



Castle Peak Holdings Public Co.,Ltd.

Annual Report 2018

รายงานประจำปี 2561

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MESSAGE FROM THE BOARD OF DIRECTOR

In 2018, Castle Peak Holding Co., Ltd, in garment sector, showed a huge increase in total sales. The total revenue from sales in 2018, amount 1,537,533,390.91 Baht when compared with total revenue in 2017. It increased 420,284,565.87 Baht or 37.62 percent from the increasing purchase orders of customers from the United States due to the expanding US economy which could see from economic indicators such as higher employment rate. Moreover, the company focuses on training existing skilled workers to have an excellent level and produce products which high technology is applied. Thus, the products gained more attention. In this year, the company increased the number of workers to match the increased production capacity, Moreover, The company invested in high-technology machines in order to add value to products

In real estate business, There were many obstacles which were the unrecovery of Thailand economy, the low purchasing power of buyers, especially for low income groups and high number of homes for sale in the market. The total revenue from sales in 2018 was 52,616,668.85 Baht, compared to the total revenue from sales in 2017, 72,853,834.00 Baht, decreased by 20,237,165.15 Baht or 27.78 percent. However, the company increased new marketing channels continuously in order to stimulate sales for current projects. In addition, a company in the group (Sun Property Co., Ltd) started construction business for real estate companies in the group which allows better control of construction in term of quality and cost.

Finally, on behalf of Castle Peak Holding Co., Ltd, I highly appreciated all business partners and shareholders for the cooperation in the business. Moreover, I would like to thank to the Board of Directors and all employees for dedication and hard-working. The company will operate successfully in the long run.



Mr.Boonchoo Pongchaloem
Chairman of the Board of Director

Audit Committee's Report

The Audit Committee was appointed by the Board of Directors of Castle Peak Holdings Public Company Limited. The Audit Committee consists of 3 Independent Directors, namely Ms. Napaporn Tanawatanyong, Ms. Kanyapat Peerawatsakoonpong and Mr. Somchai Ongwararak. Ms. Napaporn Tanawatanyong chaired the Audit Committee and Ms. Porntip Sripitaksakul, Head of the Internal Audit Division acted as the Committee's secretary. All members of the Audit Committee possess complete qualifications of Independent Directors and Audit Committee members as comply with the regulations of Securities and Exchange Commission Thailand and The Stock Exchange of Thailand.

During the year 2018, the Audit Committee performed its duties and responsibilities independently as assigned by the Board of Directors, and defined in the "Audit Committee Charter". The Audit Committee conducted 2 official meetings, which all three members attended in the Meeting No. 2/2018 and 3/2018. In Meeting No.1/2018 and No. 4/2018, Mr. Somchai Ongwararak was absent due to his business, The Audit Committee meetings involved the management representatives of the Company and its subsidiaries, the external auditor, and the internal auditor to present information and exchange views on recommendations for performance improvement

The Audit Committee's main accomplishments in 2018 were as follows:

Review of the financial report. The Audit Committee reviewed significant information in the quarterly and annual financial statements for 2018 of Castle Peak Holdings Public Company Limited and its subsidiaries. The Audit Committee reviewed the accuracy, completeness, and reliability, including the sufficient disclosure of the financial statements by questioning and listening to the explanations of the management and recommendations from the external auditor. The Audit Committee has agreed to the external auditor's opinion that the Company financial statements were prepared correctly in accordance with generally accepted accounting principles.

Review of the internal control systems and internal audit report. The Audit Committee has reviewed the overall internal control systems and the audit reports quarterly, and considered that the Company has installed adequate and appropriate internal control systems for the Company's operations, and has not found any significant deficiency impacting the Company's financial statements. The Internal Audit Division has performed its duty independently and effectively.

Review of the related transactions or the transactions that might cause conflicts of interest. The Audit Committee has reviewed those transactions from management's quarterly reports and considered that all related transactions were normal business transactions, and were conducted properly in compliance with relevant rules and regulations. There was correct and adequate disclosure of such information.

Review of the Company's compliance with the SEC law and other related laws and regulations. The Audit Committee has not found any significant issue involving violation of laws and regulations.

Consideration and selection of the auditors. The Audit Committee has selected and proposed to the Board of Directors to seek approval from the Annual General Shareholders' Meeting to appoint Mr. Jedsada Hungsaphruk (CPA Registration No. 3759) Ms. Kannika Wipanut (CPA Registration No. 7305) or Mr. Jirote Sirirorote (CPA Registration No. 5113) of Karin Audit Co., Ltd. as the company's auditors for 2019.

On behalf of the Audit Committee



Ms. Napaporn Tanawatanyong
Chairman of the Audit Committee

REPORT OF THE BOARD OF DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTS

The company financial statement of Castle Peak Holdings Public Co., Ltd., and subsidiaries have been prepared in conformity with the requirements of the Public Company-Act B.E.2535, the Securities and Exchange Act B.E.2535, the Announcement of The Department of Commercial Registration dated September 14, 2001 issued in accordance with Section II, Paragraph 3 of the Accounting Act B.E.2543, and the accounting statement presented by the Federation of Accounting Professions.

The Board of Directors is responsible for the financial statements including financial information in the Annual Report. The Financial Statements have been prepared in accordance with generally accepted accounting principles, with appropriate accounting policies applied on a conservative and consistent basis. Where judgment and estimates were required, these were made with careful and reasonable consideration, and adequate disclosures have been made in the notes to the financial statements, as well as being transparent and useful to all shareholders and investors. Except the financial statements of an associate which have been reviewed by other auditors and followed the accounting standard in its own country.

The Board has also adopted and maintained an appropriate and effective risk management, internal control, so that the company can be reasonably assured that the financial records are accurate, complete and adequate to protect the company assets. These controls also serve as preventive measures against any significant operational risk.

The Board of Directors has appointed an Audit Committee entirely comprising independent directors responsible for the quality of company financial reporting and internal control system. 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 is confident that the company has maintained an effective internal control system at an adequate and appropriate level of protection, which can assure the credibility of company and Consolidated Financial Statements as of December 31, 2018.



(Mr.Boonchoo Pongchaloem)

Chairman

General Information

Castle Peak Holdings Public Co., Ltd.

Public Company Registration No. 0107537001056

Head Office: CPH Tower, 899 Petchkasem Road,
Bangkae Sub-district, Bangkae District, Bangkok 10160.
Telephone: 02-4550300 Fax: 02-4550358-9

E-mail Address: cph@castlepeak.co.th

Website www.castlepeak.co.th

Factory 697, Petchkasem Road, Bangkae Sub-district, Bangkae District,
Bangkok 10160

Nature of business: Garment Manufacturing and Property Development

Issued shares: 40,000,000 ordinary shares, Baht 10.00 Per share

Registrar: Thailand Securities Depository Co., Ltd.
93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400
Tel: 02-009-9000 Fax: 02-009-9991

Auditor: Mr.Jadesada Hungsapruet
Karin Audit Company Limited
72 CAT Telecom Tower, Floor 24 , Charoen Krung Road,
Bangrak, Bangkok 10500
Tel: 02-105-4661 Fax: 02-0263760

Consultant of law: Mr.Atiskit Jedsadayanmeta
Atiskit Lawyer



Corporate Business Policy and Business Overview.

