Managing Director at 31 December 2020

Name	Position
1. Mr. Monrak Saengsastra	Chief Business Development Officer
2. Mr. Maruth Saengsastra	Chief Marketing and Sales Officer
3. Mr. Jaruwat Traithavil	Chief Production Officer
4. Mr.Chanin Suppapinyopong	Chief Accounting and Finance Officer

**Remuneration for the Directors, Executive Directors and Audit Fee**

To comply with the obligations and responsibilities of directors. This will be the obligations imposed by law. The director must have both civil and criminal liability if not followed. In addition, each director must make a commitment. The value (Value) has been performing the duties of directors. Board of Directors should determine the rules of compensation of directors is divided into:

The meeting (Meeting Allowance) was the remuneration paid to directors in attendance each time, and will only be paid to Directors who attended the meeting only.

1.1 The Chairman and Committee meeting.

President and Chairman of various committees. Allowance should be a higher proportion of the Sub-Committee and others. It should set out a clear policy and the disclosure is generally known.

1.2 The Subcommittee meeting.

Committee should be set for the meeting of the joint meeting with the meeting of the Committee may determine the level less than or equal to the set. The Subcommittee has limited scope than the committee as a whole.

1.3 The remuneration of directors.

The remuneration of directors should be placed in an appropriate and sufficient to enable the company to limit the number of directors to be able to devote more time to attend and act effectively. The Company's Board of Directors Remuneration for the Board of Directors and Executives, by comparing with the remuneration of directors of leading companies in the stock market and in the same industry, and the performance of the company.

Policies of the Board of Directors the remuneration of directors should reflect the duties and responsibilities in achieving the expectations of all stakeholders, the Commission must also have experience and qualifications to do

it. Remuneration of the Board of Directors has been approved by the Annual General Meeting of Shareholders for the year.

According to the year 2020 Annual General Meeting of Shareholders of the Company approval of the Meeting Allowance for the year 2020. Details are as follows.

Name Of Directors	Meeting Allowance -Y2020 (Baht)		
	Board of Directors	Audit Committee	Total
1.Mr. Viboon Wadcharasurang Resigned on June 8, 2020	90,000	-	90,000
2. Mr.Roongroj Saengsastra	240,000	-	240,000
3. Mr. Sanchai Janejarat	240,000	-	240,000
4. Mrs. Samornwadee Polprasert	240,000	100,000	340,000
5. Mrs.Sirepen Mitravijarn	240,000	100,000	340,000
6. Mr. Chaayos Rungcharoenchai	240,000	100,000	340,000
7. Mr. Monrak Saengsastra	240,000	-	240,000
8. Mr. Maruth Saengsastra	240,000	-	240,000
9. Mr. Jaruwat Traithavil	240,000	-	240,000
<b>Total</b>	<b>2,010,000</b>	<b>300,000</b>	<b>2,310,000</b>

For the year 2021 the Board of Directors has considered that the directors' remuneration shall be determined to the directors as follows:

Meeting Allowance	Baht / Meeting / person		%Increase (Decrease)
	Proposed for Y2021	Y2020	
1. Chairman / Advisor to the Board of Directors	45,000	45,000	-
2. Executive of Chairman / Directors / Secretary	40,000	40,000	-
3. Chairman of Audit Committee / Independent Director and Audit Committee	25,000	25,000	-

The directors' remuneration shall only be paid to directors whose are present at the Board Meeting, and shall be effective as the first meeting in year 2021.

### Executives' Remuneration

The Royal Ceramic Industry Public Co. Ltd. and Subsidiaries remunerate executives in the form of monthly salary, bonus determined by corporate operating results, provident fund and other benefits such as petrol allowances:



Company	No. of Executives (persons) at 31 December		Monthly salary / bonus / provident fund/benefits (MB)		
	Y2020	Y2019	Y2020	Y2019	%Increase (decrease)
RCI	6	7	10.80	7.86	37.40%
RABT	-0-	-0-	-0-	-0-	-0-
<b>Total</b>			<b>10.80</b>	<b>7.86</b>	<b>37.40%</b>

The Royal Ceramic Industry and its subsidiaries remunerated employees in the form of monthly salary, bonus, benefits, provident fund contribution and medical benefits approved by the Board of Directors. Employee remuneration in 2020 compared to 2019, is as follows:

Company	Total employee remuneration						%Increase (decrease)
	In 2020 (MB)			In 2019 (MB)			
	Plant	HQ	Total	Plant	HQ	Total	
RCI	156.37	2.85	159.22	105.27	0.97	106.24	49.87%
RABT	-	-	-	-	-	-	-
Total	156.37	2.85	159.22	105.27	0.97	106.24	49.87%

Number of employees for the Company and its subsidiaries as of 31 December, 2020 compared to 2019, is as follows:

Company	Number of Employees						%Increase (decrease)
	In 2020 (persons)			In 2019 (persons)			
	Plant	HQ	Total	Plant	HQ	Total	
RCI	339	10	349	353	14	367	(4.90%)
RABT	-	-	-	-	-	-	-
Total	339	10	349	353	14	367	(4.90%)

## Audit Fee (Baht / Year)

(Quarterly Financial Statements and Annual Financial Statements)

Audit Fee (Baht / Year)	Proposed for Y2021*	Y2020	% Increase (Decrease)
RCI	990,000	1,040,000	(5%)
RABT	30,000	31,000	(3%)
Other Fees	none	none	-
<b>Total Audit Fee</b>	<b>1,020,000</b>	<b>1,071,000</b>	<b>(5%)</b>

During the past year the company and its' Subsidiaries did not paid any non-audit fee to the Audit Firm or another auditor or related person to this audit firm.

\*For the year 2021, The Audit Committee of The Royal Ceramic Industry PLC proposed the former Auditors from Karin Audit Co.,Ltd. (as the sixth year) to the Board of Director for approval from The Shareholders' Meeting for the year 2021

<b>Audit Report Summary</b>	<b>Y2020</b>	<b>Y2019</b>	<b>Y2018</b>
Auditor / Registration	Ms. Kannika Wipanurat /7305	Mr.Jadesada Hungsapruerk /3759	Mr.Jadesada Hungsapruerk /3759
Auditing Office	Karin Audit Co.,Ltd.	Karin Audit Co.,Ltd.	Karin Audit Co.,Ltd.
Auditor's opinion	No Conditions	No Conditions	No Conditions

## Subsidiaries

There are one subsidiary as Royal Asia Brick and Tile Co.,Ltd., doing business of producing clay tile which were controled by Parent's Company. List of Directors of whom also serve as Directors in this subsidiary which The Royal Ceramic Industry Public Co. Ltd. has a 100.00% equity stake and shutdown the business on April 2017. In the end of 2019, RABT conducted an experiment to open a rental area on exsiting land as a flea market for a variety of small sellers. In order to make most valuable on exsiting assets and early 2020 under pandemic of Corona virus 19 crisis, the company has been closed the area for rent until now.

### List of Directors of whom also serve as Directors in the Subsidiary Company as at 31 December 2020

<b>Name</b>	<b>The Royal Ceramic Industry PLC</b>	<b>Royal Asia Brick and Tile Co.,Ltd (Subsidiary)</b>
1. Mr.Roongroj Saengsastra	Chairman and Executive of Chairman	Director
2. Mr. Sanchai Janejarat	Managing Director	-
3. Mrs. Samornwadee Polprasert	Chairman of Audit Committee	-
4. Mrs.Sirepen Mitravijarn	Independent Director and Audit Committee	-
5. Mr. Chaiyos Rungcharoenchai	Independent Director and Audit Committee	-
6. Mr. Monrak Saengsastra	Executive Director	Director
7. Mr. Maruth Saengsastra	Executive Director	Director
8. Mr. Jaruwat Traithavil	Executive Director	Director

## Principles of Corporate Governance

The company has established guidelines for corporate governance which is in accordance with the principle of good corporate governance, divided into 5 categories as follows:

Section 1. The Rights of Shareholders

Section 2. The Equitable Treatment of Shareholders

Section 3. The Role of Stakeholders in Corporate Governance

Section 4. Disclosure and Transparency

Section 5. Responsibilities of the Board of Directors and Committees

The Board of Directors attach importance to a good governance by assign the management to issue a good corporate governance manual since 2003 and revise according to the corporate governance guideline in 2012 (revise) by the Good Governance Development and Alliance department of the Stock Exchange of Thailand and informed the employee and related parties with adhered to a practical regulation. The essence of governance will focus on business ethics and control the operation of the company in accordance with the laws related to the business, regulation and resolution of the meeting as well as the regulations of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand.

Furthermore, the Board of Directors have applied their knowledge, capability, and experience to control and follow-up with the management team to ensure that the business is operated according to the Company's vision, policies, and goal, and also to control the expenses in budget and utilized their resources effectively.

The Company and its subsidiaries business governance and control are monitored by the management team which was appointed by the company be the Director of each subsidiaries. The scope of control depends on the number of Directors of each Subsidiaries and is performed according to the Company's policies.

### **Section 1. The Rights of Shareholders**

The Company has the policy to support, promote, and facilitate every shareholder including institutional investors to ensure that shareholders, both as investors and owners of the Company, are entitled to all basic rights meeting widely accepted and reliable standards, which include the right to freely trade or transfer their own shares, the right to receive dividends from the Company, the right to attend Shareholders' Meetings, the right to propose in advance the Meeting agenda, the right to nominate a person to be a director, the right to express opinions independently, and the right to make decisions on important affairs of the

Company, e.g., the election of directors, the appointment of auditors and fixing of the audit fee, approval of significant transactions influencing the Company's direction, as well as amendment of Memorandum of Association and Articles of Association of the Company, etc. Each shareholder has the right to vote at meetings according to the number of shares owned whereby one share is entitled to one vote, and no particular shareholder allows privilege over the rights of other shareholders.

Apart from the abovementioned rights of the shareholders, the Company has made additional efforts to encourage and facilitate shareholders to exercise their rights as follows:

1. To provide essential, clear, and up-to-date information for shareholders regarding the Company's business. The Company will notify shareholders of the information through the Company's website and the Stock Exchange of Thailand (SET).

2. To ensure all shareholders receive clear and sufficient detailed information concerning the Shareholders' Meeting, allowing them to have adequate time to study the information before attending the Meeting, the Company will notify shareholders of the venue, date, time, and proposed agenda items. The information in Thai and English will be posted on the Stock Exchange of Thailand (SET) portal and RCI's website approximately 15 days prior to the Meeting.

For the meeting notice, the Company provides a detailed description of each agenda item together with the opinion of the Board of Directors. A notice of the meeting and attachments including the registration form, documents and evidence required prior to attending the Meeting, proxy procedure, registration, and proxy forms, in Thai and English, will be posted on RCI's website before the Meeting. Such documents are submitted to shareholders prior to the Meeting.

3. To facilitate shareholders unable to attend a Meeting, the Company provides an opportunity for them to appoint a representative, e.g., an independent director or any other person to act as proxy, using one of the proxy forms attached to the notice of the Meeting. The proxy forms prepared in compliance with the specifications defined by the Department of Business Development at the Ministry of Commerce allow the shareholders to exercise their voting rights as they wish. The Company also attaches documents and evidence required prior to attending the Meeting, proxy procedure, and registration to the notice of the Meeting. Also attached is a profile of independent directors with no conflict of interests on the agenda to elect the directors proposed by the Company to serve as proxies for shareholders. The proxy forms in Thai and English can be downloaded from RCI's website.

For foreign investors who authorize custodians in Thailand to keep and safeguard their shares, the Company will arrange for the documents and evidence required prior to attending the Meeting well in advance to facilitate registration on the date of the Meeting.

4. The Company provides opportunities for the shareholders to submit questions related to items on the agenda or other information prior to the Meeting to the email address [www.rci.co.th](http://www.rci.co.th) or to the Company's address. For more information, please contact the Office of the Company's Secretary via the following channels:

The Royal Ceramic Industry PLC

Address: Dynasty Ceramic PCL Building, No. 37/7 Suthisarnwinijchai Road,  
Samsennok Sub-District, Huai Khwang District, Bangkok 10310

Tel: 0-2276-9275-80 Fax: 0-2643-0948-9

5. For 2020, the Company held the Annual General Meeting of Shareholders on June 29, 2020. As shown in the details of the attendance of each director in each meeting.

6. The 2020 Annual General Meeting of Shareholders on June 29, 2020 was held by the Meeting Room Floor 4th Dynasty Ceramic PCL Building, No. 37/7 Suthisarnwinijchai Road, Samsennok Sub-District, Huai Khwang District, Bangkok to facilitate the shareholders easily accessible.

7. On the date of the Meeting, in the case of the appointment of another person as a proxy, the Company facilitated the affixing of the stamp duty on all proxy forms registering at the document check counter. The Company's officers were available at all times to provide assistance during the registration. Registration for the Meeting started no less than 1 hour prior to the Meeting.

8. Prior to the Meeting, the Moderator explained to the Meeting the procedures of voting, counting of votes, and announcing of voting results, which can be summarized as follows:

8.1 In voting for each agenda item, each Shareholder or a proxy authorized by any Shareholder to vote on his/her behalf was entitled to vote equal to the number of shares held, whereby one share would be equal to one vote. Votes were to be cast by the raising of hands.

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

8.3 The results of the vote count shall be announced at the Meeting after the completion of the counting of votes for each agenda item. However, vote counting for some agenda items might take longer. In such cases, the Chairman

might request the Meeting to proceed with the consideration of the next item on the agenda to avoid disrupting the Meeting. The Meeting is informed of the result as soon as the vote counting has finished.

9. The Company assigned independent representatives from the auditor to check vote counting throughout the Meeting with the shareholders' right protection volunteer from Thai Investors Association serving as an observer.

10. Shareholders arriving after the Meeting commenced were allowed to vote on the agenda item considered provided that a resolution was not yet made. They constituted part of the quorum starting from the agenda item for which they were in attendance and can exercise their rights. As a consequence, the number of shareholders in each agenda item might vary.

11. At the Meeting, shareholders were allowed to freely express their opinions, give suggestions and raise questions on any agenda item before casting votes, so that shareholders could obtain sufficiently detailed information on the matter in question. When shareholders had questions or inquiries, specialists in specific fields were available to answer queries under the authority of the Board with representatives from the Auditor of the company as witnesses.

12. The agenda of the 2020 Annual General Meeting of Shareholders was considered chronologically as it appeared in the invitation letter submitted to shareholders prior to the Meeting, without any changes in order or request the Meeting consider any agenda item other than those specified in the invitation letter.

13. The Company disclosed the voting results and resolutions for each agenda item at the 2020 Annual General Meeting of Shareholders to the public via SET Portal and RCI website after the Meeting ended.

14. The Company prepared the minutes of the Shareholders' Meeting completely encompassing all material information: names of Directors and the Management attending the Meeting, voting procedure, resolutions of the Meeting, voting results for each agenda item, key questions, clarification, and shareholders' comments. The Company prepared the Minutes of the 2020 Annual General Meeting of Shareholders' and submitted them to the Stock Exchange of Thailand and the Ministry of Commerce within 14 days from the date of the meeting as stipulated by law. They were disseminated on the Company's website.

## **Section 2. The Equitable Treatment of Shareholders**

The Company is fully aware of its duty to protect the interests of every shareholder, major or minor, individual or institutional as well as Thai or foreign investors to ensure equality and fair treatment for all to further ensure the maximum benefits of shareholders. The efforts are as follows:



**Provision of opportunities for minor shareholders to propose matters to be included in the Meeting agenda and to nominate candidates for the election of Board members prior to the date of the Shareholders' Meeting**

The Company has prescribed criteria and procedures whereby minority shareholders may propose agenda items for the Meeting and nominate qualified candidate(s) to be considered for election as a director of the Company 3 months prior to the end of the Company's accounting period. Such rules and procedures are posted on SET Portal and the Company's website.

For the 2020 Annual General Meeting of Shareholders, the Company provided an opportunity to shareholders to propose agenda items for the Meeting and nominate qualified candidate(s) to be considered for election as a director of the Company during October 25, 2019- December 31, 2019. The Agenda Item Proposal Form and/or Nomination for Directors Form along with the required documents must be sent to the Company Secretary or to the independent directors' email at [www.rci.co.th](http://www.rci.co.th). The criteria are as follows:

Prior to the Meeting, one or several shareholders have the right to propose in advance agenda items. The Board of Directors of the Company takes responsibility for consideration which proposed agenda item be included on the Meeting agenda, and the Company shall specify it in the notice of the Meeting that the agenda item was proposed by a shareholder. However, in the event the proposed agenda item is rejected, the Company shall inform shareholders of the reasons at the Annual General Meeting of Shareholders.

For the nomination for directors, any shareholder is entitled to nominate in advance any qualified candidates for the election of Board members. Then the suitable nominees are presented to the Board for consideration before proposing them to the Shareholders' Meeting for approval.

However, during that period, no shareholder proposed any agenda item or candidate prior to the Meeting.

**Empowering shareholders unable to attend the Meeting to assign proxies to vote in their place**

Shareholders unable to attend the Meeting are entitled to appoint the Independent Director of the Company with no conflict of interests on the agenda to act as a proxy to vote in their place, using one of the two proxy forms prepared in compliance with the specifications defined by the Department of Business Development at the Ministry of Commerce. The Company delivered the 2 proxy forms, the documents and evidence required prior to attending the Meeting, proxy procedure, and registration together with the Notice to Shareholders' Meeting, in Thai and English, to shareholders 7-14 days prior to the Meeting date. The documents, in Thai and English, were also publicized on the Company's website more than 15 days prior to the Meeting date.

## **Assigning Independent Directors to Take Care of the Interests of the Company and Shareholders**

Independent directors play a key role in overseeing the Company's business operations. Realizing the important role of independent directors in supporting the policies useful for shareholders or objecting to the policies that affect Shareholders' interests, the Company provides channels for shareholders to give suggestions, express opinions, or file complaints to independent directors via email: [www.rci.co.th](mailto:www.rci.co.th). The independent directors are responsible for handling each matter appropriately, for example, investigating and seeking an appropriate solution. On the other hand, if there is a suggestion that is considered to affect the stakeholders or the business, the independent director will report it to the Board of Directors' meeting for consideration and include it on the agenda of the Shareholders' Meeting. During the past year, there were no comments or complaints from shareholders.

### **Section 3. The Role of Stakeholders in Corporate Governance**

The Company has consistently adhered to its philosophy of ethical business conduct and corporate social responsibility as well as carried out its business to jointly create values with all stakeholders for mutual and sustainable benefits. This practice is overseen by the Board of Directors to ensure compliance with laws and regulations and adherence to RCI Corporate Governance Guidelines, and other relevant policies, as well as protection of such rights and stringent equitable treatment. Stakeholder engagement guidelines are summarized below;

#### **3.1) Shareholders**

The Company attaches enormous significance to the shareholders, who are the business owners. As a result, the Board of Directors, which represents shareholders, as well as the executives and employees are committed to carrying out business in line with the principles of good corporate governance and RCI business philosophy to ensure maximum benefits and long-term value for shareholders.