- Vision

- Garment business

To be a high quality outerwear manufacturer and exporter by emphasizing on excellent customer services and high-technological machinery.

- Real estate business

To be a real estate developer who develops affordable, high quality horizontal housing projects in good locations and environments.

- Significant changes and developments

Castle Peak Holding co., Ltd initially set up as a Castle Peak partnership, operated in September 1976. The purpose of the business is to produce garments for export overseas. Later on, the company grew bigger and established C.P.G. garment Limited. The main products of the company are jackets, coats, trousers and sportswear using textile fabrics as the raw materials. Products are manufactured under the customers' brand names and the major export markets are United States and the European Union.

Afterward in 1994, the company diversified the core business into the real estate development business. Products are twin houses, town houses, detached houses and commercial buildings. Up until now, seven projects have been completed with the value of 3,733 million Baht and three projects are now under construction with the value of 1,403 million Baht

In 2018, Sun Property Company Limited started the business again after the company ceased to operate temporarily. The company operates in real estate development and the construction (new business) for Castle Peak Holding and the group. The current projects are Siwarat 10 and Siwarat 11.

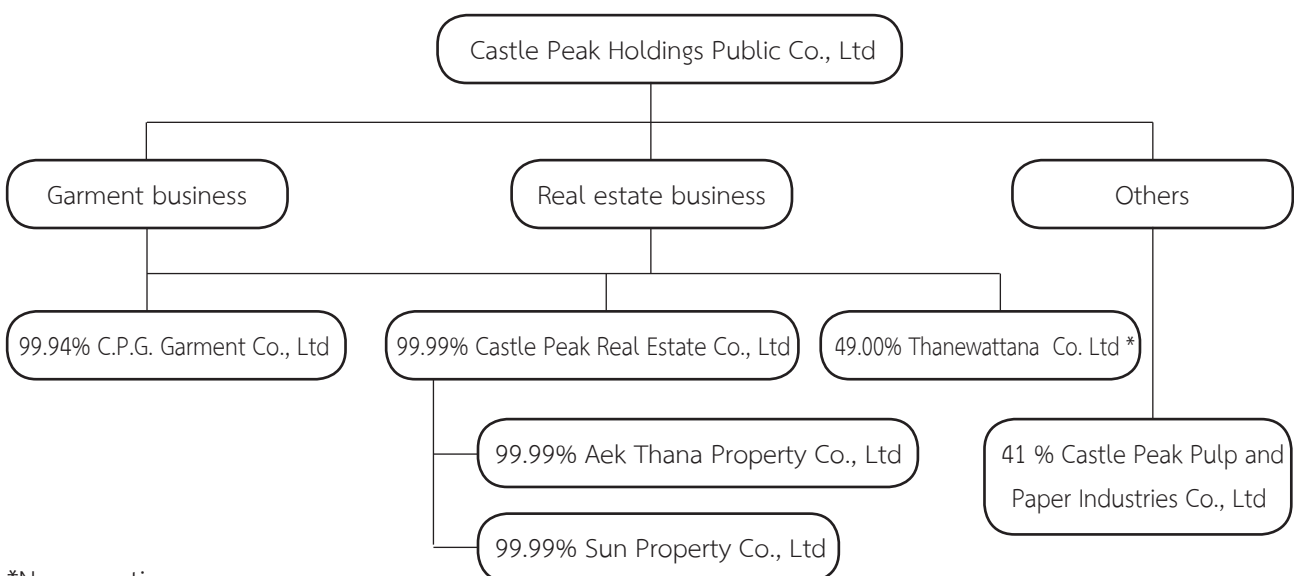
- Shareholding structure for companies under Castle Peak Holding Group

There are two core businesses under Castle Peak Holding group.

- Garment business is operated by Castle Peak Holdings Public Company Limited and C.P.G. Garment Co., Ltd
- Real estate business is operated by Castle Peak Holdings Public Company Limited, Castle Peak Real Estate Co., Ltd , Aek Thana Property Co., Ltd and Sun Property Co., Ltd.

Real Estate Co., Ltd , Aek Thana Property Co., Ltd and Sun Property Co., Ltd.

Shareholding structure and delegation of operational duties among companies within the group



*No operation

- Relationships with major shareholder's business groups

- None

Corporate Business Nature

There are two core businesses under Castle Peak Holding group

1. Garment business
2. Real estate development business.

For 2018, total sales of the company can be classified into garment business and real estate business at the ratio of 96.69 and 3.31 respectively.

Revenue structure

Garment business

Operating by	% Shareholder	2018		2017		2016	
		Income	%	Income	%	Income	%
Castle Peak Holdings Public Company Limited	100.00	919.43	57.82	731.77	61.28	686.12	54.14
C.P.G. Garment Co., Ltd	99.94	618.10	38.87	385.48	32.28	474.36	37.43
Total sales in garment business		<u>1,537.53</u>	<u>96.69</u>	<u>1,117.25</u>	<u>93.56</u>	<u>1,160.48</u>	<u>91.57</u>

Real estate business

Operating by	% Shareholder	2018		2017		2016	
		Income	%	Income	%	Income	%
Castle Peak Holdings Public Company Limited	100.00	16.21	1.03	48.96	4.10	46.77	3.69
Castle Peak Real Estate Co., Ltd	99.99	34.10	2.14	13.04	1.09	19.75	1.56
Aek Thana Property Co., Ltd *	99.98	2.30	0.14	14.93	1.25	40.35	3.18
Total sales in real estate business		<u>52.61</u>	<u>3.31</u>	<u>76.93</u>	<u>6.44</u>	<u>106.87</u>	<u>8.43</u>
Total sales		<u>1,590.14</u>	<u>100.00</u>	<u>1,194.18</u>	<u>100.00</u>	<u>1,267.35</u>	<u>100.00</u>

* Indirect owned by Castle Peak Real Estate Co., Ltd

Investment

Castle Peak Holdings Public Co., Ltd invested in companies at 10 percent or more of the issued shares as of December 31, 2018.

Companies	Registered office	Registered Capital	% Shareholding	Nature of Business
C.P.G Garment Co., Ltd.	899 Petchkasem Road, Bangkai Sub-district, Bangkai district, Bangkok, 10160	Baht 46,200,000.00	99.94	Garment Manufacturing
Castle Peak Real Estate Co., Ltd.	899 Petchkasem Road, Bangkai Sub-district, Bangkai district, Bangkok, 10160	Baht 200,000,000.00	99.99	Real Estate Development
Castle Peak Pulp & Paper Co., Ltd.	899 Petchkasem Road, Bangkai Sub-district, Bangkai district, Bangkok, 10160	Baht 100,000,000.00	41.00	Pulp and Paper
Thaneewatana Co., Ltd. *	1174/4 Phahon Yothin Rd., Chatuchak, Bangkok 10900	Baht 3,750,000.00	49.00	Real Estate Development

* Pending operation

Castle Peak Real Estate Co., Ltd (subsidiary) invested in companies as of December 31, 2018.

Companies	Registered office	Registered Capital	% Shareholding	Nature of Business
Aek Thana Property Co., Ltd.	899 Petchkasem Road, Bangkai Sub-district, Bangkai district, Bangkok, 10160	Baht 30,000,000.00	99.99	Real Estate Development
Sun Property Co., Ltd.	899 Petchkasem Road, Bangkai Sub-district, Bangkai district, Bangkok, 10160	Baht 3,750,000.00	99.99	Real Estate Development

Risk Factors

Garment business

- Order cancellation by customers. Since the company manufactures products such as jacket, coat, pants and sportswear under the customers' trademarks and designs with the agreement to deliver products on time. If the company fails to meet those requirements, there is a chance of order cancellation. In case that case, goods cannot be sold to the other buyers because they are copyrighted products. In case of missing the confirmed shipment date, it is better to transport by air than the whole order cancellation. In addition, the company has a preventive approach. The warehouse department has to check the accuracy of both quantity and quality of raw materials after receiving the materials. Also the Quality Assurance (QA) departments to check the quality of products during the production lines until the finished goods. If any mistake occurs, it must be correct immediately.

- Exchange rate fluctuation. 99 % of the company's finished goods is exported in US dollar currency and 88 % of imported materials is also in US dollar. Export to import ratio is 100 per 50. So the exchange rate fluctuation between the U.S. dollar and Baht is necessarily to manage since the appreciation of the baht has a significant impact on the profits of the company. The company has a preventive approach by assigning the team to update the analysis and news about the US interest rate policy and the exchange rate is partially booked in advance to prevent fluctuations

- Increase of labor costs. On 1 April 2018, the minimum wage in Bangkok and suburban was adjusted from 310 baht per day to 325 baht per day. As a result, the cost of production increases because garment business is in the labor-intensive industry. The company has to focus on the skill training and investing on high- technology machinery in order to increase productivity.

Real Estate Development Business

- Intense competition in the market. There are many houses that are under construction and houses for sale in the market. On the other hand, the demand of buyers is limited.

- Strict housing loans. Many restrictions on bank loans. The bank has strict policy, some buyers are under qualification and some buyers get insufficient credit line from banks to buy a house.

- Liquidity risk. If the business operating in the sales section does not meet the set goals, this might cause the company to face difficulties in raising sufficient and timely funds.

Shareholders

Castle Peak Real Estate Co., Ltd

The first 10 major shareholders of Castle Peak Holdings Public Co., Ltd., as of April 27, 2018.

	No. of shares	% of shareholding
Mr. Boonchoo Pongchaloem	11,880,048	29.700
Thailand Securities Depository Co., Ltd	11,838,068	29.595
Ms. Vanee Tempitayakom	3,400,000	8.500
Ms. Kankorn Jirayucharoensook	1,972,000	4.930
Ms. Vinida Kulsomphob	1,650,000	4.125
Mr. Pongchai Pongchaloem	1,600,000	4.000
Mr. Udomsak Chotivichit	1,453,466	3.634
Mr. Pusak Pongchaloem	1,426,266	3.556
Ms. Benjaporn Limcharoenngern	1,400,000	3.500
Ms. Patchamon Jirayucharoensook	1,251,566	3.129

Mr.Boonchoo Pongchaloem and his family hold the total 19,792,704 shares, to be 49.48 % of total issued shares.

C.P.G. Garment Co., Ltd

C.P.G. Garment Co., Ltd operates the same garment business as Castle Peak Holdings Public Co., Ltd . The registered capital is 46,200,000 Baht and fully-paid registered capital is 46,200,000 Baht. The issued shares are 9,240 ordinary shares, 5,000 Baht Per share.

	No. of shares	% of shareholding
Castle Peak Holdings Public Co., Ltd	9,234	99.94
Mr.Boonchoo Pongchaloem	3	0.03
Mr.Puthep Pongchaloem	3	0.03

Castle Peak Real Estate Co., Ltd

Castle Peak Real Estate Co., Ltd operates the same real estate business as Castle Peak Holdings Public Co., Ltd. The registered capital is 200,000,000 Baht and fully-paid registered capital is 200,000,000 Baht. The issued shares are 20,000,000 ordinary shares, 10 Baht Per share.

	No. of shares	% of shareholding
Castle Peak Holdings Public Co., Ltd	19,999,988	100.00
Mr.Boonchoo Pongchaloem	4	0.00
Mr.Pumit Pongchaloem	8	0.00

Dividend Payment Policy

The company's dividend payment policy is 30 % of net profit. However, the final decision would be based on the sufficiency of operating cash flow, investment plan and other laws

Management Structure

❖ The Board of Directors

Name	Position	No. of meeting	Attendant
Mr. Boonchoo Pongchaloem	Chairman	17	16
Mr. Pumit Pongchaloem	Vice-Chairman	17	13
Mr. Liu Chor Ting	Director	17	17
Mr. Wu Man Fun	Director	17	16
Ms. Pilin Janyaniwat	Director	17	17
Ms. Napaporn Tanawatanyong	Independent Director	17	17
Ms. Kanyapat Peerawatsakoonpong	Independent Director	17	17
Mr. Somchai Ongwararak	Independent Director	17	15

The Audit Committee, by name:

1. Ms. Napaporn Tanawatanyong Chairman of the Audit Committee
2. Mr. Somchai Ongwararak Auditing Director
3. Ms. Kanyapat Peerawatsakoonpong Auditing Director

Ms. Napaporn Tanawatanyong has adequate expertise and experience to audit creditability of the financial reports.

The Board of Directors of C.P.G. Garment Co., Ltd, the subsidiaries which operate in the same garment business sector as Castle Peak Holding Public Co.,Ltd.

Name	Position	No. of meeting	Attendant
Mr. Boonchoo Pongchaloem	Chairman	3	3
Mr. Puthep Pongchaloem	Vice-Chairman	3	3
Mr. Pumit Pongchaloem	Director	3	3

Management Structure (Cont.)

The Board of Directors of Castle Peak Real Estate Co., Ltd, the subsidiaries which operate in the same real estate business sector as Castle Peak Holding Public Co., Ltd.

Name	Position	No. of meeting	Attendant
Mr. Boonchoo Pongchaloem	Chairman	3	3
Mr. Pumit Pongchaloem	Vice-Chairman	3	3
Mr. Puthep Pongchaloem	Director	3	3

❖ Executive Committee

The Executive Committee of Castle Peak Holding Public Co., Ltd. has 7 people on December 31 2018, by name:

- | | |
|-------------------------------|--|
| 1. Mr. Boonchoo Pongchaloem | Chairman of the Executive Committee |
| 2. Mr. Pumit Pongchaloem | Vice-Chairman of the Executive Committee |
| 3. Mr. Liu Chor Ting | Vice-Chairman of the Executive Committee |
| 4. Ms. Vinida Kulsompub | Financial and Accounting Director |
| 5. Mr. Puthep Pongchaloem | Administrative Director |
| 6. Mr. Wu Man Fan | Production Director |
| 7. Ms. Pornpip Sripitucksakul | Internal Audit Manager |

The Executive Committee of C.P.G.Garment Co., Ltd. has 5 people on December 31 2018, by name:

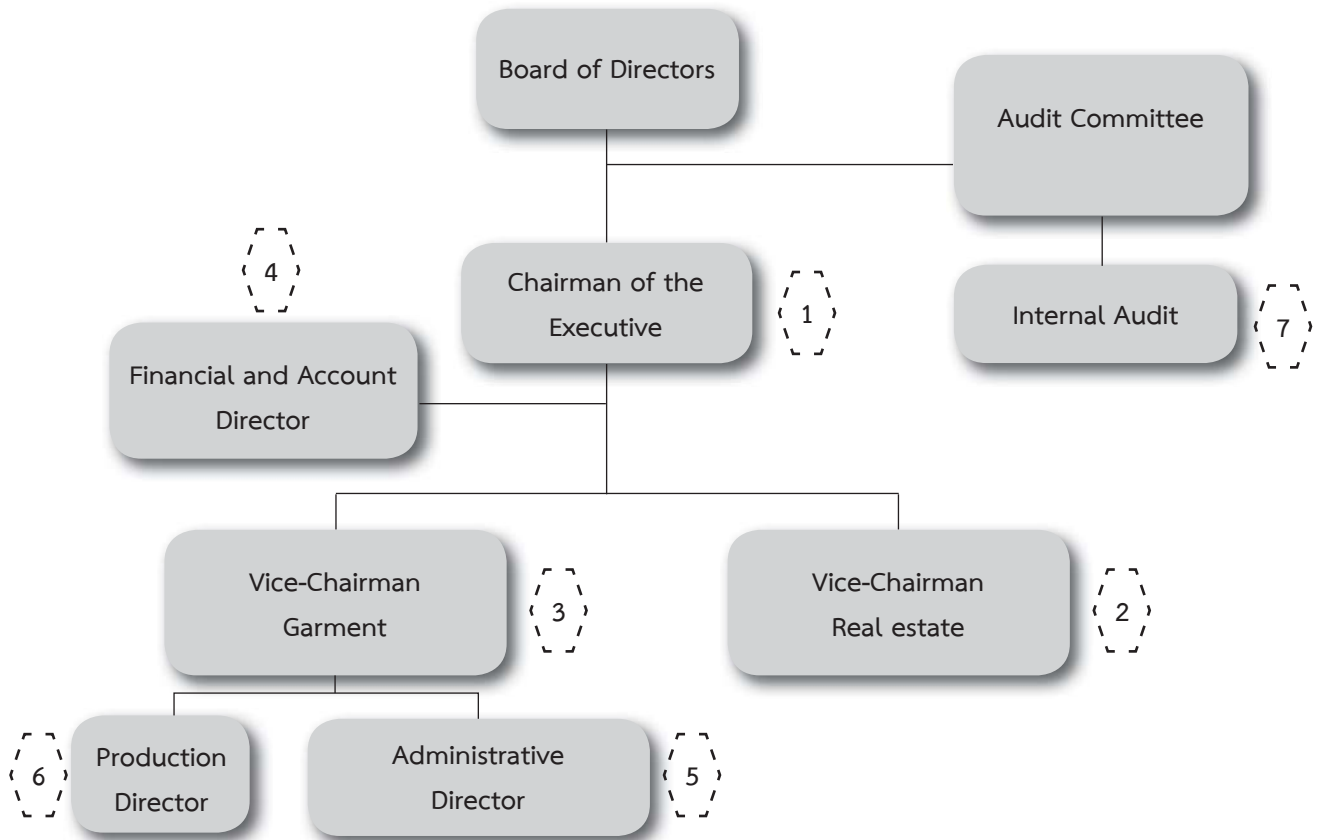
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|-----------------------------|--|
| 1. Mr. Boonchoo Pongchaloem | Chairman of the Executive Committee |
| 2. Mr. Liu Chor Ting | Vice-Chairman of the Executive Committee |
| 3. Ms. Vinida Kulsompub | Financial and Accounting Director |
| 4. Mr. Puthep Pongchaloem | Administrative Director |
| 5. Ms. Pilin Janyaniwat | Production Director |

The Executive Committee of Castle Peak Real Estate Co., Ltd. has 4 people on December 31 2018, by name:

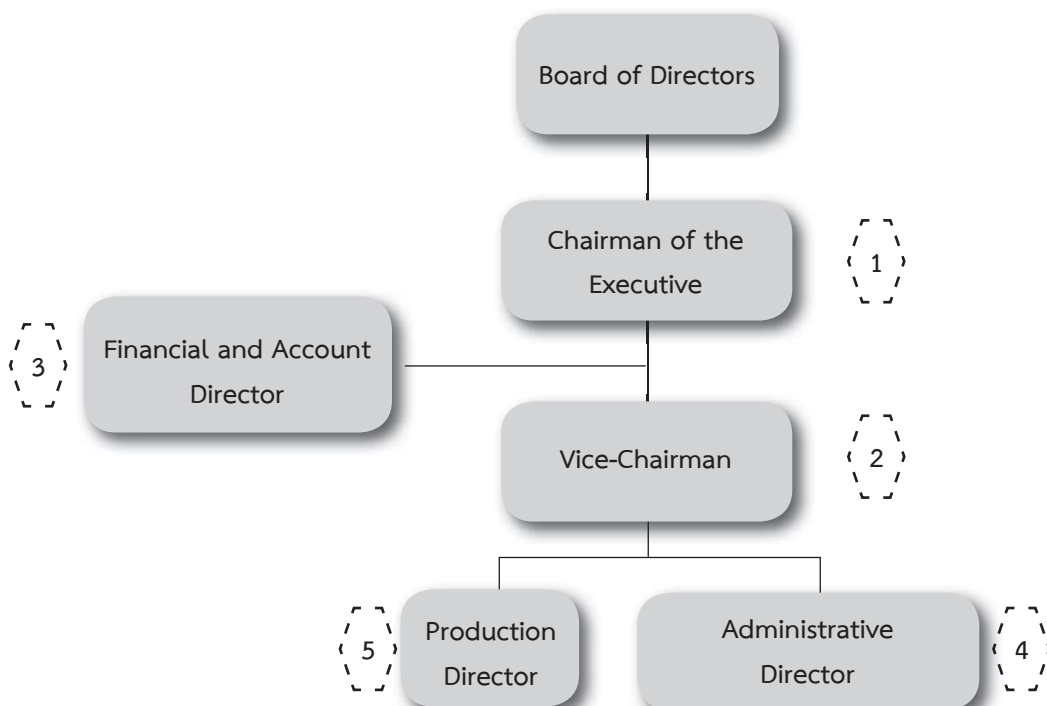
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|-----------------------------|--|
| 1. Mr. Boonchoo Pongchaloem | Chairman of the Executive Committee |
| 2. Mr. Pumit Pongchaloem | Vice-Chairman of the Executive Committee/ Marketing director |
| 3. Ms. Vinida Kulsompub | Financial and Accounting Director |
| 4. Mr. Pusak Pongchaloem | Administrative Director |

Management Structure (Cont.)

Organizational charts of Castle Peak Holding Public Co., Ltd.