The Company respects the rights of its shareholders and recognizes its duty in ensuring equitable treatment of all shareholders as well as the fundamental rights stipulated by laws and Articles of Association of the Company such as the rights to attend the Annual General Meeting of Shareholders, propose agenda items in advance, elect directors, receive fair remunerations, and voice opinions on the Company's business conduct through independent directors, all of which will be compiled and presented to the Board of Directors for review.

#### **3.2) Employees**

The Company emphasizes on the value of employees as invaluable resources in driving the Company toward success. As a result, the Company is committed to caring and improving the quality of life of its employees to the best of its ability. To this end, the Company has consistently adhered to a number of operational guidelines taken into account cultural diversity and regional values,



as well as complied with universally-accepted guidelines in the areas of human rights, labor, the environment and anti-corruption.

### **3.3) Customer**

The Company is committed to continuously creating innovations to offer products and services that meet true needs of its customers in terms of both quality and fair prices. RCI products and services must be safe as per international safety standards and environmentally-friendly, as well as promotes sustainable to ensure customer confidence and highest satisfaction. To this end, RCI has established a unit responsible for customer relations management to offer suggestions on the Company's products and services; provide counsel regarding troubleshooting and after-sales services, and handle complaints when problems arise. Suggestions are then used to inform future operation plans to enhance operation efficiency.

Furthermore, the Company has put in place a management system to foster good customer relations. As such, customer satisfaction is surveyed on a yearly basis to gauge the expectation and satisfaction level of customers for the customer feedback process, resulting in a central database of customer information to facilitate sales and service providing. Also invented is a customer consumption behavior analysis system in order to learn customers' needs and create long-term satisfaction for customers.

### **3.4) Suppliers/Business Partners**

The Company adheres to a framework of fair and transparent trade competition and strictly complies with the trading terms and conditions agreed upon, RCI Code of Conduct, and pledges given to its suppliers. To this effect, the Company determines appropriate and fair sale prices, taking into account the reasonableness, the quality, and the entailed services. In addition, regulations regarding procurement and operations are clearly established. These include refraining from demanding or accepting benefits from suppliers, supporting environmentally-friendly procurement, avoiding purchasing products from suppliers that violate human rights or intellectual property law as well as dealing business with suppliers that carry out illegal acts. This is in order to ensure ethical business conduct and responsibility toward society and the environment. The Company also refuses to conduct business with a person or a juristic person who violates the law or demonstrates behavior involving corruption. The policy is published on the Company's website.

### **3.5) Joint Venture Partners**

The Company respects the rights of joint venture partners, treats every partner equitably and fairly, and does not exploit partners. The Company also collaborates with joint venture partners to promote, support, and strengthen the operation of joint ventures; encourage exchange of opinions and suggestions; formulate business plans; determine an appropriate and allocation of interest and monitor and drive the operation of the joint ventures to be in accordance with the laws and sustainable development guidelines, in order for the joint ventures to achieve the shared goals.

### 3.6) Creditors

The Board of Directors takes into account equality for every relevant party and honesty in carrying out its business, and is committed to conducting business in such a way that creates confidence and justness for its creditors. Policies and guidelines regarding the treatment of creditors are as follows:

1.The Company strictly complies with the terms and conditions agreed upon with respect to amortizing, collateral care, and commitment and contingent liabilities.

2.In the event that one of the terms is not fulfilled or there arises a cause for a default, the Company must notify the creditor without concealing facts so as to jointly find solutions on a reasonable basis.

3.The Company manages its finance to create an appropriate financial structure to support the business and maintain the creditors' confidence.

4.The Company strives to maintain sustainable relations with creditors and mutual trust.

### 3.7) Communities

The Company carries out its business with concern for fairness for every stakeholder and is committed to socially-responsible business conduct. As a result, RCI has supported activities that improve the quality of life and benefit the communities. In addition, the Company also cultivates and promotes in its employees and related operators a consciousness of a good and responsible citizen who strives for the betterment of the communities and society.

### 3.8) Government Agencies

The Company attaches significance to government agencies as one of the Company's stakeholders and has clearly defined guidelines for engaging in transactions with government agencies in RCI Code of Conduct and RCI Anti-corruption Policy. Furthermore, the Company ensures strict compliance with relevant laws and regulations despite varying conditions, procedures, or practices in each locality. In addition to refusing to engage in an act that could provide an incentive for officers in government agencies to commit an inappropriate or unlawful deed, the Company also cooperates with government agencies in providing academic assistance or support for various activities and is open to comments, suggestions, and complaints from government agencies.

### Cultivating corporate culture

RCI has organized various activities to encourage employees in adhering and abiding respectively with RCI Code of Conduct as a framework of working.

#### RCI Code of Conduct

The Board of Directors compiled a list of principles in a formal written document called the *"RCI Code of Ethics"* to serve as guidelines for working that were aligned with RCI's administration by conducting oneself as good role model for others to better correspond with the evolution of RCI and suit the shifting economic and social climate. In the Code of Conduct, guidelines from each

business are compiled, categorized, and furnished with examples, with a list of codes clearly specified for greater clarity and readiness of use. The Board of Directors also established the whistleblower policy, to protect any employee who files a complaint or reports on improprieties or suspected violations of laws, rules and regulations, the Company's Articles of Association, RCI Code of Conduct, and Anti-corruption Policy (Helping Line Policy). In this regard, the Company has formed a working team responsible for devising policies and providing consultancy regarding compliance with RCI Code of Conduct. This team comprises the top management in business units responsible for relevant matters, each of whom is tasked with monitoring the performance results and providing counsel on relevant matters. In addition, the Company has established channels through which employees can voice their opinions and make inquiries about RCI Code of Conduct, which can be found on the RCI website. To further raise awareness of the RCI Code of Conduct among employees, the Company informs its employees at every level of and promotes adherence to the RCI Code of Conduct to cultivate the awareness from the first day of employment onward. In addition, the Company has published RCI Code of Conduct Manual and distributed it to all employees along with conducting informational events to expound the Code of Conduct principles and practices to ensure that a clear understanding and strict adherence in performing their duties. This has also been included as a key factor in the yearly employee performance assessment.

### **Anti-corruption Efforts**

To demonstrate its commitment to compliance with universally accepted principles in the areas of human rights, labor, the environment, and anti-corruption, which neatly correspond to RCI's business conduct, which adheres to good corporate governance guidelines, ethical practices, and the RCI Code of Conduct through five principles listed below:

1) **Ethical Business Practices:** Conduct business on the basis of honesty, integrity, transparency and, strict compliance with laws and regulations related to business conduct. Suppliers shall not engage in any corruption-related action, bribery through offers or promises of money, properties, objects, or other benefits as incentive for oneself or another party, obtain inappropriate benefits, as well as creating unfair business advantages.

2) **Labor Protection and Human Rights:** Avoid discriminatory employment practices, and give importance to labor protection especially child labor, female employees, and foreign workers. Suppliers must not use or exploit forced labor. They shall pay workers accurately and fairly including wages, benefits and define the working hours according to the laws.

3) **Occupational Health and Safety:** Provide a safe and healthy work environment as well as controlling accident risks and health impacts associated with the performance of duty. Suppliers shall also provide sufficient and reliable personal protective equipment.

4) Environment: Operate with concern for natural resources and the environment consistent with the 3Rs concept: Reduce, Reuse/Recycle, and Replenish.

5) Laws and Regulations: Abide by all applicable laws, rules, and regulations.

**Policy on Protection and Fairness for Employees Who Inform on or Disclose of Wrongful Conduct or Non-Compliance with the Laws, Rules, and Regulations, the Company's Articles of Association, and RCI Code of Conduct (Helping Line Policy)**

Eligible complaints

1. Employees who witnessed the act violate the laws, rules, and regulations, the Company's Articles of Association, and RCI code of conduct in business.

2. Employees, who are intimidated, threatened and faced disciplinary proceedings such as salary reduction, suspension from work, removal from job or being discriminated with unjustified method relating to employment conditions. This is due to their complaints to give or to provide information, assistance in investigation process, or gathering facts for complaint recipients including taking legal action, being witness to testify or provide cooperation with the court or any government agency.

Complaint-receiving officers

1. Trusted supervisors
2. Chief Executive Officer
3. Managing Director

Method in making the complaint

Informants can direct their complaints to any of the following methods:

1. Verbal or written complaint directly
2. Submission via e-mail address of complaint-receiving officers
3. Submission of a formal letter thru Opinion Box
4. In case that the complainant chose not to reveal his/her name, detailed facts or clear evidences must be provided to show that there are reasonable factors to believe that an act in violation of laws, rules and regulations, the Company's Articles of Association or RCI Code of Conduct is happened.

In addition, the complaints are considered to be confidential; complainants can make a complaint more than one channel and do not necessarily reveal the identity of the complainant. If the complainants would like to expose themselves, RCI can inform the investigation results or further details about the complaint that the complainants shall be notified.

The procedure of fact finding

1. Complaint-receiving officers will be handler of verification and fact collecting or appointing Fact Finding Committee to investigate facts.

2. Complaint-receiving officers or authorized persons shall invite any person to give the information or to provide any related document for fact finding investigation.

3. If facts have been found out, RCI shall conduct as follows:

- If complaints are about RCI's non-compliance with the laws, rules and regulations, the Company's Articles of Association, and RCI Code of Conduct, the case shall be submitted with opinions and set guidelines for correct implementation to authorized persons of RCI for consideration. In case of significant subjects such as; reputation or image or the financial position of the company, conflicts with the business policy of the company, or relating to top executives etc., it shall be presented to Fact Finding Committee or the Board of Directors for consideration.

- In case of complaints that cause damages to any one, the suitable and fair solution to relieve damages shall be proposed to the complainants.

#### The safeguarding and protection of the persons who provide information or clue

1. The complainants can choose not to be identified, if the disclosure may cause damage to them. But the detailed facts or clear and sufficient evidence must be stated to show that there are reasonable grounds to believe that there are actions that violate the laws, rules and regulations, the Company's Articles of Association, and RCI Code of Conduct. However, if the recipients choose to reveal themselves, it will make their complaints to be processed more quickly.

2. Information related to RCI is considered confidential and will be disclosed as necessary with regard to safety and the damages to the complainants, the source of information or the individual concerned.

3. If the complainants see that they may be unsafe or be in trouble, the complainants may request the Company to determine the appropriate measures to protect them. In addition the Company may impose measures to protect the complainant by which the complainant does not have to request it, if the Company foresees that there is likely to be in damage or unsafe situation.

4. The employees who treat others in ways that are unfair or discrimination in ways that are inappropriate or cause damage to the other person and are the motive for the other persons filing the complaint or provide clues about corruption or failure to comply with the laws, rules and regulations, the Company's Articles of Association, and RCI Code of Conduct as well as others to prosecute, or to testify as witnesses, or to provide any cooperation to the court or government agency. It should be counted as disciplinary offense which an offender shall be punished and this may be punished by law if it is an act of laws violation.

5. Those who have suffered will obtain the damage relief by means or procedures that are appropriate and fair.



#### **Section 4. Disclosure and Transparency**

The Company realizes the importance of information disclosure because this significantly affects decision-making by investors and stakeholders. It is therefore necessary to define and control measures concerning the disclosure of information, both financial and non-financial. Information disclosed via the SET Community Portal and the Company's website shall be complete, sufficient, reliable and up-to-date, written in both Thai and English. The Company is committed to obeying the law, the regulations and obligations mandated by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), and other relevant government organizations. Regular amendment takes place to ensure that the Company is up-to-date in its adherence to laws, regulations, and obligations, and to guarantee transparency in conducting business, for example:

1. Disclose accurate, complete and timely financial information and non-financial information.

2. Prepare a report on the Board's responsibility for financial statements and present it along with the Auditor's report in the Annual Report.

3. Require the Company's Directors and executives to report their own interests, and those of any related persons, which are related to management of the Company or its subsidiaries, via the corporate secretary, who will gather the documents and submit them to the chairman of the Board of Directors and the chairman of the Audit Committee for acknowledgement within seven days after the Company receives the documents.

4. Announced a policy requiring all Directors to disclose and/or report their securities trading and holdings to the Board of Directors' meeting.

5. Disclose procedures about the Board of Directors' selection process and performance assessment.

6. Disclose the performance and attendance record of each member of the Committee.

7. Disclose detailed information on the operations and investment structure of subsidiaries and associate companies.

8. Disclose information on the remuneration received by each Director as a member of the Committee.

9. Disclose the policy on the remuneration of the Directors and top executives, including forms, types and amount of remuneration for each committee member.

10. Disclose policy on environmental and social responsibility and related performance.

11. Report on corporate governance policies and related performance.

12. Reveal significant investment projects and relevant impacts of the projects via the SET Community Portal of the Stock Exchange of Thailand and the company's website.

Moreover, the Board of Directors is referring to the information disclosure guidelines related to the company to establish the Company's information disclosure policy and avoid any damage caused by improper disclosure. This reassures shareholders, investors, the general public, and all stakeholders that the company is committed to disclosing information clearly, equitably, and in compliance with the law. The Company has designated the persons responsible for disclosing non-public information as well as establishing guidelines on disclosure of different types of information to the public and setting up critical periods in which extreme caution should be taken prior to the disclosure of information to the public. Details of the guidelines are available for stakeholders and the general public on the company's website.

### **Investor Relations**

The Investor Relations Department of the company is responsible for communications with institutional investors, retail investors, shareholders, analysts and relevant government bodies on an equal and fair basis. Should the shareholders require additional information, they can contact the Investor Relations Department directly as follows: The Royal Ceramic Industry PLC. Address: Dynasty Ceramic Building, No. 37/7 Suthisarnwinijchai Road, Samsennok Sub-District, Huai Khwang District, Bangkok 10310 Tel: 0-2276-9275-80 Fax: 0-2643-0948-9.

### **Conflicts of Interest**

- (1) Some transactions, which could lead to a potential conflict of interest and/or related party transaction, must be considered very carefully in full compliance with the relevant rules and regulations of the Stock Exchange of Thailand (SET) and the company's internal policies and guidelines. Moreover, such transactions are entered into strictly on an "arm's length" basis and are conducted in the best interests of the company and all shareholders. The terms and conditions of such transactions always comply with generally accepted, standard commercial terms and conditions. Records of such transactions must be submitted to the Board for their review during the meeting sessions, which are attended by independent Directors and members of the Audit Committee.

The company's Directors and executives are required to submit a report that summarizes their and their related persons' interests and securities ownership in other companies. This information was filed with the company and is used to monitor potential related party or connected transactions. New Directors and senior executives shall submit this report within thirty days after being appointed.

In case of changes in related persons and close relatives, Directors and executives shall submit a revised report to the company within fourteen days after such changes occur.

The Board of Directors also monitors compliance with the regulations regarding criteria, procedures, and disclosure of such transactions. The company has a policy to disclose detailed information of these transactions, which includes transaction amounts, transaction parties, their underlying reasons, and necessity of the transaction in our annual reports.

The company has a policy to prevent Directors, executives, and employees from using their status to seek personal benefit. As a result, Directors, executives, and employees must refrain from any transactions that may lead to a conflict of interest with the company. Any interested Directors, executives, and employees are not allowed to participate in the decision-making process. In particular, Directors are prohibited from considering or casting their votes on matters in which they may have a potential conflict of interest.

The Board and management also emphasize a prudent and fair review of inter-company transactions, which are transactions between the Company and its subsidiaries.

(2) Monitoring Insider trading.

The Board prohibits Directors, executives, and employees from using an opportunity information acquired while working in their positions to seek personal benefit or to establish a competing or related business with the company. This policy includes a complete prohibition against using material insider information to buy or sell the company's shares and securities for their own interest and against giving insider information to other persons or entities to buy or sell the company's shares.

Directors and executives are required to report trading transactions in the company's shares and securities and their ownership position whenever changes occur.

### **Preventing Conflicts of Interest**

The Board has established policies and measures regarding conflicts of interest, as follows:

- The Company has a clear and transparent shareholder structure. There is no cross-holding among major shareholders, thereby preventing any conflict of interest or transfer of benefits from one party to another. The shareholder structure of the company and its subsidiaries is published in the Company's annual report, as are each Board member's holdings of ordinary shares.
- There is a clear separation of duties and responsibilities between the Board of Directors, management, and shareholders, thereby ensuring no overlap of duty or responsibility. Any Directors or executive who may have a vested interest in any agenda item under consideration must not attend the meeting or must refrain from voting on such agenda item. This is to ensure that the Board and executives make decisions in a fair manner for the ultimate benefit of shareholders.



- The Company has an established policy governing the use of internal information and has incorporated it into employee regulations in writing, with penalties for the executives or employees in the event the internal information is disclosed to the public or used for personal benefit.

- The Company has established additional policy for employees, preventing the use of Company's asset or finding information, contact, or stock trading on a regular basis during work hours for his/her own benefits or in the manner that does not benefit the Company's advantage.

### **Section 5. Responsibilities of the Board of Directors and Committees**

The Board is committed to conduct itself in accordance with the highest standards of behavior and in compliance with all laws, rules, and regulations. The Board's primary responsibility is to supervise and direct management for the company's benefit. Among other things, the Board, acting directly or through committees, shall have the following duties:

1. Oversee the conduct of the Company's business to evaluate whether it is being properly managed and ensure all activities are conducted according to relevant laws and ethical standards. The Company prepares and defined in Code of Conduct.

2. Manage the Company's performance in line with legal requirements, our objectives and by-laws, and resolutions adopted at the shareholders' meetings.

3. Establish and approve major financial objectives, plans, and actions.

4. Review and approve major changes in the appropriate auditing and accounting principles and practices used in the preparation of the Company's financial statements.

5. Assess major risk factors relating to the Company's performance and reviewing measures to address and mitigate such risks.

6. Evaluate its own performance and capabilities and improving its work processes as necessary according to the Self-Assessment on Corporate Governance annually.

7. Approve the compensation of employees.

8. Appoint the appropriate committees to manage the Company's business affairs as assigned by the Board of Directors.

The Board of Directors delegate to the President and Chief Executive Officer and work with other executive officers, the authority and responsibility for managing the business consistent with the company's standards and according to any specific plans, instructions, or directions of the Board.

Additionally, the company focuses on internal control and risk management systems and business continuity as well as establishes an Anti-Corruption Policy which is appropriate for our current business undertakings. The Board works in close consultation with management in a consistent manner with our core values, mission and vision also according to the Company's Corporate Governance Policy.

The policy has been consistently communicated to directors, executives, and employees for their awareness and to facilitate its incorporation into the Company's normal business operations. Furthermore, the Company has provided insiders/outside with a channel for reporting any illegal activities, acts of misconduct or unethical practices in the Company, while also granting protective measures for whistleblowers in accordance with the Whistleblower Policy.

### **Board Assessment**

The Board of Directors is composed of 9 directors. Directors stand for re-election every 3 years. The Board of Directors is pursuing a gradual process to rotate its composition without compromising its continued effectiveness. New board members are invited based on many criteria, an important one being their ability to contribute to the company's business growth strategy.