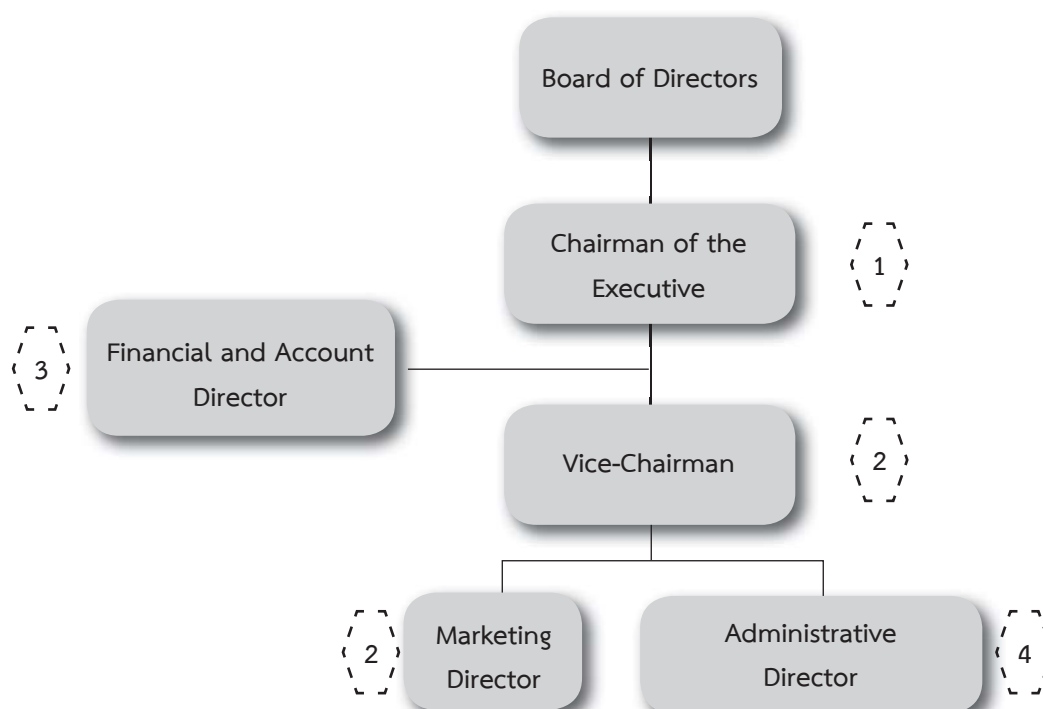


Organizational charts of C.P.G. Garment Co., Ltd



Management Structure (Cont.)

Organizational charts of Castle Peak Real Estate Co., Ltd



Secretary of the Company: Ms.Onticha Pongchaloem

❖ Monetary Remuneration

Remuneration received by company directors from January to December 2018

	Board of Directors' Meeting Fees	Audit Committee's Meeting Fees	Total (Baht)
Mr. Boonchoo Pongchaloem	-	-	-
Mr. Liu Chor Ting	-	-	-
Mr. Punit Pongchaloem	-	-	-
Mr. Wu Man Fun	-	-	-
Ms. Pilin Janyaniwat	-	-	-
Ms. Napaporn Tanawatyanyong	120,000.00	40,000.00	160,000.00
Ms. Kanyapat Peerawatsakoonpong	120,000.00	20,000.00	140,000.00
Mr. Somchai Ongwararak	120,000.00	20,000.00	140,000.00
	<u>360,000.00</u>	<u>80,000.00</u>	<u>440,000.00</u>

Management Structure (Cont.)

Remuneration for directors of subsidiaries: None

(b) Remuneration for executive directors and executives in 2018:

- The 6 persons of the Garments Business Group received, as salaries and bonuses 10,171,418 Baht.
- The 4 persons of the Real Estate Development Business Group received, as salaries and bonuses 3,791,824 Baht.

(c) Other forms of remuneration: None

❖ Employees

- Number of Employees

	2018	2017	2016
Garment Business	2,562	2,219	2,052
Real Estate Business	63	41	40
Total	2,625	2,260	2,092

2. Remunerations and types of remunerations to employees in 2018

- Garment business 561,064,570 Baht
- Real Estate Development business 16,263,583 Baht
- Types of remunerations to employees are salary, wages and other benefits

Employee development's policy

Garment industry is a labor incentive industry. As a result, the company provides regular trainings to employees in the factories to be more efficiency. In 2018, there were 1,148 of employees being trained in 5 programs.

Management Profile

Mr. Boonchoo Pongchaloem

Age: 83

- Authorized Director

Education: Bachelor Degree - Mathematics Jinan University of China

Position	Chairman/Chairman of the Executive Committee	Castle Peak Holdings Public Co., Ltd.
	Chairman/Chairman of the Executive Committee	CPG Garment Co., Ltd.
	Chairman/Chairman of the Executive Committee	Castle Peak Real Estate Co., Ltd.
	Chairman/Chairman of the Executive Committee	Aek Thana Property Co., Ltd.
	Chairman of the Executive Committee	Sun Property Co., Ltd.
	Director	Thaneewatana Co., Ltd.
	Director	Castle Peak Pulp & Paper Co., Ltd.

Shareholdings: as of December 31, 2018 hold 11,880,048 shares 29.70%

Change number of shares in year 2018 -No-

Mr. Pumit Pongchaloem

Age: 43

- Authorized Director

Relation: Mr.Boonchoo's son

Education: Bsc. Construction Management – Leeds Metropolitan University

Position:	Director/Vice Chairman of the Executive Committee	Castle Peak Holdings Public Co., Ltd.
	Director	CPG Garment Co., Ltd.
	Director/Vice Chairman of the Executive Committee	Castle Peak Real Estate Co., Ltd.
	Director/Vice Chairman of the Executive Committee	Aek Thana Property Co., Ltd.
	Vice Chairman of the Executive Committee	Sun Property Co., Ltd.
	Director	Thaneewatana Co., Ltd.

Shareholdings: as of December 31, 2018 hold 666 shares 0.00%

Change number of shares in year 2018 -No-

Management Profile (Cont.)

Mr. Liu Chor Ting

Age: 61

- Authorized Director

Education: Bachelor Degree - Social Science Chu Hoi College, Hongkong
DAP - IOD

Position: Director/Vice Chairman of the Executive Committee Castle Peak Holdings Public Co., Ltd.
Vice Chairman of the Executive Committee CPG Garment Co., Ltd.

Shareholdings: as of December 31, 2018 -No-

Change number of shares in year 2018 -No-

Ms. Vinida Kulsomphob

Age: 43

Education: Bachelor's Degree - Statistical Accounting Chulalongkorn University

Position: Financial and Accounting Director Castle Peak Holdings Public Co., Ltd.
Financial and Accounting Director C.P.G. Garment Co., Ltd.
Financial and Accounting Director Castle Peak Real Estate Co., Ltd.
Financial and Accounting Director Aek Thana Property Co., Ltd.
Financial and Accounting Director Sun Property Co., Ltd.

Shareholdings: as of December 31, 2018 hold 1,659,900 shares 4.15 %

Change number of shares in year 2018 -No-

Mr. Wu Man Fun

Age: 66

Education: High School - Macau
DAP - IOD

Position: Director/Production Director Castle Peak Holdings Public Co., Ltd.

Shareholdings: as of December 31, 2018 -No-

Change number of shares in year 2018 -No-

Management Profile (Cont.)

Ms. Pilin Janyaniwat

Age: 56

Education: High School, DAP - IOD

Position: Director

Production Director

Castle Peak Holdings Public Co., Ltd.

CPG Garment Co., Ltd.

Shareholdings: as of December 31, 2018 hold 66 shares 0.00%

Change number of shares in year 2018 -No-

Ms. Napaporn Tanawatanyong

Age: 52

Education: MBA Marketing, Leeds University UK

B.A.Accounting, Bangkok University

Position: Independent Director/Chairman Audit Committee

Director

Castle Peak Holdings Public Co., Ltd.

RSM (Thailand) Ltd

Shareholdings: as of December 31, 2018 -No-

Change number of shares in year 2018 -No-

Ms. Kanyapat Peerawatsakoonpong

Age: 30

Education: BA- Management Bangkokthonburi University

BA-Marketing Rajamangala University of Technology Rattanakosin

Position: Independent Director / Audit Committee

Castle Peak Holdings Public Co., Ltd.

Shareholdings: as of December 31, 2018 -No-

Change number of shares in year 2018 -No-

Mr. Somchai Ongwalaruk

Age: 81

Education: Bachelor Degree - Mathematics Jinan University of China

Position: Independent Director/Audit Committee

Castle Peak Holdings Public Co., Ltd.

Shareholdings: as of December 31, 2018 hold 131 shares 0.00%

Change number of shares in year 2018 -No-

Management Profile (Cont.)

Mr. Puthep Pongchaloem

Age: 48

Relation: Mr.Boonchoo's son

Education: BA, Coventry

Position:	Administrative Director	Castle Peak Holdings Public Co., Ltd.
	Director/Administrative Director	CPG Garment Co., Ltd.
	Director	Castle Peak Real Estate Co., Ltd.
	Director	Aek Thana Property Co., Ltd.

Shareholdings: as of December 31, 2018 hold 66 shares 0.00%

Change number of shares in year 2018 -No-

Ms. Porntip Sirpitucksakul

Age: 58

Education: Master Degree - Accountancy Chulalongkorn University

Position:	Internal Audit Manager	Castle Peak Holdings Public Co., Ltd.
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Shareholdings: as of December 31, 2018 hold 100 shares 0.00%

Change number of shares in year 2018 -No-

Good Corporate Governance

❖ Good Corporate Governance

The Board of Directors recognizes the importance of good corporate governance as a major factor in enhancing the efficiency of the organization. The company therefore conducts its business in line with the principle of good corporate governance, to generate trust in investors and stakeholders, which form a basis for sustainable growth.

The Board of Directors adapts of the Stock Exchange of Thailand's principles of good corporate governance for listed company in so far as they are sufficient, prudent, and suitable or fit to the business environment.

1. Shareholder rights

The company held its Annual Ordinary Shareholders' Meeting on 27th April 2018. The Company prepares a notice to call the shareholders' meeting complete with an agenda with each item complemented by an opinion of the Board of Directors. The notice and agenda are distributed together with the annual report (CD-ROM) and proxy form with relevant details, at least 14 days in advance of the meeting. The Company publicizes the notice to call shareholders' meeting in Thai daily newspapers for three consecutive days prior to the meeting.

Annual General Meeting 2018 was attended by 29 shareholders and proxies holding 28,419,495 shares or 71.05 %. At the shareholder's meeting, Board of Directors was present and acted as chairman. Other directors participating in the meeting included Managing Director, Members of Executive Committee, and the Chairman of the Audit Committee as well as other Board members, who were present to jointly answer shareholders' inquiries and provided further clarifications. The external auditor and management also attended the shareholders' meeting. The board of directors reported the previous performance and satisfactorily answered all inquiries from shareholders and also considered the shareholder's suggestion and comment. Before commencing the meeting Corporate Secretary explained the method of vote. The resolution of the meeting was recorded in the minutes.

The Company concerns about the convenience of all shareholders, including institutional investors and shareholders in order to attend the shareholders' meeting. Therefore, the meeting is held in the place where is adequate transportation provided.

2. Equitable Treatment of Shareholders

Following the Board of Directors' resolution to call each shareholder's meeting, the Company announces the meeting schedule along with the agenda through the SET's communication channels. The Company prepares a notice to call the shareholders' meeting complete with an agenda with each item complemented by an opinion of the Board of Directors. The notice and agenda are distributed together with the annual report and proxy form with relevant details, at least 14 days in advance of the meeting. The Company provided the names and relevant personal records of directors to be retired by rotation and who are proposed to be re-appointed for another term in the annual report which is submitted to the shareholders prior to the meeting. The Company publicizes the notice to call shareholders' meeting in Thai daily newspapers for three consecutive days prior to the meeting.

Good Corporate Governance (Cont.)

In the meeting, the company facilitated shareholders who attend the meeting in person, or those are proxy holders. The Meeting proceeded in accordance with the scheduled agenda without adding further agenda items. Voting ballots were used at the meeting, and the results of the voting on each agenda item were announced at the meeting.

The Board of Directors recognizes the importance of conflicts of interest, connected transactions, or related party transactions and has proceeded in accordance with the principle of good corporate governance. In the event that company has to scrutinize matters where there exists or potentially exists conflicts of interest, connected transactions, or related party transactions, directors who are related persons must not participate in the scrutiny and approval of such transaction.

3. Rights of Stakeholders

Much consideration is given to the interests of each of various groups of stakeholders in the Company. As it is understood that the participation of stakeholders can have a positive effect on the Company on an on-going basis, considerable effort is made to safeguard the interests of each group.

Shareholders:

The Company aims to represent the best interests of shareholders by concentrating on long-term growth and value. The Company undertakes to provide decent and continuous returns to shareholders while being transparent and accurate in its disclosure of information.

Customers:

The Company shall strive to achieve high customer satisfaction and promote relations based on mutual interest by developing value-added products and service. The Company also put in every effort in both technology and R&D to differentiate our product and service from our competitors, providing all customers' need and punctuality.

Employees:

The employees are the main important core of the company in propelling the future of the company. The Company provides equitable employment conditions and maintains a safe and conducive working environment. By emphasising on the employees' safety, hygiene, and property protection. Also the committee and team are set up to monitor this task and ongoing performance. Furthermore, the company arranged to set-up the billboard display showing the accident statistics relating to work activities. During the year 2018, there was 2 working accident

The policy regarding work safety, hygiene, and work environments for the employees as follows:

1. The company considered safety in work to be the responsibility of all levels of employees to cooperate to ensure their safety, colleagues and company's assets.
2. Inspecting and improving the work place, machinery, equipment and safety protection equipment
3. The company would ensure and improve the environment and working practices with safety and hygiene including maintaining the good health of all employees
4. Providing fire prevention training for basic fire fighting once a year.
5. Arranging for fire evacuation drills 3 times a year
6. All the superiors must be responsible for the safety and hygiene of the subordinates which comply with safety and hygiene
7. The company will support the safety activities to stimulate the consciousness of employees such as training, motivating, public relations and competition regarding the safety.

Good Corporate Governance (Cont.)

- Suppliers:

Company complies with the terms and conditions of trade. All parties have good relationships. The criteria for selecting partners is the quality of the product, expertise and experience, reputation and fair prices.