The Board of Directors conducted a formal evaluation of group assessment and self-assessment performance for the year 2020. The evaluation process was led by the Secretary was conducted by sending a board assessment form to each Director. The responses to the form were collated by the Company Secretary. The evaluation topic included the evaluation of the structure and the qualification of the directors, the role and responsibility of the directors, the meeting of the directors, the performance of the directors, the relationship with the Management, and the self-development of the directors and the Management. For the year of 2020, in overall the Board of Directors agreed that the most of the operations have been done properly.

### **Development of Directors and Executives**

- Development of Directors' and Executives' Knowledge – The Company promotes and offers convenience for directors' and executives' training and knowledge development relating to corporate governance. The Company has made an orientation ceremony for new directors whenever a new director is appointed. To this, an overall picture will be presented regarding the Company's business and relevant information; the names of the Company's directors and managerial structure; legal documentation and handbooks; rules and regulations of working units concerned; the directors' roles, powers, duties and responsibilities; corporate governance guidelines; certificates, Memorandum and Articles of Association; the Company's rules, visions, targets, and information on the conduct of business and activities of the Company. Directors are also caused to visit businesses and attend meetings related to the setting of visions and business plans in association with high-ranking executives of the Company.
- Work Succession Plan – The Company has prepared some personnel as replacements for high-ranking executives who are about to attain retirement age. At the same time, a guideline has been formulated for the development and enhancement of the potential of executives who would succeed to the positions. By considering from the employee at the executive level of the

company and other companies in the group with outstanding performance, could be able to develop the responsibility in higher position.

Moreover, the Company encourages all members of the Board and the top executives to attend various seminars and courses beneficial to their responsibilities, allowing them to constantly meet, and exchange opinions with, directors and top executives of different organizations. Some of these courses are organized by governmental agencies or independent organizations, such as the Thai Institute of Directors Association. The SEC requires directors of all listed companies to complete at least one of the following training courses: Directors Certification Program (DCP), Directors Accreditation Program (DAP) or Audit Committee Program (ACP). Experience gained from these courses is useful to RCI's development.

### **Monitoring the Business Operations of Subsidiaries**

1. For the purpose of monitoring each subsidiary's business operations for the best interest of shareholders.

2. The appointed directors shall have the same responsibilities as those of directors or executive directors of the parent company

3. Consider the important matters, such as strategy, business plan, capital increase or reduction of capital, the liquidation of the company, including several important policies.

4. Follow-up operations by the management, the Executive Committee, and the Board of Directors of the company.

5. And shall perform their duties in compliance with good corporate governance policy, related party transaction policy etc.

6. All subsidiary transactions which may significantly affect the business operation or financial status of the Company must be reviewed and approved by the Board of Directors of the parent company.

7. Checks by the internal audit department is to ensure that internal controls are adequate and effective.

8. In order to present the financial information and operating results of the subsidiaries, the Company has assigned the same auditing office that provides auditing services for the Company to perform audits and present the financial and non-financial information of the Subsidiaries in the consolidated financial statements of the Company.

## **Royal Ceramic Industry Public Company Limited and Sustainable Development Report of the year 2020**

Royal Ceramic Industry Public Company Limited is a production business of ceramic tiles, floor tiles and wall tiles which is highly competitive industry. The company produces products under RCI trademark. The company has upgraded the management policy, business operation and strategy of business continuously, so that the company will have stable better business performance, it will result in return on investment of business having the most profit. Action in

the past year under the principle of good governance, making the business operation to develop a lot and develop economic return as well. The company also can respond to other groups of stakeholders either to the society, environment together with development of employees' skill and potential as well.

The preparation of Sustainable Development Report of the year 2020 discloses in the form showing data, in Form 56-1 of the Securities and Exchange Commission and the Stock Exchange of Thailand presented under the frame of the report of social responsibility performance of the company, having contents covering all groups of stakeholders. The data was collected from 1 January - 31 December 2020, where stakeholders were grouped into 8 groups as follows:

1. Shareholders; the company has policy of performing to shareholders fairly, giving the right to shareholders to express opinion and to give recommendation independently, either through the company secretary and through the company's website.

2. Employees of company; the company pays more attention to create creative work atmosphere, the company treats to all levels of employees fairly, according to human right principle and manage occupational health, safety and welfare appropriately. This will create working atmosphere that will make team work skill to create benefit to the organization as a whole.

3. Customers; the company has goal to provide customers who use products to receive cost-effective benefit, both product quality, organizing various promotions for sales promotions so that customers receive the most satisfaction.

4. Business partners; the company complies with the framework of free competition and there is assessment of the business partners operating in accordance with the regulations to have business partner having sustainable development guidelines and enhancing joint potential in the long term.

5. Competitors; the company follows honest competition, complying with fair business operation, under the framework of law and ethics.

6. Creditors; the company complies with the conditions of business agreement, both trade creditors and financial creditors strictly.

7. Government agencies, the company strictly complies with the regulations of government agencies. Furthermore, there are guidelines for doing transactions with government agencies correctly under business ethics and promotes as well as operates under the anti-corruption policy, so that both employees and the business can operate correctly and appropriately.

8. Community, society and environment; the company complies with business operation principle with responsibility to community, society and environment surrounding the business place, to be accepted from community and society, as well as the company can exist together sustainably.

The framework of operation for sustainable development of the company has the goal to create business result and society together which will be beneficial to all groups of stakeholders as mentioned above, realizing participation of employees and executives at all levels to be the important force of operation.

Furthermore, for the sustainability of business operation, the company will realize the value that should be given to the environment, society and good business by using principle of good governance for operation of the company, having main elements which link to sustainable development, as follows:

- Standardized production management and effective cost control effectively with minimum effect to the environment.
- Risk administration and management to reduce risk and increase efficiency in engaging in business.
- Human resource development to create development from internal aspect of the organization, both body of knowledge, working process to employees at all levels that are the main resource that will create value to the business.

### **Operations in several aspects of the company**

#### **Fair business operation**

The company focuses the importance of doing business with fairness under the principles of good governance and good management using the principles of fair business competition, realizing the benefits and effect that may occur to stakeholders and related persons carefully. The company reviews and defines the work regulations, criteria for purchasing, employment, treating towards business partners and contract partners, complying with the rules and regulations, law and fairness, realizing benefit of the company and of stakeholders, having the principles of business operation as follows:

- The company resists against unfair competition. It defines the price based on market conditions, purchase requirements, as well as other related costs. It can be said that the company defines the price of products according to product costs and various expenses so that the company can compete.
- In determining the policy of purchase of the company, the company shall define procedures for procurement and clear steps of operation, to create fairness.
- The company will not do anything related to intellectual property infringement. The company will promote the executives and employees to make efficient use of company resources and properties of the company effectively and use correctly copyrighted products and services. The company does not support products or action that infringe intellectual property.
- The Company establishes channels for complaints that are not fair. The company sets points for receiving such complaints at the company and passing through the Company's website.
- The company will not request, receive or agree to receive any property, or any other benefit which is beyond the commercial terms, or commercial conditions.
- The company maintains confidentiality or information of business partners. It will not be used for personal gain, or for the related persons unlawfully.

#### **Anti corruption**

The company has announced its intention and determination to resist all kinds of corruption, both directly and indirectly, by establishing anti-corruption policy. The company establishes the guidelines and operation of publishing in the



Corporate Governance Manual to train employees not to neglect or ignore, if wrongdoing is checked and found. The company also provides protection to employees who report clues to the company. For external stakeholders, the company publicizes a policy against corruption and included in the annual report of the company. The Board of Directors has guidelines for anti-corruption as follows:

- Provide an efficient and effective internal control system, The company checks and balance the power appropriately, in order to prevent employees from corruption or having involved in dishonesty and various corruption.
- Build awareness, values and attitudes among employees in complying with the rules and regulation honestly.
- Employees of all levels are prohibited from taking any action as a request or accept property or any other benefit for themselves or other persons who are motivated to do or not to do any duty unlawfully, or the action may cause the company to lose statutory benefit.
- Employees of all levels are prohibited to give or offer to give property or any other benefit to third parties in order to induce that person to act or omit to act in violating of the law or breaching of his position.

#### Human rights respect and treating to labor fairly

The company considers that to respect for human rights is the important foundation of human resource development, according to the principle of the elements that will lead to sustainable development which will have relationship with the business in a way to add value to products, to increase productivity. Therefore, the company has clear policy that supports the protection of human rights, by not disclosing personal information of employees to third parties, or those who are not involved. Regarding employment, the company opposes the use of child labor and does not support forcing labor. The company also supports business partners who respect human rights and treat labor fairly, such as not using child labor, or illegal labor. Furthermore, the company has delivered the contribution according to the proportion under the law fully in employing disabled persons according to Section 33, with the following information:

Information on 1 October 2020	2019	2020
<b>Not disabled persons (persons)</b>		
RCI	369	358
<b>Total</b>	<b>369</b>	<b>358</b>
<b>Employed disabled persons 100 : 1 (persons)</b>		
RCI	4	4
<b>Total</b>	<b>4</b>	<b>4</b>
<b>Number of employed disabled persons, Section 33 (persons)</b>		
RCI	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
<b>Promoted disabled persons, Section 35 (persons)</b>	<b>0</b>	<b>0</b>
<b>Contribution to fund, Section 34 (Baht)</b>		
RCI	449,680	456,980
<b>Total</b>	<b>449,680</b>	<b>456,980</b>

Furthermore, the company also has system for taking care of employees thoroughly and fairly, according to the work regulations of the company, as well as the company takes care of the compensation for all employees appropriately and in fair manner, which is the implementation of normal work system and treat employees equally. If an employee has a complaint, the company has steps and methods for operation on complaints of employees clearly, in the internal audit working unit which is independent in operation, to find solution quickly and fairly, including the company will protect and gives fairness to employees who report clues, on fraud and/or failing to comply with laws, rules, regulations and the Company's code of conduct (Whistle Blower Policy) by the complainers or whistleblower who can report through the channels provided by the company as follows:

1. Submit documents to the 3 complaint points, at the two factories in Saraburi Province and at the head office of the company.
2. Send a letter by post to Internal Audit Office at the office in the company's head office.
3. Through the company's email at [wecare@dynastyceramic.com](mailto:wecare@dynastyceramic.com)
4. Through the Company's HOTLINE tel. 084-7514747.

#### Safety, health and promoting fair working conditions of employees

From the corona virus (COVID- 19) epidemic situation in the past 2020, which affects many people's lives, in order to prevent risks and protect the welfare of employees from the epidemic crisis of COVID-19 virus disease, the company has implemented measures in accordance with the procedures of Department of Disease Control, Ministry of Public Health, to take care of the safety of employees, the main measures are as follows:

1. Announcement to suspend / avoid traveling to disease risk areas and travelling to other provinces, or if there is great need to go to a risky area or traveling across provinces, when return back employees shall work from home and observe symptoms for 14 days. If the period is over and there is no finding of symptoms, the persons shall see a standardized hospital doctor, to bring a medical certificate reporting about medical examination results to be presented to the company before entering to work as usual.
2. The persons shall not attend meeting or training, both internal and external meeting or training, by using online meetings or by phone instead.
3. Employees are required to wear a face mask for all time of work with screening, measuring temperature every morning before entering the work area.
4. Spraying the area with disinfectant in work area and there are points for alcohol hand sanitizer service, in the area of entry and going out and time recording point.
5. Wipe and clean in the workplace with disinfectant at public risk points that are regularly contacted and used by hands, such as door handles, elevator buttons, handrails of staircases.



6 . Measure temperature of outsiders before entering the company's buildings and working area. If encountering a person with higher temperature than 37.5 degrees Celsius, entry is strictly prohibited.

There is no employee of the company who is found to be infected with the COVID-19 virus.

### Information on measures for solving problems and protection against COVID-19 virus

	Types of jobs	Measures to solve/protect COVID-19 virus
1	Personal hygiene	1.1 Eat hot food, common spoons, wash hands, spaced 2 meters 1.2 Wash hands with soap for at least 20 seconds often. 1.3 Carry a face mask at all times and when meeting other persons every time
2	Traveling to-from work place, by company bus, bus, van, executive van	2.1 Notify the car company Cleaned with disinfectant / alcohol, such as on doors and on all seats 2.2 set to the driver Everyone should wear a surgical mask. And all the time driving
3	Entering into the company area	3.1 Security officials check every person entering into the company; if higher than 37.5 degrees Celsius, the person is strictly prohibited.
4	Take a break/ snack eating/ dining table	4.1 Eating food, drinking, water is strictly prohibited to share utensils with others. 4.2 Eating together, there must be a common spoon. 4.3 Always wash hands with alcohol gel provided frequently. 4.4 Make a campaign sign for washing hands every day, eat hot food, use own spoon to be 2 meters apart. 4.5 Set the table to sit obliquely and separate the outsider table from the staff table.
5	Working in office	5.1 Refrain from touching each other, such as shaking hands and hugging the neck. 5.2 There must be a distance during standing and talking. 5.3 After touching the operating equipment to be used together, the person must wash hands with alcohol gel immediately. 5.4 Regularly wipe and clean the work area. 5.5 Spray disinfectants around the office. 5.6 Public relations, advise employees about the pandemic and methods to prevent COVID-19 virus disease.
6	Work place, office/toilets	6.1 Instruct the housekeeper team regularly; wipe and clean the workplace, in the point where hands are used, such as a door handle, handrail of staircases, etc. 6.2 Provide alcohol gel for hand washing to serve at various points, such as canteen, time record point and office 6.3 Procurement and purchase of equipment to prevent epidemic disease, such as alcohol gel, face mask. Temperature measuring device 6.4 Wash and clean the toilets more frequently by using disinfectant.

The company has policy on safety, hygiene and work environment that realizing welfare of employees as the important principle by providing equipment that provides safety in work, taking care of the working environment appropriately, for good hygiene for employees in the long term and comply with

legal requirements. Furthermore, employees will develop knowledge and understanding about safety in order to prevent, reduce risks and facilitate the work. There is record about accident in order to have development, to find ways to prevent accident and provide better surveillance measures.

In the factories in the past year 2020, the statistics of occupational hazards, Royal Ceramic Industry Public Company Limited had total of 8 injuries (12 injuries lower than last year). There was one injury which the person stopped working for more than 3 days, one injury which the person stopped working for not over 3 days and six injured persons did not stop work. In 2020, it was found that the cause of injury was the most damage from tools and impact/crash object or thing which was the first cause more than any other cause and the organs most commonly injured are legs, toes and feet.

#### Occupational Hazard Statistics (Royal Ceramic Industry Public Co., Ltd.)

Year	No. of employees (ea)	Total injured	Death	Disability	Dismemberment	Over 3 off work	Not over 3days off work	No off work
2018	225	18	0	0	0	1	2	15
2019	356	12	0	0	4	1	1	6
2020	351	8	0	0	0	1	1	6

The company realizes the importance of safety, occupational health and working environment, as well as employees and business operation. The safety committee has policy and makes continuous work plan to promote safety annually in order to have action plan, collect data, evaluate results, including the development of work plans and safety activities in sustainable work as follows:

1. Work safety is the first duty and responsibility in the work of every employee:

1.1 Preparing steps and procedures of work, realizing the work performance in various steps with safety as the main principle.

1.2 Carry out according to the notification of regulations, measures on safety, occupational health and working environment so that employees comply with such regulations strictly.

1.3 Implement according to the action plan and projects on safety, occupational health and working environment.

1.4 Review the roles and duties of the safety staff at different levels to add the awareness of the safety of work operation.

2. Encourage improvement of safe working environment and health and hygienic care:

2.1 Carry out work safety check and improve working condition to be safe.

2.2 Survey occupational safety, by the safety committee and department chief.

2.3 Safety, occupational health and work environment committee, bring suggestions for improvement in the unsafe working environment, as well as following up the operation results.

2.4 Conduct an annual inspection of electrical systems, equipment and transformers which are certified by electrical engineers who do the inspection

2.5 Annual inspection of working environment, lighting, heat, noise and dust. The company uses an agency that has been registered with Labor Protection and Welfare.

2.6 Conduct quarterly inspection of the emergency lighting signal system.

2.7 Conduct annual health checks for employees.

3. Support and promote various safety activities that will help stimulate the consciousness of employees, such as organizing training and public relations:

3.1 Join in the standard project on the prevention and solving of drug problems in business place.

3.2 Join in the project to reduce the injury from work which Saraburi Labor Protection and Welfare Office is the project organizer.

3.3 Organize a board for the use of personal protective equipment, install additional safety signs in the areas where there is no safety label.

3.4 Join in project of 365 days zero accident, to stimulate staff consciousness to work safely with employees and colleagues.

3.5 Annual fire-fighting training and fire evacuation drills by licensed external resource persons.

4. Training on safety, occupational health and working environment according to the law: Training courses set by Labor Protection and Welfare Office under the law consist of:

4.1 Supervising Safety Officer Course.

4.2 Safety Officer Course at Executive Level

4.3 Training courses for the Committee of Safety, Occupational Health and Working Environment.

4.4 Training courses for primary fire-fighting.

4.5 Training and drill courses of fire fighting and fire escape.

## **Human resource development**

In addition to the company providing fair employment and allowing employees to receive appropriate compensation and welfare, such as providing a provident fund, providing employees with social security system, as well as providing training for employees to develop knowledge, practice skills, enhance the potential of employees at all levels and increase the opportunity to show the potential of work progress, in accordance with and supporting the direction and strategy of the Company's long-term operations. In the year 2020, training is provided to employees in small groups, under the measures to reduce the risk of COVID-19 pandemic as follows:

Serial No.	Courses	Quantity (hours)	Quantity (persons)
1	Lean Concept	6	124
2	Correct and safe driving and maintaining of electric forklift		3
		<b>Total</b>	<b>127</b>

### Responsibility to consumers

The company has production processes that meet international standard through the product industry standard certification, from the Thai Industrial Standards Institute, Ministry of Industry (TISI 2508-2555) for safe products. The company also improves the production process and develops products continuously in order to have several types of products to meet the needs of all groups of customers well and increases distribution channels through more than 200 branches of Dynasty Ceramic Public Company Limited nationwide in order for all customer groups to have better access to products.

### Responsibility to society and environment

The company realizes its responsibility towards society and environment continuously. The company emphasizes improving of machinery in manufacturing process with environmental standards, to reduce the negative impact on the environment. The company emphasizes the water and waste management. It has management on occupational health and safety systematically to employees, to create safe and hygienic environment, emphasizing reduction of energy consumption and the cost-effective use of resources for the sustainability of production line that is the main proportion of manufacturing of ceramic tiles and promoting the policy on energy conservation to employees at all levels.

### Innovation from social responsibility operation

The company provides creative project for employees of all levels to propose guidelines for improving of equipment, or work steps, to use resources with cost-effectiveness, spend less time in production, to be beneficial to business, either by reducing time for working, or cutting expense in production process. This is policy of innovation development from work operation which makes value for the business continuously.

## Internal Control and Risk Management

The Board of Directors and Executives of the company concern about the importance of internal control by realizing that the system of internal controls is an important mechanism to build confidence in the management to reduce business risk, enables efficient, and effective business operations, by allocating resources appropriately, and fulfill the business goals as well as an evaluation of the internal control at least once a year.

The Board of Directors has determined that the Audit Committee is responsible for supervising the internal control system, risk management system and the corporate governance system of the company to have an appropriate and

efficient operation, including the company's compliance with the terms and applicable laws. The Internal control also supervise to control any conflict of interest in related transaction and use of property, to prevent fraud or misconduct. The company has the consistency checks and balances mechanism by an internal audit department which is independent in business monitoring, assess the effectiveness and adequacy of the internal control system, in risk management system and in corporate governance system as well. The internal audit checks and balances all department performance of the company and its subsidiaries by bringing the framework guidelines of the internal control system in accordance with the International Standards of COSO (The Committee of Sponsoring Organizations of the Tread way Commission), the risk management framework enterprise-wide (Enterprise Risk Management), and corporate governance guidelines, the guidelines of the Stock Exchange of Thailand and the Institute of Directors Association (IOD), the Thailand Economic Co-operation and Organization for Development (OECD). All mentioned frameworks and guidelines conduce the internal control to conduct risk management and all supervision, result in more integrity for the most efficient and effective in company performance.

The Company applies the Internal Control – Integrated Framework of The Committee of Sponsoring Organizations of the Treadway Commission (COSO) comprising 5 components and 17 principles to the Company's operation, management, and internal control system. The directors have assessed the adequateness of the Company's internal control system in accordance with the Securities and Exchange Commission Thailand (SEC) and concluded that the overall internal control system is adequate and effective.

Thus, the Company focuses on five key elements relating to internal control as follows.

### **1.Organization and Environment**

1. The company demonstrates commitment to integrity and ethical values. The Code of Conduct has been formally established in relation to the fair and transparent business operations responsible to every stakeholder including society and the environment. There are stipulations prohibiting actions which may have conflict of interests or damage the Company.

2. The Board of Directors oversees system of internal control independently. The board consists of more than one-third independent directors. Its members are experts, skilled, and qualified to oversee the development and performance of internal control which includes the control environment, the risk assessment, the control activities, the information and communication, and the monitoring activities. The authorities and responsibilities of the board and each committee are clearly defined and segregated from the management.

3. The company establishes clear structures, reporting lines, authorities, and responsibilities aligning with business model and legal environment to maximize efficiency and effectiveness of operations and internal controls. Crucial segregation of duties among structures provides checks and balances. Authority in management and operating levels are clearly defined, assigned, and limited.

4. The company demonstrates commitment to attract, develop, and retain competent personnel. Relating policies and procedures have been clearly established and periodically assessed for their implementation effectiveness. The Company established mentoring process allowing supervisors to give consults to their subordinates on improvement. Succession plans for personnel in essential positions are defined and in place.

5. The company enforces each personnel's accountability for achievement of their assigned internal control responsibility through reporting lines directives, and communication of clear policies and procedures to enable strict conformance. Supervisors are also required to, by themselves, assess and assure the effectiveness of internal controls under their supervision (Control Self-Assessment: CSA).

The Board of Directors and the management establish and communicate clear performance evaluation procedures and performance measures to motivate and reward performing personnel, and to manage any non-performances. The performance measures include adherence to the Code of Business Ethics, achievement of short-term and long-term objectives, and achievement of internal controls. Process is in place to adjust performance pressures of the management and personnel in case that they are excessive and possibly resulting in frauds or internal control's cutting corners.

## **2. Risk Assessment**

6. The company specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives. For example, objectives are categorized as follows:

- Goals are clearly stated and practical. They support and are align with the Company's missions and strategies.
- The Company's resources are managed and utilized efficiently and economically to achieve established objectives.
- The Company's assets, information, reputation, and personnel are safeguarded.
- Process, policies, and procedures are continuously improved and updated benchmarking relevant international standards.
- Financial and non-financial reporting are accurate, reliable, and timely. Financial reporting accurately and completely complies with the generally accepted accounting principles, represents the Company's



financial position and rights and obligations, and has full disclosures, reflecting activities and performances of the Company.

- Internal and external regulations, policies, and laws relating to the Company's business are being adhered to.
- CSA is properly implemented in crucial processes.

7. The company identifies and analyzes all types of risk in both corporate and operational levels which may affect achievement of the objectives. Internal and external factors are considered to identify and analyze strategic risk, operational risk, reporting risk, compliance risk, and information technology risk. The Company assesses the significance of risks based on impact and likelihood of risk occurring. The management and personnel are involved in the risk management process and consideration of risk.

8. The company assesses fraud risk and establishes measures to prevent and detect frauds especially in high-fraud-risk processes such as processes relating to cash, inventory, procurement, financial reporting etc. The Company performs an analysis to identify irregular financial ratios, continuously monitors for irregular business transactions, implements various assets safeguarding measures, and launches the whistle blower program.

In addition, the Audit Committee scrutinizes information and questions the management on likelihood of fraud occurring and measures implemented to prevent, detect, or remedy frauds.

9. The company identifies and analyzes significant changes in the external environment, the business model, and leadership which may affect the business, internal controls, and financial reporting. Appropriate responding measures to those changes have been prepared and established.

### **3. Control Activities**

10. The company selects and develops control activities aligned with the Company's risks and specific characteristics such as the business environment, complexity, nature, and scopes of operations, covering all relevant business processes and levels of activities. There are considerations on a proper mix of control activity types, a balance of manual and automated controls, and an integration of preventive and detective controls. Conflicted duties such as transaction recording, authorizing, approving, and assets handling are also segregated to provide proper checks and balances.

11. The company selects and develops general controls over technology to help ensure that the Company's IT systems are always available, protected from unauthorized access, and supporting achievement of management's objectives. Examples of the controls are:

- Technology infrastructure controls: centralized technical infrastructure operations, IT system change management, business continuity management program etc.



- Security management controls: access rights controls, security controls, system and network irregularity monitoring, information security management system's external assessment etc.
- Technology acquisition, development, and maintenance controls: strict system procurement process, internal and outsourced system developer management and competency program, revision of system development manual, system source code control etc.

12. The company deploys control activities through clear policies and procedures to let personnel understand what the management expects and how to implement the controls correctly. Competent personnel who are responsible, steps and timing of implementation, and corrective actions on matters identified as a result of the controls are established. The policies and procedures are periodically reassessed for continued relevance and effectiveness. The Company has established policies to ensure that all business decisions are approved based on the Company's interest, and on an equitable agreement with independent parties and subsidiaries are subjected to the equivalent policies and are monitored by their directors or management appointed by the Company.

#### **4. Information & Communication**

13. The company uses relevant and quality information to support internal control. Data is gathered from internal and external considering costs and benefits. The data are gathered and processed by information systems into information supporting the functioning of internal control.

The Board of Directors receives sufficient information for the decision making in the meetings in a timely manner 7 or 14 days before the meetings as stipulated by laws and regulations. The information includes relevant details, backgrounds, options, and effects to the Company. In the meetings, each director's opinions, recommendations, observations, inquiries, disagreements, and reasoning are recorded for subsequent board assessment.

14. The company has an internal communication system to relay internal control's objectives, policies, procedures, and accountabilities to every level of personnel in every department nationwide. Various communication channels are selected appropriately for the communication efficiency and effectiveness. For examples, there are communications via the intranet and confidential Whistle Blower hotline.

The Company reports material information to the Board of Directors. The board members have access to and can request reviews of any information needed to exercise their oversight responsibilities. They can freely communicate with the external auditors, internal auditors, and other established contact persons other than the senior management. Extraordinary formal or informal meetings with the management can also be arranged.

15. The company has an efficient communication system with external stakeholders using proper channels to support internal control. For examples, there are

- communications via the internet, social media,
- investor relations,
- service quality complaint centers and Whistle Blower hotline to the Audit Committee

## **5. Monitoring Activities**

16. The company instructs managers and supervisors in every department to continuously monitor for deficiencies of the internal control to ascertain the continued effectiveness of 5 components and 17 principles of the internal control. There are also separate evaluations from independent parties such as internal auditors or external quality assessors. The frequency of the evaluations varies on rate of changes occurring.

17. When the internal control deficiencies are identified, the company evaluates their significances and communicate them to responsible parties for timely corrective actions. Material deficiencies and their correction progress are reported to the Board of Directors and the senior management as appropriate. Fraud incidents or clues, violation of law, or any other irregularities which may materially affect the Company's reputation or financial position will be immediately informed to the Board of Directors.

With the current information system, which provides reliable and timely information, the management and the Board of Directors can control and monitor the operations with reference to financial reporting effectively. And at the same time, the Management can review, assess, and make recommendations to improve business processes through the supervision of the Office of Internal Audit to carry out audit throughout the year.

## **Internal Audit**

The Internal Audit Office performs its duties independently from the management. It reports functionally to the Audit Committee and administratively to the Chief Executive Officer. Supporting the Company's achievement of objectives and goal, the office evaluates the efficiency and effectiveness of the internal control, risk management, governance system, and also provides consultation.

The Chief Audit Executive acts as the secretary to the Audit Committee supporting their oversight responsibilities and accountability which are assigned by the Board of Directors to the Audit Committee. Additionally, the Chief Audit

Executive gives advices relating to the internal control, risk management, business ethics, information security etc.

The internal audit was conducted to examine the system of internal control on a regular basis and report the result to the Audit Committee. Until now, Audit Committee has not found any significant flaws; however, minor comments on how to improve internal control. Office of Internal Audit is responsible for auditing to ensure that the operation and financial activities of the Company are implemented effectively and in accordance with the law under the guidelines.

### **Conclusion of defects related to the Internal Control system in the year 2020**

The Office of Operation Systems and Internal Audit has regularly audited the internal control system according to the annual audit plan and report the audit results to the Audit committee. At present, no significant flaws have been found, but has commented on improving the internal control system at some issues that have been detected by the Company's internal audit office, responsible for reviews to ensure that the company's core operations and significant financial activities are has operated effectively and in accordance with the law and company guidelines.

### **Opinion of the Audit Committee**

In additional, every quarter, at the meeting of Audit Committee, assess the adequacy of the Company's internal control system. Opinion of the Audit Committee on internal control is complied with the Board of Directors. (Refer to the Audit Committee Annual Report). Including in the previous year, there were no concerns of the auditor regarding internal control.

## **Related Transaction**

The Company and its subsidiaries have entered into related transactions with connected persons. All of these related transactions are made in the ordinary course of business and on general trading conditions.

To be aligned with the Security and Exchange Act (No. 4) B.E. 2008, Article 89/12 (1), with the following measures.

1. The Audit Committee must consider and give their comments before transaction occurs.

2. In case the Audit Committee is not able to give any comment on any transaction, the Company must provide independent specialist to provide comments for the Audit Committee to form their comments before proposing to the Board of Directors and/or Shareholders' Meeting for further consideration.

3. The persons who have potential conflict of interest cannot vote on the transaction that is related to them.

4. The Company will disclose the related transaction in the notes attached to financial statements. The Audit Committee will give comments concerning the necessity and rationale of the related transaction that has been audited by external accounting auditor.

### **Procedure for approval of connected transaction**

The procedure for approval of related party transactions in each transaction with related persons and / or related parties must be appropriately approved under the law governing securities and stock exchange and regulations, announcements, orders or requirements of the Stock Exchange of Thailand. Regarding the connected transaction of the listed company, the directors who have a stake in such transaction will abstain on approval of the transaction

### **Future trend in related transactions**

As of inter-company transactions that occur and may occur in the future. It is a normal business transaction with no benefits between company and related parties. However, the Company shall review and consider the information disclosure of related transactions or transactions that may lead to conflicts of interest to be accurate and complete under the law governing securities and stock exchange and regulations, announcements, orders or requirements of the Stock Exchange of Thailand. Compliance with the terms and conditions of disclosure of connected transactions and the acquisition or disposition of assets. In accordance with the accounting standards prescribed by the Institute of Certified Accountants and Auditors of Thailand.

### **In 2020, RCI has a connected transaction with**

<b>1.Dynasty Ceramic Public Company Limited (DCC) : (DCC holds RCI shares at 91.87%)</b>	<b>Reason and Necessity</b>
1.1 Selling finished products (Ceramic floor and wall tiles) payment of freight to Dynasty Ceramic PLC., a major customer. Purchase a raw materials from Dynasty Ceramic PLC. with general trading conditions.	According to DCC is a major customer that has outlets all over the country to distribute products quickly. The selling price is in accordance with general trading conditions. Moreover, the company has received payment for the product on time. For the purchase of raw material at cost. This is because of sometime, some raw materials does not enough to spend and if the company order by itself, the cost will be very high then the company buying from DCC that has enough stock and at lower price to be able to produce continuously at lower cost.
1.2 Renew the office space rental agreement for 3 years ( April 1, 2018 to March 31, 2021). Rental fee is 0.06 million Baht per month, total contract value is 2.16 million Baht.	Due to it is a continuously from the previous office space rental agreement and it is in a convenient location and reasonable rental fee.
1.3 Renew the office space rental agreement for 3 years ( May 1, 2018 to April 30, 2021). The rental fee is 0.012 million Baht per month, total contract value is 0.432 million Baht for Royal Asia Brick and Tiles Company Limited (RABT), a subsidiary.	Due to it is a continuously from the previous office space rental agreement and it is in a convenient location and reasonable rental fee. (Rental space with the main company which is RCI)
1.4 Signing a machinery rental contract for producing for 3 years (April 1, 2018 to March	Terminate contract by buying the said machinery in the resolution of the Annual

31, 2021). The rental fee is 0.20 million Baht, total contract value is 7.2 million Baht.	General Meeting of Shareholders on April 22, 2019.
<b>2.Tile Top Industry Public Company Limited (TTOP)</b> <b>(a subsidiary of DCC, holding 96.83 of shares)</b>	<b>Reason and Necessity</b>
2.1 Signing a machinery rental contract for producing for 3 years (April 1, 2018 to March 31, 2021). The rental fee is 0.075 million Baht, total contract value is 2.7 million Baht.	Terminate contract by buying the said machinery in the resolution of the Annual General Meeting of Shareholders on April 22, 2019.

Every contract that is a connected transaction have to be carefully reviewed by the Audit Committee before proposing to the Board of Directors for approval by adhering to the overall benefit of the company. In which the person involved were not participating and voting in that agenda and disclose information in accordance with relevant regulations everytime.

A director who is in a position as a director and/or a shareholder of DCC, the person considered as director with an interest in entering into above transaction of the company. According to the announcement of the connected transaction and has no rights to vote at the Board of Directors' meeting which can be summarized as follows: Mr. Viboon Wadcharasurang as a Chairman, Mr. Roongroj Saengsastra as a Director/ Chairman of Executive Director, Mr. Monrak Saengsastra as a Director, Mr. Maruth Saengsastra as a Director and Mr. Jaruwat Traithavil as a Director.

For the fiscal year ended 31 December 2020 and 2019, the Company and its subsidiaries had the related transactions in which the auditors had disclosed in the notes to audited financial statements and these transactions have been reviewed by the Audit Committee. The Audit Committee had an opinion that all related transactions are reasonable and based on the normal course of business.

### **TRANSACTIONS WITH RELATED PARTIES**

The financial statements include transactions with related parties and the financial statements reflect the effects of these transactions on the basis determined by the companies concerned.

<b>Name of the related parties</b>	<b>Relationship</b>	<b>Remarks</b>
1.The Royal Asia Brick and Tiles Co.,Ltd (RABT)	Subsidiary	The Company discontinued since April 1, 2017
2.Dynasty Ceramic PLC (DCC)	Parent, some common directors and management	Holding 91.87% of RCI
3. TileTop Industry PLC. (TTOP) (a subsidiary of DCC, holding 96.83% of shares)	Related party, shareholding by Parent company, some common directors and management	

## 1. Revenue and Expense between the Company , Subsidiaries and Related parties

Account name / Company's name	Type of Transaction	Amount (Million Baht)	
		2020	2019
Dynasty Ceramic PLC	Revenues for sale products and raw materials	1,010.3	1,156.2
	Other revenue	3.4	4.6
	Purchases -Raw materials	11.6	17.9
	Office rental	0.9	0.9
	Freight expenses	52.5	50.8
	Rental Machine	-	0.8
TileTop Industry PLC (Subsidiary) DCC hold 96.83%	Other revenue	2.1	4.1
	Purchases -Raw materials	4.2	3.7
	Rental Machine	-	0.3

## 2. Assets and Liabilities between the Company, Subsidiaries and Related parties

Account name / Company's name	Type of Transaction	Amount (Million Baht)	
		2020	2019
Dynasty Ceramic PLC	Trade accounts receivable	149.5	50.1
	Other payables	4.9	6.4

## FINANCIAL HIGHLIGHTS

<b>CONSOLIDATED THE STATEMENTS OF FINANCIAL POSITION</b>	<b>Y2020</b>	<b>%</b>	<b>Y2019</b>	<b>%</b>	<b>Y2018</b>	<b>%</b>
Total Assets	1,080	100%	1,018	100%	922	100%
Total Liabilities	252	23%	253	25%	322	35%
Total Shareholders' Equity	828	77%	765	75%	600	65%

<b>CONSOLIDATED THE STATEMENTS OF COMPREHENSIVE INCOME (Million Baht)</b>	<b>Y2020</b>	<b>Y2019</b>	<b>Y2018</b>
Total Revenues	1,016	1,182	983
Net Sales	1,010	1,156	981
Gross Profit	179	326	233
%Gross Profit	17.7	28.2	23.8
Cost of distribution and Administrative Expenses	(110)	(141)	(116)
Reverse (loss) on allowance for impairment of inventories	-	-	1
Loss on impairment of investment in other company	-	-	(4)
Net Profit Before Interest & Depreciation	147	265	148
Profit (loss) for the year	63	165	158
Other comprehensive income for the year - tax net	-	-	4
Total comprehensive income (loss) for the year	63	165	162

<b>FINANCIAL RATIO</b>	<b>Y2020</b>	<b>Y2019</b>	<b>Y2018</b>
Earning Per Share - Baht	0.10	0.27	0.29
Net Profit / Total Revenues - %	6.20%	13.96%	16.48%
Debt Equity Ratio	0.30	0.33	0.54
Return on Total Assets - %	5.83%	16.21%	17.57%
Return on Equity - %	7.61%	21.6%	27.0%
Booked Value - Baht	1.34	1.24	0.97
Dividend Per Share - Baht	-0-	-0-	-0-
Dividend Yield - %	-0-	-0-	-0-
Authorized Share Capital - Baht	616,839,365	616,839,365	616,839,365
Par Value – Baht per Share	1.00	1.00	1.00
Total number of shares –Shares	616,839,365	616,839,365	616,839,365
Issued and Paid-up share-Shares	616,839,365	616,839,365	616,839,365



## Summary of Operating Results and Financial Analysis

Operating results of the consolidated financial statements

Unit : Million Baht	Y2020	%	Y2019	%	% Increase (Decrease)
Revenue from sales	1,010.3	100.0%	1,156.3	100.0%	(13%)
Cost of sales	(831.3)	(82.3%)	(830.4)	(71.8%)	0%
Gross Profit	179.0	17.7%	325.9	28.2%	(45%)
Other income	6.1	0.6%	25.4	2.2%	(76%)
Distribution cost	(86.8)	(8.6%)	(102.8)	(8.9%)	(16%)
Administrative cost	(23.6)	(2.3%)	(38.7)	(3.3%)	(39%)
Finance cost	(2.2)	(0.2%)	(2.9)	(0.2%)	(24%)
Profit (loss) before income tax	72.6	7.2%	207.0	17.9%	(65%)
Income tax	(9.6)	(1.0%)	(42.0)	(3.6%)	(77%)
Total profit (loss) income for the period	63.0	6.2%	165.0	14.3%	(62%)
Other profit (loss) comprehensive income for the period, net of tax					
Total profit (loss) comprehensive income for the period	63.0	6.2%	165.0	14.3%	(62%)

2020 Operating result ending 31 December 2020 comparing with the same period the previous year as follows: Total income 1,010.3 million Baht decreased 146.0 million Baht or 13% due to reduce production capacity due to the replacement of new kilns instead of the original furnaces, resulting production volume decreased 9% and sales volume decreased 4%. Total cost of sales amounted to 831.3 million Baht or 82.3% of sales due to higher cost from the production of bigger size tiles. Gross profit decreased from 28.2% in previous year to 17.7% and also reduced the selling price so the products will remain competitive. Cost of distribution decreased 16 million Baht or 16% mostly came from the decreased of 18% in diesel price and decrease in sales volume. Administrative expense decreased 15.1 million Baht or 39% from reducing other expenses .Financial cost decreased 0.7 million Baht or 24%. Income tax decreased 32.4 million Baht or 77% from decreasing in profit. Resulting in net profit of 63.0 million Baht decreased 102.0 million Baht or 62% resulting in 0.10 Baht per share.