- Creditors :

Company is committed to conducting business with the principles and discipline in order to build trust with creditors. The company will adhere to the contract and its terms such as on-time payment of loans , interest and collateral. If any case cannot abide by the agreement , company will inform in advance to find solutions.

- Competitors:

The Company advocates and supports free trade and conducts its business within the rules of competition on the basis of fairness, ethics, and conformity with legal and regulatory requirements.

- Communities and Environment:

The Company places a high priority on its social responsibilities especially to the environment and local communities. It meets these responsibilities by thoroughly implementing effective environmental protection and safety systems helping to reduce air pollution around the communities.

- Sustainable resources:

Company supports the energy saving and reuse or recycle of office equipments such as double-sided paper, turning off lights during breaks and using stairs instead of elevators.

- The intellectual property or copyright:

Company has a policy of operating on non-infringement of intellectual property or copyright, especially, when company manufactures brand names products. This rule is strictly inhibited in order to gain trust from customers.

4. Disclosure and Transparency

As endorsed by the Board of Directors, disclosing information adequately to stakeholders and maintaining transparency and integrity in the company's operation are integral to the Company's corporate governance policy. In compliance with the SET's regulations, the Company discloses its corporate governance report in the annual report and the annual statement (Form 56-1) through SET channels.

The Board of Directors responsibility of correctness and completeness of financial report by issuing The Report of The Board of Directors' responsibilities for financial statements and Audit Committee's Report have disclosed in annual report.

In addition, the Company has disclosed the duties of the Board of Directors and committees, including the number of meetings attended by each director, and have also disclosed the remuneration policy, type and details with respect to directors and management. In 2018, the shareholders approved remuneration for the Board of Directors and the Audit Committee in the shareholders' meeting. Approval of remuneration to audit committees was a monthly allowance 10,000 per person and the Chairman of the Audit Committee 10,000 Baht 5,000 Baht for each meeting. The total remuneration for high level management and executives of the company in the form of salary and agreed benefits are listed in the annual report and the annual statement (Form 56-1).

Good Corporate Governance (Cont.)

The Board of Directors laid down the policy requiring company director and management member to report to the company each time possible conflict of interests arose by either themselves or connected. Also, the company facilitated information disclosure pertaining to any conflict of interests by company director or management member, via the letter informing the meeting's resolution to the news system of The Stock Exchange of Thailand.

Institution and individual investors, analysts and concerned government agencies can communicate directly with the company at E-Mail Address: cph@castlepeak.co.th or the company's website www.castlepeak.co.th

5. Responsibilities of the Board

Board structure

In 2018, the Board of Directors comprises 8 directors. 5 Management directors, 3 independent directors (Among them, all are appointed as Audit Committee Members). The Board of Directors appoints members of the Audit Committee whose qualifications comply with the SET rules which defines that the Audit Committee shall consist of at least 3 independent directors, and at least one of them must have knowledge and experience in accounting and finance.

The Company's directors may hold the position for 3 years accordance to company regulations and may be voted back when the term expires.

The Board of Directors has set up committees to strengthen good corporate governance and support its administration and any legal issues involved within the company.

❖ Subcommittees

Corporate management consists of three committees, namely the Board of Directors, the Audit Committee, and the Executive Committee.

1. The Board of Directors' scope of authority and duties comprises:

- Performance of its duties according to law, the objectives and regulations of the company, and resolutions of shareholders' meetings.
- Compliance with the directives and rules of supervisory and controlling bodies.
- Protection of the interests of shareholders. Every shareholder is to be treated equally in receiving accurate information and news about the Company.
- Determining policies and operational plans, and supervising and controlling all managers to ensure their efficient implementation of the said policies and plans.
- Approval of transactions to buy or sell an asset, to incur a debt, or undertake an obligation valued at 50 million baht or more.

2. The Audit Committee's scope of authority and duties comprises:

- Ensuring that the Company's financial reports are accurate, complete, and credible.
- Ensuring that the company implements and appropriate and efficient internal monitoring system.
- Considering and proposing an independent auditor for the Company.

Good Corporate Governance (Cont.)

- Ensuring the Company's compliance with all relevant laws and regulations.
- Ensuring that conflicts of interest do not occur.
- Producing a management report from the Audit Committee, to be published in the Company's annual report.
- Performance of any other duties assigned to it by the Board of Directors.

3. The Executive Committee's scope of authority and duties comprises:

- Acceptance of the policies and operational plans of the Board of Directors.
- Ensuring that the Company's operations are implemented efficiently in order to achieve corporate objectives.
- Submitting reports, plans, and operational results to the Board of Directors.
- Approval of transactions to buy or sell an asset, to incur a debt, or undertake an obligation valued at no more than 50 million baht. Transactions are authorized by CEO and management team.
- Performance of any other duties assigned to it by the Board of Directors.

❖ Selection of directors and executives

1 Independent director

Principles in the selection of independent directors which are proposed by the Board of Directors, and should be:

1. Knowledgeable, competent, and experience.
2. Capable of devoting time to the Company, attending meetings of the Board of Directors or Audit Committee, performing the duties assigned to him/her, and offering advice.
3. Free of court-ordered liens, bankruptcy proceedings, or any real or apparent incapacity.
4. Not subject to government prosecution, sentencing, or any criminal proceedings related to fraud or malfeasance.
5. Clear of all attributes, as set down by the Securities Exchange Commission and the Stock Exchange of Thailand, that would disqualify him/her from being an independent director.

2 Methods of Selecting Directors and Executives

● Method of Selecting Directors

Directors are selected according to the Public Company Act, except for article 70. Corporate regulations provide for the appointment of directors in a meeting of shareholders. Each shareholder has as many votes as he/she has shares. One shareholder must use all his/her votes for one or more nominees, and may not divide his/her votes in any way.

- The number of directors from major shareholders each group: not specified.
- The rights of minor shareholders to appoint directors: Every shareholder has one vote per share.

● Method of Selecting Executives

Executives are considered on the basis of their knowledge, capabilities, and experience, together with the suitability of these for the duties and responsibilities in question.

Good Corporate Governance (Cont.)

❖ The Board of Directors' meeting

The Board of Directors scheduled the meeting for the whole year and notified the directors in advance in which the meeting will be held at least every quarter with additional meeting if necessary as specified in the Charter of Board of Directors. For each meeting and agenda for The Board of Directors' meeting, each director was able to propose agenda, and the Chairman together with the Managing Director shall consider the matter to be brought into the meeting. After that, the Company Secretary sent out meeting invitation letter, meeting agenda, and relevant meeting documents, to the directors not less than 7 days in advance, to allow them sufficient time to review the information prior to the meeting. All directors considered as their duties to attend the meeting each time, unless unable to do so due to significant obligation or illness. During the meeting, The Chairman allowed the directors to present opinions and comments freely, while those directors having conflict of interests would not be allowed to attend or cast votes at such meetings. The Company Secretary recorded the meeting minutes and then classified those minutes in a systematic manner.