## Statement of Financial Position

Unit : Million Baht	As of 31 December 2020	%	As of 31 December 2019	%	% Increase (Decrease)
<b>Total Assets</b>	<b>1,079.8</b>	<b>100%</b>	<b>1,017.7</b>	<b>100%</b>	<b>6%</b>
Total Current Assets	381.7	35%	320.2	32%	(19%)
Total Non-Current Assets	698.1	65%	697.5	68%	0%
<b>Total Liabilities</b>	<b>251.7</b>	<b>23%</b>	<b>252.5</b>	<b>25%</b>	<b>0%</b>
Total Current Liabilities	202.6	80%	205.1	81%	(1%)
Total Non-Current Liability	49.1	20%	47.4	19%	4%
<b>Total Shareholders' Equity</b>	<b>828.1</b>	<b>77%</b>	<b>765.1</b>	<b>75%</b>	<b>8%</b>

Total Assets of the company and its subsidiaries as of December 31, 2020 amounted to 1,079.8 million Baht, increased 62.1 million Baht or 6% from the year ended December 31, 2019. Trade receivables and other current receivables increased 99.5 million Baht or 190% due to increase in credit term of main customer (Dynasty Ceramic Public Company Limited). Non - current assets classified as held for sale decreased 29.0 million Baht or 100% due to payment of promissory note from sales of investment in T.T. Ceramic Public Company Limited.

Total Liabilities of the company and its subsidiaries as of December 31, 2020 amounted to 251.7 million Baht slightly decreased 0.8 million Baht. Short-term loan decreased 6.5 million baht or 8%. Lease liabilities increased 4.5 million baht or 100% as a result of the implementation of Thai Financial Reporting Standards No.16 - Rental agreement (TFRS16) since January 1, 2020 on the vehicle operating lease agreements.

Total shareholders' equity of the Company and its subsidiaries as of 31 December 2020 amounted to 828.1 million Baht increased 63.0 million Baht or 8% from the end of 2020 due to comprehensive net income for the year.

**THE ROYAL CERAMIC INDUSTRY PUBLIC COMPANY LIMITED  
AND IT'S SUBSIDIARY  
FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020  
AND  
AUDITOR'S REPORT**

## **Independent Auditor's Report**

To the shareholders of The Royal Ceramic Industry Public Company Limited

### **Opinion**

I have audited the financial statements of The Royal Ceramic Industry Public Company Limited and its subsidiary, which comprise the consolidated and separate statements of financial position as at December 31, 2020, and the related consolidated and separate statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial position of The Royal Ceramic Industry Public Company Limited and its subsidiary as at December 31, 2020, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### **Basis for Opinion**

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

### **Emphasis of Matter**

I draw attention to Note 2.2 to the financial statements. Due to the impact of the COVID-19 outbreak, in preparing the consolidated and separate financial statement for the year ended December 31, 2020, the Company and its subsidiary has adopted the Accounting Guidance on Temporary Relief Measures for Accounting Alternatives Dealing with The Impact of COVID-19 Pandemic issued by the Federation of Accounting Professions. My conclusion is not modified in respect of this matter.

**Key Audit Matters**

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

**Allowance for declining in value of inventory**

As at December 31, 2020, as describe in note 10 to the financial statements, the Company has inventory amount of Baht 219.90 million, valuation by the lower of cost or net realizable value. The management have to make subjective judgment in consideration of allowance for slow moving and declining value of inventory in accordance to physical damage of each items and the net realizable value consideration from market price at ended date.

I got a confidence of appropriate management's assumption of allowance for inventory calculation. I observed the inventory counting at the factory and all of branch, sampling invoice to check cost of material recording, and also cost allocation related to such inventory. I compared cost of inventory with net realizable value (subsequent sales invoice to check sales price), analyst quantity and movement to find out a slow turn-over and damage.

**Impairment of investment**

In the separate financial statements, the subsidiary has not met their operational budgets that is an indicator of an impairment of an investment in subsidiary. The company has to perform as impairment test of an investment in subsidiary according to Thai financial reporting standard. The impairment test is significant in audit due to the estimated recovery value of investment in the subsidiary was lower than the carrying value as at December 31, 2020, and significance to the separate financial statements. The investment in subsidiary was recorded at cost method. The company assessed the recovery value of the subsidiary's property, plant, and equipment based on independent appraiser's report and recorded an impairment provision amount of Baht 62.99 million in the separate financial statements.

The audit procedures in relation to management's impairment assessment of investment in subsidiary included assessing the assumptions and methodologies used by the independent appraiser. I considered the appropriateness of notes to financial statements of the group of the company, refer to Note 11 to the financial statements.

### **Other Matter**

The consolidated financial statement of The Royal Ceramic Industry Public Company Limited and its subsidiary, and the separate financial statement of The Royal Ceramic Industry Public Company Limited as at December 31, 2019, presented herein as comparative information, were audited by other auditor in my firm who expressed an unqualified opinion on those statements under a report dated February 18, 2020.

### **Other Information**

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit 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 Miss. Kannika Wipanurat.



Miss.Kannika Wipanurat  
Certified Public Accountant (Thailand) No.7305

Karin Audit Company Limited  
Bangkok  
February 10, 2021

**THE ROYAL CERAMIC INDUSTRY PUBLIC COMPANY LIMITED  
AND ITS SUBSIDIARY  
FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020**

**THE ROYAL CERAMIC INDUSTRY PUBLIC COMPANY  
LIMITED AND ITS SUBSIDIARY  
STATEMENT OF  
FINANCIAL POSITION  
AS AT DECEMBER 31,  
2020**

		(Unit : Baht)			
		Consolidated		Separate	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Notes		"Audited"	"Audited"	"Audited"	"Audited"
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents	8	9,891,021	12,421,204	6,397,913	4,554,567
Trade and other current receivables - net	9	151,934,402	52,447,259	151,471,525	53,227,972
Inventories - net	10	219,904,992	226,351,699	219,904,992	226,351,699
Non - current assets classified as held for sale	13	-	29,000,000	-	29,000,000
Total Current Assets		381,730,415	320,220,162	377,774,430	313,134,238
<b>Non - Current Assets</b>					
Other non-current financial assets	13	314,300	-	314,300	-
Investment in subsidiary company - net	11	-	-	76,998,804	81,709,929
Investment in associated company - net	12	-	-	-	-
Other long - term investments - net	13	-	314,300	-	314,300
Long - term loans to other company	13	-	-	-	-
Property, plant and equipment - net	14	683,371,886	687,092,922	669,024,846	674,670,895
Right-of-use assets	19.1	4,450,654	-	4,450,654	-
Intangible asset - net	15	1	1,655	1	1,655
Deferred income tax asset	16	9,509,538	9,480,847	9,509,538	9,480,847
Other non - current assets		460,000	566,000	60,000	160,000
Total Non - Current Assets		698,106,379	697,455,724	760,358,143	766,337,626
<b>Total Assets</b>		<b>1,079,836,794</b>	<b>1,017,675,886</b>	<b>1,138,132,573</b>	<b>1,079,471,864</b>

		(Unit : Baht)			
		Consolidated		Separate	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Notes		"Audited"	"Audited"	"Audited"	"Audited"
<b>Liabilities and Shareholders' Equity</b>					
<b>Current Liabilities</b>					
Bank overdrafts and short - term loans					
from financial institutions	17	75,000,000	81,462,469	75,000,000	81,462,469
Trade and other current payables	18	120,851,854	120,419,658	120,144,105	117,801,257
Lease liabilities - current portion	19.2	2,868,539	-	2,868,539	-
Accrued income tax		3,893,983	3,254,343	3,671,505	1,736,712
Total Current Liabilities		202,614,376	205,136,470	201,684,149	201,000,438
<b>Non - Current Liabilities</b>					
Lease liabilities - net of current portion	19.2	1,646,918	-	1,646,918	-
Non - current provisions for employee benefits	20	47,482,890	47,404,233	47,482,890	47,404,233
Total Non - Current Liabilities		49,129,808	47,404,233	49,129,808	47,404,233
<b>Total Liabilities</b>		251,744,184	252,540,703	250,813,957	248,404,671
(Unit : Baht)					
<b>Shareholders' equity</b>					
Share capital - common share at Baht 1 par value					
616,839,365 ordinaly shares		616,839,365	616,839,365	616,839,365	616,839,365
Issued and paid-up 616,839,365 ordinaly shares		616,839,365	616,839,365	616,839,365	616,839,365
Premium on common shares		242,734,342	242,734,342	242,734,342	242,734,342
Retained earning (deficit)					
Unappropriated		(31,481,097)	(94,438,524)	27,744,909	(28,506,514)
Total Shareholders' Equity		828,092,610	765,135,183	887,318,616	831,067,193
<b>Total Liabilities and Shareholders' Equity</b>		<b>1,079,836,794</b>	<b>1,017,675,886</b>	<b>1,138,132,573</b>	<b>1,079,471,864</b>

**THE ROYAL CERAMIC INDUSTRY PUBLIC COMPANY LIMITED AND ITS  
SUBSIDIARY  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2020**

(Unit : Baht)

	Notes	Consolidated		Separate	
		2020	2019	2020	2019
<b>Profit or loss:</b>					
Revenue from sales	7	1,010,280,912	1,156,317,084	1,010,280,912	1,156,317,084
Costs of sales	7,25	(831,281,661)	(830,435,354)	(831,281,661)	(830,435,354)
<b>Gross profit</b>		178,999,251	325,881,730	178,999,251	325,881,730
Other income	7	6,121,700	25,449,114	1,595,067	13,147,717
Cost of distribution	25	(86,790,876)	(102,764,791)	(86,777,541)	(102,734,482)
Administrative expenses	7,25	(23,553,799)	(38,669,696)	(26,192,194)	(37,719,785)
Finance cost		(2,181,516)	(2,884,460)	(2,181,516)	(2,884,460)
<b>Profit (loss) before income tax</b>		72,594,760	207,011,897	65,443,067	195,690,720
Tax income (expenses)	24	(9,637,333)	(42,006,440)	(9,191,644)	(40,001,883)
<b>Profit (loss) for the years</b>		<u>62,957,427</u>	<u>165,005,457</u>	<u>56,251,423</u>	<u>155,688,837</u>
<b>Other comprehensive income:</b>					
Other comprehensive income for the years		-	-	-	-
<b>Total comprehensive income for the years</b>		<u>62,957,427</u>	<u>165,005,457</u>	<u>56,251,423</u>	<u>155,688,837</u>
<b>Earnings (loss) per share</b>	23				
Basic earnings (loss) per share (Baht)		<u>0.10</u>	<u>0.27</u>	<u>0.09</u>	<u>0.25</u>
The number of ordinary shares weighted average (Shares)		<u>616,839,365</u>	<u>616,839,365</u>	<u>616,839,365</u>	<u>616,839,365</u>

**THE ROYAL CERAMIC INDUSTRY PUBLIC COMPANY  
LIMITED AND ITS SUBSIDIARY  
STATEMENT OF CHANGES IN  
SHAREHOLDERS' EQUITY  
FOR THE YEARS ENDED  
DECEMBER 31, 2020**

(Unit : Baht)

	(Unit : Baht)				
	Consolidated				
	Share capital issued and fully paid-up	Premium on common shares	Retained earnings (deficit)		Total
Appropriated to legal reserve			Unappropriated	Shareholders' Equity	
Balance as at January 1, 2019	616,839,365	242,734,342	-	(259,443,981)	600,129,726
Total comprehensive income for the years	-	-	-	165,005,457	165,005,457
Balance as at December 31, 2019	616,839,365	242,734,342	-	(94,438,524)	765,135,183
Balance as at January 1, 2020	616,839,365	242,734,342	-	(94,438,524)	765,135,183
Total comprehensive income for the years	-	-	-	62,957,427	62,957,427
Balance as at December 31, 2020	616,839,365	242,734,342	-	(31,481,097)	828,092,610



**THE ROYAL CERAMIC INDUSTRY PUBLIC COMPANY  
LIMITED AND ITS SUBSIDIARY  
STATEMENT OF CHANGES IN  
SHAREHOLDERS' EQUITY  
FOR THE YEARS ENDED  
DECEMBER 31, 2020**

(Unit : Baht)

	Share capital issued and fully paid-up	Premium on common shares	Separate Retained earnings (deficit)		Total Shareholders' Equity
			Appropriated to legal reserve	Unappropriated	
<b>Balance as at January 1, 2019</b>	616,839,365	242,734,342	-	(184,195,351)	675,378,356
Total comprehensive income for the years	-	-	-	155,688,837	155,688,837
<b>Balance as at December 31, 2019</b>	<u>616,839,365</u>	<u>242,734,342</u>	<u>-</u>	<u>(28,506,514)</u>	<u>831,067,193</u>
<b>Balance as at January 1, 2020</b>	616,839,365	242,734,342	-	(28,506,514)	831,067,193
Total comprehensive income for the years	-	-	-	56,251,423	56,251,423
<b>Balance as at December 31, 2020</b>	<u>616,839,365</u>	<u>242,734,342</u>	<u>-</u>	<u>27,744,909</u>	<u>887,318,616</u>

**THE ROYAL CERAMIC INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020**

	(Unit : Baht)			
	Consolidated		Separate	
	2020	2019	2020	2019
<b>Cash Flows From Operating Activities</b>				
Profit (loss) before income tax	72,594,760	207,011,897	65,443,067	195,690,720
Adjustments to reconcile profit before income tax to net cash provided from (used in) operating activities:				
Decrease (increase) in trade account and other current receivables	(99,426,811)	62,146,341	(98,183,221)	61,316,787
Decrease (increase) in inventories	6,805,716	(59,300,540)	6,805,716	(59,300,540)
Decrease (increase) in other non - current assets	106,000	(549,900)	100,000	(143,900)
Increase (decrease) in trade account and other current payables	(3,049,965)	(52,238,393)	(1,139,312)	(58,691,673)
Depreciation and amortization	72,759,529	54,882,775	71,050,377	54,377,402
Allowance for doubtful accounts (Reversal of)	(60,332)	(152,335)	(60,332)	(152,335)
Reversal of allowance for decline value	(359,008)	(847,626)	(359,008)	(847,626)
Allowance for impairment of investments from subsidiary	-	-	4,711,125	(2,203,055)
Loss (gain) from disposal of fixed assets	(4,542,750)	(7,857,039)	14,464	6,517,886
Unrealized loss (gain) on exchange rate	3,670	2,358	3,670	2,358
Dividends income	(31,430)	(31,430)	(31,430)	(31,430)
Interest income	(1,456,175)	(53,825)	(1,449,981)	(18,196)
Interest expense	2,181,516	2,884,460	2,181,516	2,884,460
Provision for employee benefits obligation	2,469,805	12,600,830	2,469,805	12,600,830
Adjusted written off withholding tax	-	24,144	-	20,638
Total adjustments to reconcile profit (loss) before income tax	(24,600,235)	11,509,820	(13,886,611)	16,331,606
<b>Net Cash Flows Provided from Operations</b>	47,994,525	218,521,717	51,556,456	212,022,326
Income tax paid	(9,026,384)	(488,876)	(7,285,542)	(1,951)
<b>Net Cash Flows Provided from Operating Activities</b>	38,968,141	218,032,841	44,270,914	212,020,375

	Consolidated		(Unit : Baht)	
	2020	2019	2020	Separate 2019
<b>Cash Flows from Investing Activities</b>				
Acquisitions of assets	(69,802,165)	(197,868,344)	(63,849,724)	(175,323,629)
Proceed from disposal of assets	6,875,491	24,300,554	-	-
Cash received from interest income	1,456,175	53,825	1,449,981	18,196
Dividends income	31,430	31,430	31,430	31,430
<b>Net Cash Flows Used in Investing Activities</b>	<b>(61,439,069)</b>	<b>(173,482,535)</b>	<b>(62,368,313)</b>	<b>(175,274,003)</b>
<b>Cash Flows from Financing Activities</b>				
Increase in short - term loans from financial institutions	320,000,000	611,462,469	320,000,000	611,462,469
Repayment for short - term loans from financial institutions	(326,462,469)	(645,871,576)	(326,462,469)	(645,871,576)
Other short - term loans	29,000,000	-	29,000,000	-
Interest payment	(1,094,173)	(1,758,605)	(1,094,173)	(1,758,605)
Cash paid for lease liabilities	(1,502,613)	-	(1,502,613)	-
<b>Net Cash Flows Provided from (Used in) Financing Activities</b>	<b>19,940,745</b>	<b>(36,167,712)</b>	<b>19,940,745</b>	<b>(36,167,712)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(2,530,183)</b>	<b>8,382,594</b>	<b>1,843,346</b>	<b>578,660</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>12,421,204</b>	<b>4,038,610</b>	<b>4,554,567</b>	<b>3,975,907</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>9,891,021</b>	<b>12,421,204</b>	<b>6,397,913</b>	<b>4,554,567</b>
<b>Supplemental cash flow information :</b>				
<b>Non-cash items :</b>				
Lease liabilities	4,515,457	-	4,515,457	-

**THE ROYAL CERAMIC INDUSTRY PUBLIC  
COMPANY LIMITED AND ITS SUBSIDIARY**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2020**

## 1. THE COMPANY'S GENERAL INFORMATION

The Royal Ceramic Industry Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. Its registered address is located Head office at 37/7 Suthisanwinijchai Rd., Samseannok, Huai Kwang, Bangkok

The Company was listed on the Stock Exchange of Thailand on April 19, 1994.

The major shareholder of the Company is Dynasty Ceramic Public Company Limited a public company incorporated in Thailand.

The Company is principally engaged in manufacture and distribution of floor and wall tiles.

## 2. BASIS OF STATEMENT PREPARATION AND PRINCIPLES OF CONSOLIDATION

### 2.1 Basic of statement preparation

The financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 6 to the financial statements.

An English version of the financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

### 2.2 Coronavirus disease 2019 Pandemic

The Coronavirus disease 2019 (COVID-19) pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the Company and its subsidiary operate. The Company and its subsidiary is management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

## 2.3 Principles of consolidation

- (a) The consolidated financial statements include the financial statements of The Royal Ceramic Industry Public Company Limited and subsidiary which are under its control with more than 50 percent voting rights as follows :

Company Name	Nature of business	Percentage of holding (%)	
		2020	2019
The Royal Asia Brick and Tile Co., Ltd.	Not Operate	100	100

- (b) Significant transactions with subsidiary have been eliminated in the consolidated financial statements.
- (c) The consolidated financial statements have been prepared with the same accounting policies for the separate financial statements for the same accounting transactions or accounting events.

## 3. NEW FINANCIAL REPORTING STANDARDS

### 3.1 Financial reporting standards that became effective in the current year

During the year, the Company and its subsidiary have adopted the revised (revised 2019) and new financial reporting standards and interpretations 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. The adoption of these financial reporting standards does not have any significant impact on the Company's and its subsidiary' financial statements. However, the new standard involves changes to key principles, which are summarised below:

#### Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Accounting standard:

TAS 32 Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments



These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortized cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments.

The effects of the adoption of these accounting standards are described below:

- Classification and measurement of investments in equity instruments of non-listed companies - The Company and its subsidiary is to measure investments in equity instruments of non-listed companies at fair value and elect to classify the investments as financial assets at fair value through profit or loss. The Group's management assessed and considered that the cost of such investments has represented the fair value of the investments. Therefore, the fair value measurement of the investments in equity instruments of non-listed companies do not have any impact on the adjustment of retained earnings as at January 1, 2020.
- Recognition of credit losses - The Company and its subsidiary is to recognise an allowance for expected credit losses on its financial assets, and they are no longer necessary for a credit - impaired event to have occurred. The Company and its subsidiary apply simplified approach to consider impairment of trade receivables. The Company and its subsidiary is management has considered that the recognition of credit losses does not have any significant impact on the adjustment of retained earnings as at January 1, 2020.

The Company and its subsidiary adopted these financial reporting standards which the cumulative effect of initially applying is recognised as an adjustment to the retained earnings as at January 1, 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 4 to the financial statements.

### **TFRS 16 Leases**

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value. Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases.

The Company and its subsidiary adopted TFRS 16 which the cumulative effect of initially applying is recognised as an adjustment to the retained earnings as at January 1, 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 4 to the financial statements.

### **Accounting Treatment Guidance on “Temporary relief measures on accounting alternatives in response to the impact of the COVID-19 situation”**

The Federation of Accounting Professions announced Accounting Treatment Guidance on “Temporary relief measures on accounting alternatives in response to the impact of the COVID-19 situation”. Its objectives are to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On April 22, 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between January 1, 2020 and December 31, 2020.

The Company and its subsidiary have elected to apply the following temporary relief measures on accounting alternatives:

- Not to take into account forward-looking information when determining expected credit losses, in cases where the Company and its subsidiary uses a simplified approach to determine expected credit losses.
- To measure the fair value of investments in unquoted equity instruments using the fair value as at January 1, 2020.
- Not to consider the COVID-19 situation as an indication that an asset may be impaired in accordance with TAS 36, Impairment of Assets.

### **3.2 Financial reporting standards that became effective for fiscal years beginning on or after January 1, 2021**

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after January 1, 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

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

#### 4. CUMULATIVE EFFECTS OF CHANGES IN ACCOUNTING POLICIES DUE TO THE ADOPTION OF NEW FINANCIAL REPORTING STANDARD

As described in Note 3 to the financial statements, during the current period, the Company and its subsidiary have adopted TFRS related to financial instruments and TFRS 16 using the modified retrospective method of adoption. The cumulative effect of initially applying TFRS related to financial instruments and TFRS 16 is recognised. Therefore, the comparative information was not restated.

There is no effect of the changes in accounting policies due to the early adoption of TFRS related to financial instruments and TFRS 16 Leases on the beginning balance of retained earnings for 2020.

The amounts of adjustments affecting the statements of financial position as at January 1, 2020, due to the adoption of these financial reporting standards comprise:

	(Unit: Baht)			
	Consolidated			
	The effect of			
	December 31, 2019	TFRS related to financial instruments	TFRS 16	January 1, 2020
<b>Statement of financial position</b>				
<b>Assets</b>				
<b>Non-current assets</b>				
Other non-current financial assets	-	314,300	-	314,300
Right-of-use assets	-	-	2,048,016	2,048,016
Other long - term investments	314,300	(314,300)	-	-
<b>Liabilities and shareholders' equity</b>				
<b>Current liabilities</b>				
Lease liabilities - current portion	-	-	935,136	935,136
<b>Non-current liabilities</b>				
Lease liabilities - net of current portion	-	-	1,112,880	1,112,880

	(Unit: Baht)			
	Separate			
	The effect of			
	December 31, 2019	TFRS related to financial instruments	TFRS 16	January 1, 2020
Statement of financial position				
Assets				
Non-current assets				
Other non-current financial assets	-	314,300	-	314,300
Right-of-use assets	-	-	2,048,016	2,048,016
Other long - term investments	314,300	(314,300)	-	-
Liabilities and shareholders' equity				
Current liabilities				
Lease liabilities - current portion	-	-	935,136	935,136
Non-current liabilities				
Lease liabilities - net of current portion	-	-	1,112,880	1,112,880

### a) Financial instruments

The classifications, measurement basis and carrying values of financial assets and financial liabilities in accordance with TFRS 9 as at January 1, 2020, and with the carrying amounts under the former basis, are as follows:

	(Unit: Baht)				
	Consolidated				
Carrying amounts under the former basis	Classification and measurement in accordance with TFRS 9				
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total	
<b>Financial assets as at January 1, 2020</b>					
Cash and cash equivalents	12,421,204	-	-	12,421,204	
Trade account and other current receivables - net	52,447,259	-	-	52,447,259	
Other non-current financial assets - Other long - term investments	314,300	314,300	-	314,300	
<b>Total financial assets</b>	<b>65,182,763</b>	<b>314,300</b>	<b>-</b>	<b>64,868,463</b>	

(Unit: Baht)					
	Carrying amounts under the former basis	Separate			
		Classification and measurement in accordance with TFRS 9			
		Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total
<b>Financial assets as at January 1, 2020</b>					
Cash and cash equivalents	4,554,567	-	-	4,554,567	4,554,567
Trade account and other current receivables - net	53,227,972	-	-	53,227,972	53,227,972
Other non-current financial assets					
- Other long - term investments	314,300	314,300	-	-	314,300
<b>Total financial assets</b>	58,096,839	314,300	-	57,782,539	58,096,839

As at January 1, 2020, the Company and its subsidiary do not stipulations any financial liabilities to be measured at fair value through profit or loss

## b) Leases

Upon initial application of TFRS 16 the Company and its subsidiary recognised lease liabilities previously classified as operating leases at the present value of the remaining lease payments, discounted using the Company and its subsidiary is incremental borrowing rate at January 1, 2020. For leases previously classified as finance leases, the Company and its subsidiary recognised the carrying amount of the right-of-use assets and lease liabilities based on the carrying amounts of the lease assets and lease liabilities immediately before the date of initial application of TFRS 16.

	(Unit: Baht)	
	Consolidated	Separate
Operating lease commitments disclosed as at December 31, 2019	3,803,166	3,803,166
Less: Commitments relating to short-term leases and leases of low-value assets	(1,694,000)	(1,694,000)
Less : Deferred interest expenses	(61,150)	(61,150)
Increase in lease liabilities due to TFRS 16 adoption	2,048,016	2,048,016
Liabilities under finance lease agreements as at December 31, 2019	-	-
Lease liabilities recognised as at January 1, 2020	2,048,016	2,048,016

	(Unit: Baht)	
	Consolidated	Separate
The above lease liabilities comprise of:		
Current lease liabilities	935,136	935,136
Non-current lease liabilities	1,112,880	1,112,880
	<u>2,048,016</u>	<u>2,048,016</u>
The adjustment of the adoption of TFRS 16 on right-of-use assets as at January 1, 2020, which are summarised below:		

	(Unit: Baht)	
	Consolidated	Separate
Vehicle	2,048,016	2,048,016
Total right-of-use assets	<u>2,048,016</u>	<u>2,048,016</u>

## 5. SIGNIFICANT ACCOUNTING POLICIES

### 5.1 Cash and cash equivalents

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

### 5.2 Trade accounts receivable

Trade accounts receivable are stated at the net realizable value. A receivable is initially recognized all the amount of the consideration that is unconditionally payable.

### 5.3 Inventories

The Company value their inventories at standard costs or net realizable values, whichever is the lower. Standard costs approximate actual average costs (moving average method). Net realizable values are based on the estimated selling prices in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Provision is made when necessary for slow - moving and defective inventories based on past experiences.

### 5.4 Non – Current assets classified as held for sale

The Company classifies as non-current assets held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be



expected to qualify for recognition as a completed sale within one year from the date of classification.

Assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

## 5.5 Investments

Investment in associate is accounted for in the consolidated financial statements using the equity method.

Investments in subsidiary and associate are accounted for in the separate financial statements using the cost method net of allowance for impairment loss (if any).

## 5.6 Financial instruments

The Company and its subsidiaries initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component are measured at the transaction price.

### **Classification and measurement of financial assets**

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost, fair value through other comprehensive income (“FVOCI”), or fair value through profit or loss (“FVTPL”). The classification of financial assets at initial recognition is driven by the Company and its subsidiaries’ business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

### **Financial assets at amortised cost**

The Company and its subsidiaries measures financial assets at amortised cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (“EIR”) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

### **Financial assets at FVTPL**

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

These financial assets include derivatives, security investments held for trading, equity investments which the Company and its subsidiaries has not irrevocably

elected to classify at FVOCI and financial assets with cash flows that are not solely payments of principal and interest.

Dividends on listed equity investments are recognised as other income in profit or loss.

### **Classification and measurement of financial liabilities**

Except for derivative liabilities, at initial recognition the Company and its subsidiaries' financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Company and its subsidiaries takes into account any fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

The Company and its subsidiaries may elect to measure financial liabilities at FVTPL if doing so eliminates, or significantly reduces a recognition inconsistency (sometimes referred to as an accounting mismatch).

### **Derecognition of financial instruments**

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Company and its subsidiaries has transferred substantially all the risks and rewards of the asset, or the Company and its subsidiaries has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

### **Impairment of financial assets**

For trade receivables, the Company and its subsidiaries applies a simplified approach in calculating ECLs. Therefore, the Company and its subsidiaries does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

## Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## 5.7 Property, plant and equipment

Land, Buildings and Equipment is stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

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

	<u>Year 2020</u>
Buildings and building improvements	5 - 20 years
Machinery and equipments	5 - 20 years
Furniture and fixtures	5 - 20 years
Vehicles	5 years

No depreciation is provided on land and assets under construction.

Depreciation is included in determining income.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognized.

## 5.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

## 5.9 Leases

### Right-of-use assets

The Company and its subsidiary recognise right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease

liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised through initial measurement, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received.

Unless the Company and its subsidiary is reasonably certain that it will obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

### **Lease liabilities**

At the commencement date of the lease, the Company and its subsidiary recognises lease liabilities measured at the present value of the lease payments to be made over the lease term, discounted by the interest rate implicit in the lease or the Company and its subsidiary is incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification or reassessment.

### **Short-term leases and Leases of low-value assets**

Payments under leases that, have a lease term of 12 months or less at the commencement date, or are leases of low-value assets, are recognised as expenses on a straight-line basis over the lease term.

## **5.10 Intangible assets**

Following the initial recognition, the intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

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

The useful life of software is 5 years.

## **5.11 Related party transactions**

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

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

## 5.12 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items included in the consolidated financial statements of each entity are measured using that functional currency.

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

Gains and losses on exchange are included in determining income

## 5.13 Impairment of assets

At the end of each reporting period, the Company and its subsidiary perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company and its subsidiary also carry out annual impairment reviews in respect of goodwill. An impairment loss is recognized when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiary could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognized in profit or loss. However, in cases where property was previously revalued and the revaluation was taken to equity, a part of such impairment is recognized in equity up to the amount of the previous revaluation.

## 5.14 Employee benefits

### Short-term employee benefits

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

Post-employment benefits

### Defined benefit plans

The Company and its subsidiary have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company

and its subsidiary treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognized immediately in other comprehensive income.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the company and its subsidiary recognizes restructuring - related costs.

### **5.15 Provisions**

Provisions are recognized when the Company and its subsidiary have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable

### **5.16 Revenue recognition**

#### Sales of goods

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting discounts, allowances and price promotions to customers.

#### Interest income

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

### **5.17 Income tax**

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

#### Current tax

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

#### Deferred tax

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

The Company and its subsidiary 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 Company and its subsidiary 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.

The Company and its subsidiary record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity

## **5.18 Fair value measurement**

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

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

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiary 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.

## **6. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTION AND JUDGMENT AND CAPITAL RISK MANAGEMENT**

### **6.1 Critical accounting estimates, assumption and judgments**

#### **6.1.1 Allowance for expected credit losses of account receivables**

In determining an allowance for expected credit losses of account receivables, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the



forecast economic condition for groupings of various customer segments with similar credit risks. The Company and its subsidiaries' historical credit loss experience and forecast economic conditions may also not be representative of whether a customer will actually default in the future.

#### **6.1.2 Allowance for slow - moving and defective inventories**

The Company and its subsidiary estimate allowance for slow - moving and defective inventories to reflect impairment of inventories. The allowance is based on the management's consideration of inventory turnovers and deterioration of each category of inventories.

#### **6.1.3 Fair value of financial instruments**

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

#### **6.1.4 Depreciation of property, plant and equipment and right-of-use assets and amortisation of intangible assets**

In determining depreciation of plant and equipment and right-of-use assets and amortisation of intangible assets, the management is required to make estimates of the useful lives and residual values (if any) and to review useful lives and residual values when there are any changes.

In addition, the property, plant and equipment, right-of-use assets and intangibles assets are subject to impairment if there is an indication they may be impaired, and impairment losses are recorded in the period when it is determined that their recoverable amount is lower than the carrying amount.

#### **6.1.5 Determining the lease term of contracts with renewal and termination options**

The Company and its subsidiary determine the lease term as the non-cancellable term of the lease, together with any period covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The management is required to use judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease, considering all relevant factors that create an economic incentive to exercise either the renewal or termination. After the commencement date, the Company and its subsidiary reassesses the lease term if there is a significant event or change in circumstances that is within its control

and affects its ability to exercise or not to exercise the option to renew or to terminate.

#### **6.1.6 Incremental borrowing rate**

In cases where the Company and its subsidiary is unable to determine the interest rate implicit in the lease, it uses the incremental borrowing rate (IBR) to measure lease liabilities. The Company and its subsidiary estimate the IBR using observable inputs, lessee's credit rating, similar security and similar term.

#### **6.1.7 Post-employment benefits (defined benefit plans)**

The obligation under defined benefit plan is determined based on actuarial techniques. Inherent within these calculations are assumptions as to discount rates, future salary increases, mortality rates and other demographic factors. In determining the appropriate discount rate, management selects an interest rate that reflects the current economic situation. The mortality rate is based on publicly available mortality table for the country. Actual post-retirement costs may ultimately differ from these estimates.

#### **6.1.8 Deferred tax assets**

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deductible temporary differences can be utilized. In addition, management judgment is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

### **6.2 Capital risk management**

The Company objective in the management of capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure.

In order to maintain or adjust the capital structure, the Company may issue new shares or issue new debentures to finance debts or sell assets to reduce debts.

## **7. TRANSACTION WITH RELATED PARTIES**

A portion of the Company's and its subsidiary assets, liabilities, revenues and expenses of the Company and its subsidiary was derived from its related companies. Those companies have connection with the Company and its subsidiary through the co-shareholders and/or co-directors. The financial statements reflect the effects of these transactions on the basis determined by the companies concerns as follows:

# The relationship of the related parties.

Name of the related parties	Relationship
<b>Parent</b>	
Dynasty Ceramic Public Co., Ltd.	Some common directors and management
<b>Subsidiary</b>	
The Royal Asia Brick and Tile Co., Ltd.*	Some common directors and management
<b>Others related party</b>	
Tile Top Industry Public Co.,Ltd.	Subsidiary of the Parent, some common directors and management

\* The Company discontinued since April 1, 2017

During the year 2019, the Parent Company acquisition of 499 million ordinary shares of the Company, which represents 81% of all issued shares of the Company.

Subsequently, On August 31, 2020 , the Parent Company acquisition of 43 million ordinary shares of the Company, which represents 7% of all issued shares of the Company. Following the acquisition of the shares, then together with all the shares of the Company held by the Parent Company, the Parent Company held 567 million shares of the Company, representing 92% of all issued shared of the Company.

# Pricing Policy

Related Transactions	Pricing Basis
<b>Purchase of raw material and supplies</b>	
Dynasty Ceramic Public Co., Ltd	At Cost
Tile Top Industry Public Co.,Ltd.	At Cost
<b>Sales of finished goods</b>	
Dynasty Ceramic Public Co., Ltd.	At competitive market price but more than cost
<b>Sales of raw materials and supplies</b>	
Dynasty Ceramic Public Co., Ltd.	At cost
Tile Top Industry Public Co., Ltd.	At cost
<b>Office rental</b>	
Dynasty Ceramic Public Co., Ltd.	Contract price
<b>Rental Machine</b>	
Dynasty Ceramic Public Co., Ltd.	Contract price
Tile Top Industry Public Co., Ltd.	Contract price
<b>Freight expenses</b>	
Dynasty Ceramic Public Co., Ltd.	At cost

## 7.1 Inter-Asset and Liabilities

As at December 31, 2020 and 2019, the outstanding balances of the above in the statements of financial position as follows:

		(Unit : Baht)			
		Consolidated		Separate	
		2020	2019	2020	2019
<b><u>Trade accounts receivable</u></b>					
<u>Parent</u>					
	Dynasty Ceramic Public Co., Ltd.	149,543,710	50,112,958	149,543,710	50,112,958
<b><u>Other accounts receivable</u></b>					
<u>Subsidiary</u>					
	The Royal Asia Brick and Tile Co., Ltd.	-	-	-	1,243,016
<b><u>Other payables</u></b>					
<u>Parent</u>					
	Dynasty Ceramic Public Co., Ltd.	4,944,488	6,444,294	4,944,488	6,444,294

## 7.2 Revenues and expenses

Revenues and expenses with related parties that have significantly for the year ended December 31, 2020 and 2019.

		(Unit : Baht)			
		Consolidated		Separate	
		2020	2019	2020	2019
<b><u>Revenues for products</u></b>					
<u>Parent</u>					
	Dynasty Ceramic Public Co., Ltd.	1,010,280,912	1,156,156,262	1,010,280,912	1,156,156,262
<b><u>Sales - raw materials and supplies</u></b>					
<u>Parent</u>					
	Dynasty Ceramic Public Co., Ltd.	3,408,567	4,624,176	3,408,567	4,624,176
<u>Others related party</u>					
	Tile Top Industry Public Co.,Ltd.	2,138,808	4,099,412	2,138,808	4,099,412
	Total	5,547,375	8,723,588	5,547,375	8,723,588

(Unit : Baht)				
	Consolidated		Separate	
	2020	2019	2020	2019
<b><u>Purchases - raw materials and supplies</u></b>				
<u>Parent</u>				
Dynasty Ceramic Public Co., Ltd.	11,624,524	17,932,728	11,624,524	17,932,728
<u>Others related party</u>				
Tile Top Industry Public Co., Ltd.	4,235,686	3,696,256	4,235,686	3,696,256
Total	<u>15,860,210</u>	<u>21,628,984</u>	<u>15,860,210</u>	<u>21,628,984</u>
<b><u>Office rental</u></b>				
<u>Parent</u>				
Dynasty Ceramic Public Co., Ltd.	<u>864,000</u>	<u>864,000</u>	<u>720,000</u>	<u>720,000</u>
<b><u>Rental Machine</u></b>				
<u>Parent</u>				
Dynasty Ceramic Public Co., Ltd.	-	800,000	-	800,000
<u>Others related party</u>				
Tile Top Industry Public Co., Ltd.	-	300,000	-	300,000
Total	<u>-</u>	<u>1,100,000</u>	<u>-</u>	<u>1,100,000</u>
<b><u>Freight expenses</u></b>				
<u>Parent</u>				
Dynasty Ceramic Public Co., Ltd.	<u>52,489,080</u>	<u>50,768,672</u>	<u>52,489,080</u>	<u>50,768,672</u>
<b><u>Directors and management's remuneration</u></b>				
Current employment benefits	13,500,800	11,151,731	13,500,800	11,151,731
Post-employment benefits	-	-	-	-
Total	<u>13,500,800</u>	<u>11,151,731</u>	<u>13,500,800</u>	<u>11,151,731</u>

### 7.3 Related contract

- a) On March 1, 2018, the Company entered into an office space lease agreement with Dynasty Ceramic Public Company Limited for a period of 3 year commencing from April 1, 2018 to March 31, 2021 at the monthly rental rate of Baht 60,000.

- b) On March 1, 2018, the subsidiary company entered into an office space lease agreement with Dynasty Ceramic Public Company limited for a period of 3 year commencing from May 1, 2018 to April 30, 2021, at the monthly rental rate of Baht 12,000.
- c) On April 1, 2018, the Company entered into machineries lease agreement with Dynasty Ceramic Public Company Limited for a period of 3 year commencing from April 1, 2018 to March 31, 2021 at the monthly rental rate of Baht 200,000. Then, such agreement was cancelled effective by May 2, 2019.
- d) On April 1, 2018, the Company entered into machineries lease agreement with Tile Top Industry Public Company Limited for a period of 3 year commencing from April 1, 2018 to March 31, 2021 at the monthly rental rate of Baht 75,000. Then, such agreement was cancelled effective by May 2, 2019.

As the Annual General Meeting of Shareholders held on April 22, 2019, approved as follows:

- a) The subsidiary sell of land with the area of 43 rai 2 ngan 97 square wah to the Parent Company (“Dynasty Ceramic Public Company Limited”) totalling price Baht 20 million to expand the factory of the Parent Company (“Dynasty Ceramic Public Company Limited”).
- b) The Company purchase 2 sets of machinery from the Parent Company (“Dynasty Ceramic Public Co., Ltd.”) and the Related Company (“Tile Top Industry Public Co.,Ltd.”) totalling price Baht 32 million for continuous production.

## 8. CASH AND CASH EQUIVALENTS

	(Unit : Baht)			
	Consolidated		Separate	
	2020	2019	2020	2019
Cash on hand	62,000	138,985	60,000	60,000
Cash in bank				
Cash in bank - current	1,109,669	744,138	1,100,546	674,138
Cash in bank - saving	8,719,352	11,538,081	5,237,367	3,820,429
Total	<u>9,891,021</u>	<u>12,421,204</u>	<u>6,397,913</u>	<u>4,554,567</u>

## 9. TRADE AND OTHER CURRENT RECEIVABLES - NET

	(Unit : Baht)			
	Consolidated		Separate	
	2020	2019	2020	2019
<u>Trade accounts receivable</u>				
Trade account receivable - Related parties	149,543,710	50,112,958	149,543,710	50,112,958

Less Allowance for expected credit losses	-	-	-	-
Trade accounts receivable - net	<u>149,543,710</u>	<u>50,112,958</u>	<u>149,543,710</u>	<u>50,112,958</u>
<b>Other accounts receivable</b>				
Other account receivable - Related parties	-	-	-	1,243,016
Other account receivable - Others	2,655,139	2,659,080	2,192,262	2,196,777
Less Allowance for expected credit losses	<u>(264,447)</u>	<u>(324,779)</u>	<u>(264,447)</u>	<u>(324,779)</u>
Other accounts receivable - net	<u>2,390,692</u>	<u>2,334,301</u>	<u>1,927,815</u>	<u>3,115,014</u>
Trade accounts receivable and other accounts receivable- net	<u>151,934,402</u>	<u>52,447,259</u>	<u>151,471,525</u>	<u>53,227,972</u>

As at December 31, 2020 and 2019 trade accounts receivable classified by aging are as follows:

	(Unit : Baht)			
	Consolidated		Separate	
	2020	2019	2020	2019
<b>Trade account receivables</b>				
<u>Related parties</u>				
Not yet due	149,543,710	-	149,543,710	-
Overdue				
Not over 90 days	-	50,112,958	-	50,112,958
Total trade account receivables	<u>149,543,710</u>	<u>50,112,958</u>	<u>149,543,710</u>	<u>50,112,958</u>
Less Allowance for expected credit losses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Trade accounts receivable - net	<u>149,543,710</u>	<u>50,112,958</u>	<u>149,543,710</u>	<u>50,112,958</u>

During the year, the movements in allowance for expected credit losses of trade and other current receivables are as follows :

	(Unit : Baht)	
	Consolidated / Separate	
	2020	2019
Beginning balance	(324,779)	(477,114)
Increase	-	-
Decrease	60,332	152,335
Ending balance	<u>(264,447)</u>	<u>(324,779)</u>



## 10. INVENTORIES – NET

	(Unit : Baht)			
	Consolidated		Separate	
	2020	2019	2020	2019
Finished goods	153,971,079	151,963,216	153,971,079	151,963,216
Work in process	5,750,252	6,759,618	5,750,252	6,759,618
Raw materials	31,762,654	36,718,598	31,762,654	36,718,598
Spare part and supplies	38,241,655	40,887,267	38,241,655	40,887,267
Goods in-transit	27,165	229,821	27,165	229,821
Total	229,752,805	236,558,520	229,752,805	236,558,520
<u>Less</u> allowance for declining in value of inventory	(9,847,813)	(10,206,821)	(9,847,813)	(10,206,821)
Net	219,904,992	226,351,699	219,904,992	226,351,699

Movements of the allowance for diminution in value of inventories for the year ended December 31, 2020 are as follows:

	(Unit : Baht)
	Consolidated / Separate
Balance as at January 1, 2020	(10,206,821)
<u>Less</u> Decrease in allowance for declining in value of inventories for the year	359,008
Balance as at December 31, 2020	(9,847,813)

During the year ended December 31, 2020, the Company reversed allowances for diminution in value of inventories of Baht 0.36 million because the management considered that the inventory has not deteriorated and the Company was used for production.

## 11. INVESTMENT IN SUBSIDIARY COMPANY -NET

	(Unit : Baht)			
	Separate			
Subsidiary's name	Authorized and paid-up (million Baht)	Shareholding percentage (%)	Cost Method	
			2020	2019
The Royal Asia Brick and Tile Co., Ltd.	80	100	139,985,000	139,985,000
<u>Less</u> Allowance for impairment			(62,986,196)	(58,275,071)
Investment in subsidiary company based on cost method - net			76,998,804	81,709,929

For the year ended December 31, 2020 and 2019, the Company has not received dividend income from its subsidiary.

## 12. INVESTMENT IN ASSOCIATED COMPANY – NET

Associate's	Nature of business	Country of incorporation	Authorized And paid-up Capital (Million Baht )	Shareholding Percentage (%)	(Unit : Baht)	
					Consolidated / Separate	
					Cost method	
					2020	2019
Baan somthavil co.,Ltd	Property development	Thai	25	45	11,250,000	11,250,000
<u>Less</u> Allowance for impairment					<u>(11,250,000)</u>	<u>(11,250,000)</u>
Investment in associated company based on cost method - net					<u>-</u>	<u>-</u>

The Company recognized its share of loss from investment in the associate under the equity method until the value is zero. The company has been recognized share of losses from investments in associated companies as the Company has no obligation, legal or de facto to pay to settle the obligations of the associate.

## 13. OTHER NON-CURRENT FINANCIAL ASSETS/OTHER LONG – TERM INVESTMENTS – NET

Company's name	Nature of business	Country of incorporation	Authorized and paid-up Capital	Shareholding percentage	(Unit : Baht)	
			(Million Baht)	(%)	Consolidated / Separate	
					2020	2019
Non-marketable equity securities						
Cermas Co., Ltd.	Ground mining	Thai	0.2	2.00	314,300	314,300
T.T. Ceramic Public Company Limited	Manufacture and ceramic agent	Thai	601	8.32	-	-
<u>Less</u> Impairment					-	-
Total other non-current financial assets (December 31, 2019 : Other long-term investments – net)					314,300	314,300

The resolution of the Annual General Meeting of Shareholders for the year 2014 held on April 28, 2014, approved the Company to purchase the capital increase ordinary shares of T.T. Ceramic Company Limited (“TTC”, presently, changed its name as T.T.

Ceramic Public Company Limited), which was the related transaction that TTC's major shareholder is Union Mosaic Industry Public Company Limited. The Company has the right to sell all ordinary shares in TTC to UMI or to Miss Paweena Laowiwatwong and her group of investors at the cost value invested or the book value price. However, in the fourth quarter of 2016, the major shareholder sold the shares held in the company and ended as a related company on December 2, 2016. The Company has considered the allowance for impairment of investment in such company in accordance with the fair value approach (Adjusted Book Value).

On December 26, 2019, the Company has entered into Sale and Purchase Agreement with Union Mosaic Industry Public Company Limited to sell total ownership in T.T. Ceramic Public Company Limited totaling 50 million ordinary shares at a price of Baht 0.58 per share, totaling Baht 29 million. Therefore, On December 26, 2019, the Company has reclassified other long term investment in TT Ceramic Public Company Limited to non - current assets classified as held for sale.

In January 2020, the Company transferred 50 million ordinary shares of TT Ceramic Public Company Limited to Union Mosaic Industry Public Company Limited. The Company received a promissory note amount of Baht 29 million, due within January 5, 2022. The promissory note has interest rate of 5.35% per annum and interest expense to pay every three months. This promissory note is presented under long term loan to other company the consolidated and separate financial statements

Subsequently, On December 9, 2020, the Company fully received the payment of the promissory note with interest from Union Mosaic Industry Public Company Limited.

## 14.PROPERTY, PLANT AND EQUIPMENT - NET

The movement of property, plant and equipment of the Company and its subsidiary for the years ended December 31, 2020 were as follows:

(Unit : Baht)

	Consolidated						
	Lands	Buildings and building improvements	Machinery and equipments	Furniture and fixtures	Vehicles	Asset under construction	Total
<u>At cost</u>							
As at December 31, 2019	60,145,178	445,319,245	1,572,951,481	68,439,514	5,528,785	95,296,154	2,247,680,357
Purchases	2,912,494	2,073,780	4,326,740	1,453,403	-	59,035,748	69,802,165
Disposal/Amortized	(2,318,276)	-	(83,492,492)	(165,047)	-	-	(85,975,815)
Transfer in (out)	-	19,986,751	124,225,361	1,234,055	-	(145,446,167)	-
As at December 31, 2020	60,739,396	467,379,776	1,618,011,090	70,961,925	5,528,785	8,885,735	2,231,506,707
<u>Less Accumulated depreciation</u>							
As at December 31,2019	-	(321,452,916)	(1,178,470,363)	(57,056,184)	(3,607,972)	-	(1,560,587,435)
Depreciation for the year	-	(5,629,103)	(61,175,558)	(3,674,244)	(711,555)	-	(71,190,460)
Disposal/Amortized	-	-	83,492,475	150,599	-	-	83,643,074
Transfer in (out)	-	-	-	-	-	-	-
As at December 31, 2020	-	(327,082,019)	(1,156,153,446)	(60,579,829)	(4,319,527)	-	(1,548,134,821)
<u>Net book value</u>							
As at December 31, 2019	60,145,178	123,866,329	394,481,118	11,383,330	1,920,813	95,296,154	687,092,922
As at December 31, 2020	60,739,396	140,297,757	461,857,644	10,382,096	1,209,258	8,885,735	683,371,886

(Unit : Baht)

	Separate						Total
	Lands	Buildings and building improvements	Machinery and equipments	Furniture and fixtures	Vehicles	Asset under construction	
<u>At cost</u>							
As at December 31, 2019	65,652,902	401,399,381	1,572,951,479	66,684,952	3,550,001	95,296,155	2,205,534,870
Purchases	2,698,000	90,000	4,326,741	1,189,967	-	55,545,017	63,849,725
Disposal/Amortized	-	-	(83,492,492)	(165,047)	-	-	(83,657,539)
Transfer in (out)	-	16,496,021	124,225,361	1,234,055	-	(141,955,437)	-
As at December 31, 2020	68,350,902	417,985,402	1,618,011,089	68,943,927	3,550,001	8,885,735	2,185,727,056
<u>Less Accumulated depreciation</u>							
As at December 31, 2019	-	(293,734,200)	(1,178,470,362)	(57,030,224)	(1,629,189)	-	(1,530,863,975)
Depreciation for the year	-	(4,315,539)	(61,175,558)	(3,278,657)	(711,555)	-	(69,481,309)
Disposal/Amortized	-	-	83,492,475	150,599	-	-	83,643,074
Transfer in (out)	-	-	-	-	-	-	-
As at December 31, 2020	-	(298,049,739)	(1,156,153,445)	(60,158,282)	(2,340,744)	-	(1,516,702,210)
<u>Net book value</u>							
As at December 31, 2019	65,652,902	107,665,181	394,481,117	9,654,728	1,920,812	95,296,155	674,670,895
As at December 31, 2020	68,350,902	119,935,663	461,857,644	8,785,645	1,209,257	8,885,735	669,024,846

Depreciations in the statements of comprehensive income for the year ended December 31 were as follows:

	(Unit : Baht)			
	Consolidated		Separate	
	2020	2019	2020	2019
Depreciation	71,190,460	54,807,060	69,481,309	54,301,688

During the years 2020, the Company used loans from banks and related parties for construction and installation of machines and factory equipment. Borrowing costs amounting to Baht 0.43 million, were capitalised as costs of assets, which were calculated based on capitalisation rates of 0.11% to 0.45%

As at December 31, 2019 the Company and its subsidiary have mortgaged their property, plant and equipment with total net book value of approximate Baht 554 million in the consolidated financial statements and of approximate Baht 554 million in the separate financial statements, as collateral to secure loans and credit facilities granted by a financial institution. On August 24, 2020, the Company and its subsidiary has released the mortgage of such property, plant and equipment.

## 15. INTANGIBLE ASSETS-NET

Details of intangible assets which are computer program and software are as follows:

	(Unit : Baht)
	Consolidated / Separate
<u>Cost</u>	
As at December 31, 2019	28,500
Disposal/Transfer out during the year	-
As at December 31, 2020	28,500
<u>Accumulated amortisation</u>	
As at December 31, 2019	(26,845)
Transfer in/Transfer out during the year	-
Amortisation for the year *	(1,654)
As at December 31, 2020	(28,499)
<u>Net Book Value</u>	
As at December 31, 2019	1,655
As at December 31, 2020	1

\* Include in administrative expense in profit or loss

## 16. DEFERRED INCOME TAX

The deferred income tax asset as at December 31, 2020 and 2019 are as follows :

	(Unit: Baht)			
	Consolidate		Separate	
	2020	2019	2020	2019
Deferred income tax asset - net	9,509,538	9,480,847	9,509,538	9,480,847

The movement of The deferred income tax asset for the year are as follows

	(Unit: Baht)			
	Consolidate			
	Recorded as (expense) /income			
	Other components of shareholder s' equity			
	January 1, 2020	Profit (loss)	December 31, 2020	
<b>Deferred income tax asset</b>				
From employee benefits obligation	9,480,847	15,731	-	9,496,578
Leases	-	12,960	-	12,960
<b>Total deferred income tax asset</b>	<u>9,480,847</u>	<u>28,691</u>	<u>-</u>	<u>9,509,538</u>
	(Unit: Baht)			
	Separate			
	Recorded as (expense) /income			
	Other components of shareholder s' equity			
	January 1, 2020	Profit (loss)	December 31, 2020	
<b>Deferred income tax asset</b>				
From employee benefits obligation	9,480,847	15,731	-	9,496,578
Leases	-	12,960	-	12,960
<b>Total deferred income tax asset</b>	<u>9,480,847</u>	<u>28,691</u>	<u>-</u>	<u>9,509,538</u>



## 17. ANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

		(Unit : Baht)	
		Consolidated / Separate	
	Interest rate per annum	2020	2019
Promissory notes	2020 : 1.30% - 2.00%		
	2019 : 2.00% - 2.80%	75,000,000	80,000,000
Trust Receipt	2019 : 1.50%	-	1,462,469
Total		75,000,000	81,462,469

The Company had 1 promissory notes will be matured at call after promissory note issuance date.

On May 16, 2017, the Company entered into a credit facilities agreement with a local financial institution to obtain loan credit facility amounting to Baht 140 million and overdraft credit facilities amounting to Baht 10 million are secured by the mortgage of the Group's land and building and one director. Subsequently, on March 26, 2019, The Company has released the guarantee for directors. Subsequently, on October 22, 2019, The Company entered into 2 memorandum of agreement with such a local financial institution as follows:

- Request to reduce loan credit facilities in amounting to Baht 140 million. The remaining overdraft credit facilities according to the above credit facilities agreement is amounting to Baht 10 million.
- Request to letter of credit and trust receipts facilities jointly with the Parent Company in amounting to Baht 60 million.

On August 24, 2020, the Company has released the mortgage of such property, plant and equipment.

On May 2, 2018, the Company entered into a contract of loan agreement totaling Baht 100 million is secured by one director. Subsequently, on December 3, 2019, The Company has released the guarantee for directors. On August 14, 2020, the Company entered into memorandum of agreement to increase credit facilities totaling from Baht 100 million to Baht 375 million.

On August 20, 2019, the Company entered into a credit facilities agreement with a local financial institution to obtain bank overdrafts credit facilities amounting to Baht 5 million, revolving credit facilities amounting to Baht 100 million and hedging facilities amounting to Baht 5 million used for working capital of the Company.

On March 19, 2020, the subsidiary entered into a credit facilities agreement with a local financial institution to obtain bank overdrafts credit facilities amounting to Baht 20 million is secured by the Company.

## 18. TRADE ACCOUNTS PAYABLE AND OTHER ACCOUNTS PAYABLE

	(Unit : Baht)			
	Consolidate		Separate	
	2020	2019	2020	2019
Trade payables				
Trade payables - others	89,155,503	90,818,168	89,155,503	90,818,168
Total trade payable	89,155,503	90,818,168	89,155,503	90,818,168
Other payables				
Other payables - related parties	4,944,488	6,444,294	4,944,488	6,444,294
Other payables - other	8,463,810	12,827,534	7,774,111	10,697,415
Advances received	-	130,400	-	-
Accrued expenses	18,288,053	10,199,262	18,270,003	9,841,380
Total other payables	31,696,351	29,601,490	30,988,602	26,983,089
Total trade and other payables	120,851,854	120,419,658	120,144,105	117,801,257

## 19. LEASES

The Company and its subsidiary have entered into lease agreements to rental of vehicles for use in their operation. The terms of the agreements are generally between 3 to 4 years

### 19.1 Right-of-use assets

The net book value of right-of-use assets related to Vehicles lease contracts and the movement for the year 2020 are presented below.

	(Unit: Baht)
	Consolidated/ Separate
	Vehicles
<b>Cost</b>	
December 31, 2019	-
Effects of the adoption of TFRS16	2,048,016
January 1, 2020	2,048,016
Addition	3,970,053
Written-off	-
December 31, 2020	6,018,069
<b>Accumulated depreciation</b>	
December 31, 2019	-
Effects of the adoption of TFRS16	-
January 1, 2020	-
Depreciation for the year	(1,567,415)

	(Unit: Baht)
	Consolidated/ Separate
Depreciation - written-off	-
December 31, 2020	(1,567,415)
<b>Net book value</b>	
December 31, 2019	-
January 1, 2020	2,048,016
December 31, 2020	4,450,654

## 19.2 Lease liabilities

As at December 31, 2020, lease liabilities are as below.

	(Unit : Baht)	
	Consolidated	Separate
Lease liabilities	4,602,367	4,602,367
Less: Deferred interest expense	(86,910)	(86,910)
Total	4,515,457	4,515,457
Less: Current portion	(2,868,539)	(2,868,539)
Lease liabilities - net of current portion	1,646,918	1,646,918

The following are the amounts for the year ended December 31, 2020 recognised in profit or loss:

	(Unit : Baht)	
	Consolidated	Separate
Depreciation of right-of-use assets	1,567,415	1,567,415
Interest expense on lease liabilities	62,187	62,187
Expense relating to short-term lease	1,694,000	1,694,000
Leases of low - value assets	156,000	156,000
Total	3,479,602	3,479,602

## 20. PROVISION FOR EMPLOYEES BENEFITS

An independent actuary carried out an evaluation of the Company's obligations for employees' long-term benefits using the projected unit credit method. The Company has provided the provision for employees' long-term benefits as follows:

	(Unit : Baht)			
	Consolidated		Separate	
	2020	2019	2020	2019
Provision for employee benefits - beginning	47,404,233	38,396,694	47,404,233	38,396,694
Add Charges in actuarial estimates recognized amount	3,273,120	3,347,904	3,273,120	3,347,904
Past service cost	-	10,094,238	-	10,094,238
Less Liability decrease from actual paid	(3,194,463)	(4,434,603)	(3,194,463)	(4,434,603)
Provision for employee benefits - ending	47,482,890	47,404,233	47,482,890	47,404,233
Current service cost	2,169,201	2,236,295	2,169,201	2,236,295
Interest cost	1,103,919	1,111,609	1,103,919	1,111,609
Total - recognized in the statement of income	3,273,120	3,347,904	3,273,120	3,347,904

### Principal actuarial assumptions (Actuarial basis)

	Consolidated		Separate	
	2020	2019	2020	2019
Discount rate (%)	2.40	2.40	2.40	2.40
Salary increase rate (%)	5	5	5	5
Turnover rate (%)**	1.91 - 22.92	1.91 - 22.92	1.91 - 22.92	1.91 - 22.92

\*\*Upon the length of service

### Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

### Changes in the significant actuarial assumptions

		(Unit : Baht)	
		Consolidated	Separate
		2020	2020
		Increase 1%	Decrease 1%
		Decrease 1%	Increase 1%
<b>Discount rate</b>			
Increase (decrease) in the defined benefit liability		(2,609,003)	2,906,208

		(Unit : Baht)	
		Consolidated	Separate
		2020	2020
		Increase 1%	Decrease 1%
		Decrease 1%	Increase 1%
<b>Salary growth rate</b>			
Increase (decrease) in the defined benefit liability		2,850,535	(2,612,187)

		(Unit : Baht)	
		Consolidated	Separate
		2020	2020
		Increase 20%	Decrease 20%
		Decrease 20%	Increase 20%
<b>Staff Turnover rate</b>			
Increase (decrease) in the defined benefit liability		(1,661,657)	1,811,634

As at December 31, 2020 expected maturity of employee benefits obligation before discount are as follow :

		(Unit : Baht)	
		Consolidated	Separate
Within one year		6,604,288	6,604,288
Between 2 - 5 years		20,623,148	20,623,148
Between 6 – 10 years		12,918,394	12,918,394
Total		40,145,830	40,145,830

## 21. PROVIDENT FUND

The Company established a contributory registered provident fund covering all permanent employees in accordance with the Provident Fund Act A.D. 1987.

Under the provident fund plan, employees' and Company's contributions are equivalent pay to certain percentages of employees' basic salaries. The employees are entitled to the Company's contributions in accordance with the rules and regulations of the fund and on the length of service with the Company. The Company appointed a fund manager to manage the fund in accordance with the terms and conditions prescribed in the Provident Fund Act. A.D. 1987.

The Company have contributed to provident fund for the years ended December 31, 2020 and 2019 were as follows:

	(Unit : Baht)			
	Consolidated		Separate	
	2020	2019	2020	2019
For the years ended December 31	8,193,538	5,996,659	8,193,538	5,996,659

## 22. LEGAL RESERVE

Under the provisions of the Thai Public Company Limited Act B.E. 1992, the Company is required to appropriate at least 5% of its annual net income after deduction of the deficit brought forward (if any) as reserve fund until the reserve equal to 10% of authorized share capital. The reserve is not available for dividend distribution

## 23. EARNING PER SHARE

### Effects on basic earnings per share

	Consolidated		Separate	
	For the years ended December 31,			
	2020	2019	2020	2019
Income for the year – portion of the Company’s shareholders ( Baht)	62,957,427	165,005,457	56,251,423	155,688,837
Total share capital issued and paid-up (shares)	616,839,365	616,839,365	616,839,365	616,839,365
Basic Earnings per share (Baht)	0.10	0.27	0.09	0.25

## 24. INCOME TAX

### Income tax recognized in profit or loss

For the years ended December 31, 2020 and 2019 income tax expense consisted of the following:

	(Unit : Baht)			
	Consolidated		Separate	
	For the year ended December 31			
	2020	2019	2020	2019
Income tax :				
Income tax for the year	9,666,024	3,743,220	9,220,335	1,738,663
Deferred tax :				
Relating to origination and reversal of temporary differences	(28,691)	38,263,220	(28,691)	38,263,220
Income tax in statements of comprehensive income	9,637,333	42,006,440	9,191,644	40,001,883

### Income tax recognized directly in equity

	(Unit : Baht)			
	Consolidated			
	Rate (%)	2020	Rate (%)	2019
Profit (Loss) before income tax expense		72,594,760		207,011,897
Income tax using the Thai corporation tax rate	20	14,518,952	20	41,402,379
Income not subject to tax		(5,670,332)		(651,096)
Expenses not deductible for tax purposes		788,713		42,020,895
Loss carry forward, from five years		-		(40,765,738)
Total		<u>9,637,333</u>		<u>42,006,440</u>

	(Unit : Baht)			
	Separate			
	Rate (%)	2020	Rate (%)	2019
Profit (Loss) before income tax expense		65,443,067		195,690,720
Income tax using the Thai corporation tax rate	20	13,088,613	20	39,138,144
Income not subject to tax		(5,670,332)		(1,091,707)
Expenses not deductible for tax purposes		1,773,363		42,020,174
Loss carry forward, from five years		-		(40,064,728)
Total		<u>9,191,644</u>		<u>40,001,883</u>



## 25. EXPENSES BY NATURE

Significant expenses by nature as follows:

	(Unit : Baht)			
	Consolidated		Separate	
	2020	2019	2020	2019
Changes in inventories of finished goods and work in progress	159,721,331	158,722,833	159,721,331	158,722,833
Raw materials and consumables used	366,141,383	429,309,103	366,141,383	429,309,103
Salary and wages and other employee benefits	186,899,275	145,985,736	186,899,275	145,985,736
Depreciation and amortization expenses	72,551,984	54,845,867	71,050,377	54,377,402
Transport expenses	86,762,841	102,703,466	86,762,841	102,703,466
Electricity and fuel expenses	209,588,847	284,257,917	209,411,495	284,195,711

## 26. SEGMENT REPORTING

The Company operates in a single geographic area, namely in Thailand, by manufacturing and selling of ceramic wall and floor tiles to the parent company.

Therefore, assets and liabilities as presented in the statement of financial position as at December 31, 2020 and financial performance as presented in the statements of comprehensive income for the year ended December 31, 2020.

## 27.DISCLOSURE AND PRESENTATION OF FINANCIAL INSTRUMENTS

The Company and its subsidiary have no policy to hold financial instrument for speculation and hedging.

### a) Credit risk

The Company sells goods to related company. The Company's management manages the risk by adopting credit control policies and procedures. Therefore, the Company do not expect to incur material financial loss. The maximum exposure to credit risk is limited to the carrying amount of receivables less loss allowance as stated in the statements of financial position.

### b) Foreign currency risk

As at December 31, 2020 and 2019 the Company has accounts payable in foreign currency which were not hedged by forward exchange contracts or similar hedging instrument are as follow :-

currency	Consolidated and Separate financial statements			
	Financial liabilities		Average exchange rate	
	2020 (thousand)	2019 (thousand)	2020 (Baht per unit of foreign currency)	2019
EURO	5	12	37.2578	34.0846

#### c) Interest rate risk

The Company and its subsidiary exposures to interest rate risk relates primarily to its deposits with financial institutions, loans and lease liabilities. However, since most of financial assets and liabilities of the Company and its subsidiary bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal. Details of deposits with financial institutions, loans and lease liabilities were presented in the related notes to financial statements.

#### d) The fair value of financial instrument

Financial assets shown in statement of financial position consist of cash and deposit at banks, accounts receivable and investment. Financial liabilities shown in statements of financial position consist of bank overdrafts, loans from banks, accounts payable, long-term liabilities.

Since the majority of financial instruments of the Company and its subsidiary are short-term in nature. Bank overdrafts, loans and lease liabilities carry interest at rates close to market rates. Its fair value are not expected to be materially different from the amounts presented in the statements of financial position.

## 28. CAPITAL MANAGEMENT

The Company and its subsidiary objectives when managing capital are to safeguard the Company and its subsidiary ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders; issue new shares or sells assets to reduce debt.

As at December 31, 2020, debt to equity ratio in the consolidated financial statements is 0.30 : 1 (the separate financial statements: debt to equity ratio is 0.28 : 1).

## 29. EVENT AFTER THE REPORTING PERIOD

29.1 On February 5, 2021, the Company has entered into Sale and Purchase Agreement with other company to sell total ownership in Baan Somthavil Company Limited totaling 0.45 million ordinary shares.

29.2 At the Board of Directors' Meeting held on February 10, 2021, the Board of Directors' Meeting pass a resolution approved to propose the Annual General Shareholders' Meeting to consider and approve the delisting of the Company's securities from being securities listed on the Stock Exchange of Thailand (the "SET") in accordance with the tender offer letter for all of the Company's securities for delisting the securities from being securities listed on the SET dated February 10, 2021 from Dynasty Ceramic Public Company Limited ("The Parent Company"). At present, the shareholding structure of the Company comprises of Dynasty Ceramic Public Company Limited, which holds shares in the Company totaling 566,692,024 shares, representing 91.87 percent of the total issued and sold shares of the Company, and the minority shareholders which hold the remaining shares in the Company totaling 50,147,341 shares, representing 8.13 percent of the total issued and sold shares of the Company). In this regard, The Parent Company has an intention to make a tender offer for all the remaining shares in the Company to delist the Company's securities from being securities listed on the SET, at the offering price of Baht 3.90 per share. Such offering price is not lower than the highest price calculated based on the methods for the determination of offering price for the delisting of securities prescribed under the Notification of the Capital Market Supervisory Board No. TorJor. 12/2554 Re: Rules, Conditions, and Procedures for the Acquisition of Securities for Business Takeovers (including any amendment thereto) (the "Notification TorJor. 12/2554")

Moreover, the abovementioned offering price may be adjusted if there is an occurrence of incident which causes or may cause damage to the business, asset status, or the Company's share price, or any other incidents which cause material effect to the determination of the offering price, or any other incidents as prescribed under the Notification TorJor. 12/2554.

In this respect, The Parent Company will make a tender offer for delisting the securities of the Company from being the listed securities in the SET after the following conditions have been satisfied:

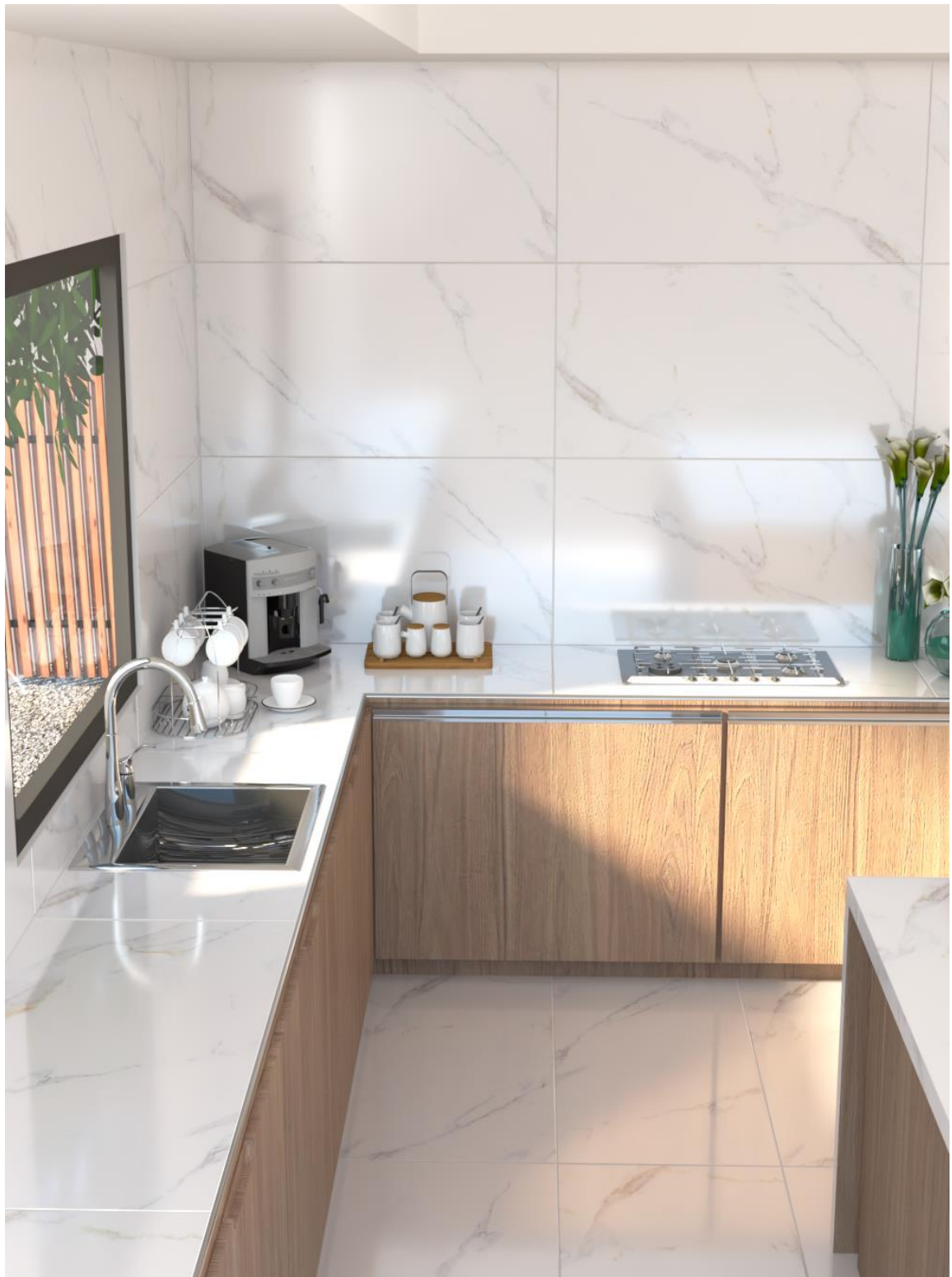
- a) A shareholders' meeting of the Company resolves to approve the delisting of the securities of the Company from being the listed securities in the SET by votes of no less than three-quarters of the

total issued and sold shares of the Company, with no shareholders holding shares in an aggregate amount of more than 10 percent of the total issued and sold shares of the Company opposing such delisting, in accordance with the criteria on the delisting of securities of the SET; and

- b) The delisting of the securities from being the listed securities in the SET is approved and/or waived by the relevant regulatory agencies, including the SET, the financial institutions, and other contractual parties under the relevant agreements (where this is necessary).

### **30. APPROVAL OF THE FINANCIAL STATEMENTS**

These financial statements have been approved by the Company's management on February 10, 2021.





Royal Ceramic Industry Public Company Limited  
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