❖ Succession plans

The company has set succession plans for key management positions, starting from the process of nominating the persons who will be responsible, in a proper and transparent manner. Additionally, The Board of Directors has recognized the importance of creating the management to succeed to Chief Executive officer, with the principles as follows:

1. Specify description for the position of chief executive officer, and relation with targets and strategies of the organization, including qualifications of knowledge and skills required.
2. Select subordinate executives with potential and capabilities.
3. Analyze and create individual developing plan to promote potential and capability development.

❖ Supervision of operations of subsidiaries and associated companies.

1. Representatives are assigned to be directors and executives in subsidiaries and associates in accordance.
2. Defining the scope and authority of directors and executives to participate in important business decisions.
3. The financial statements, performance and related person are fully opened.

❖ Monitoring the use of internal information

The Board of Directors, audit committees and management team, together with directors of the company and its subsidiary companies, must acknowledge and abide by the right of equal access principle to be informed about the company's news and information. They must strictly adhere to the regulations of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission and must not disclose the company's internal information for personal interest or gain, whether directly or indirectly.

Penalties include both those prescribed by the Office of the Securities and Exchange Commission and those stipulated by The Company's Board of Directors.

Good Corporate Governance (Cont.)

❖ Purchase or sales of stock

The company instructs insiders to refrain from any purchase or sales transaction of company for the period of 1 month prior to the disclosure of financial statements to the public. Company directors and management members were required by the company to report their shareholding status. In case of any change to The Securities and Exchange Commission according to article 59 of The Securities and Exchange Act B.E. 2535. Moreover, Purchase or sales transaction of company shares is added to all board of director meeting.

❖ Auditor's remuneration

Audit fees

The company's auditor is Mr.Jadesada Hungsapruek and its subsidiaries' auditor is Ms. Nongluk Pattanabandit, Karin Audit. Audit fees for the quarter and year 2018 is total 2,380,000 Baht. Details are below

Company	Audit fees for Q 1, Q 2 and Q 3	Audit fees for the year	Total
Castle Peak Holdings Public Co.,Ltd (Consolidated)	270,000.00	290,000.00	560,000.00
Castle Peak Holdings Public Co.,Ltd	345,000.00	630,000.00	975,000.00
C.P.G. Garment Co., Ltd	201,000.00	300,000.00	501,000.00
Castle Peak Real Estate Co., Ltd	60,000.00	100,000.00	160,000.00
Aek Thana Property Co., Ltd	54,000.00	70,000.00	124,000.00
Sun Property Co., Ltd	30,000.00	30,000.00	60,000.00
Total audit fee			<u>2,380,000.00</u>

Other services - other related expenses are paid no more than 15,000 Baht for the quarterly audit and 40,000 Baht for yearly audit.

Management Discussion and Analysis: MD&A

Financial Overview

	Consolidated				Separated		Unit : Baht
	2018		2017		2016		
	2018	2017	2016	2017	2018	2016	
Current Assets	1,046,887,330.15	897,609,053.02	831,590,601.48	732,214,647.46	610,376,160.77	575,441,499.69	
Total Assets	1,566,051,259.11	1,472,357,627.93	1,335,134,328.67	1,327,947,763.81	1,260,697,656.57	1,177,754,222.77	
Current Liabilities	666,928,983.61	555,403,551.32	486,509,740.78	588,885,083.95	487,625,238.54	475,492,983.69	
Total Liabilities	777,426,964.55	677,002,916.33	567,583,252.71	654,001,712.04	555,559,159.67	503,353,972.64	
Equity	788,624,294.56	795,354,711.60	767,551,075.96	673,946,051.77	705,138,496.90	674,400,250.13	
Book Value	19.72	19.88	19.19	16.85	17.63	16.86	
Sales	1,590,150,059.76	1,190,102,659.04	1,267,350,569.96	946,779,294.84	798,210,060.96	746,551,383.07	
Total Revenues	1,595,921,395.48	1,209,647,900.82	1,294,256,065.53	964,530,037.33	814,440,145.34	789,388,640.60	
Gross Profit	203,983,704.00	83,650,781.94	151,639,159.81	107,498,186.07	60,371,212.06	92,712,159.86	
Operating Profit	15,054,082.17	(51,568,091.51)	27,733,477.79	(7,276,117.96)	(24,972,126.16)	47,951,842.73	
Net Profit	(6,730,417.04)	(97,315,037.17)	(100,465,106.12)	(31,192,445.13)	(70,742,672.63)	(120,442,828.08)	
Earnings per Share	(0.17)	(2.43)	(2.51)	(0.78)	(1.77)	(3.01)	

Management Discussion and Analysis: MD&A (Cont.)

Financial Ratios

		Consolidated			Separated		
		2018	2017	2016	2018	2017	2016
Liquidity ratio							
- Current Ratio	(Times)	1.57	1.62	1.71	1.24	1.25	1.21
- Quick Ratio	(Times)	0.42	0.36	0.37	0.28	0.2	0.23
- Cash Flow from Operation Ratio	(Times)	(0.09)	(0.04)	0.03	(0.16)	0.1	0.01
- Account receivable Turnover Ratio	(Times)	5.81	7.18	8.02	5.67	9.88	7.06
- Average collection period	(Days)	62	50	45	63	36	51
- Inventory turnover ratio	(Times)	19.52	14.52	19.89	(52.90)	27.92	26.06
- Average sales period	(Days)	18	25	19	7	13	14
- Accounts payable turnover ratio	(Times)	22.40	23.50	19.27	17.98	23.28	18.17
- Payment period	(Days)	16	15	19	20	15	20
- Cash Cycle	(Days)	64	60	45	50	34	45
Profitability Ratio							
- Gross Profit Ratio	%	12.83	7.03	11.97	11.35	7.56	12.42
- Operating Profit Ratio	%	0.95	(4.95)	2.19	(0.77)	(4.04)	6.42
- Other Profit Ratio	%	0.36	1.62	2.08	1.84	1.99	5.43
- Cash to profitability Ratio	%	(366.69)	39.79	55.63	1171.38	(193.94)	10.56
- Net Profit Ratio	%	(0.42)	(8.04)	(7.76)	(3.23)	(8.69)	(15.26)
- Return on Equity	%	(0.85)	(12.45)	(12.36)	(4.16)	(10.26)	(16.44)
Efficiency Ratio							
- Return on Assets	%	0.44	(6.93)	(7.06)	(2.41)	(5.8)	(9.53)
- Return on Fixed Assets	%	6.47	(15.54)	(19.14)	(1.22)	(17.05)	(41.07)
- Assets turnover	(Times)	1.05	0.86	0.91	0.75	0.67	0.62
Financial Ratio							
- Debt to Equity Ratio	(Times)	0.99	0.85	0.74	0.97	0.79	0.75
- Interest Coverage Ratio	(Times)	(0.73)	0.21	1.72	(1.94)	2.98	1.20
- Coverage ratio	(Times)	(1.30)	(1.54)	0.35	(0.89)	0.82	0.07

Management Discussion and Analysis: MD&A (Cont.)

1. Overview of the business and significant changes

Garment business in 2018, the company still focuses on training existing skilled workers to have an excellent level and produce products which high technology is applied. Thus, the products gained more attention. As a result, this year, the total revenue from sales increased more than 2017, amounted to 420,284,565.87 Baht or 37.62% from the increasing purchase orders of customers from the United States due to the expanding US economy. However, as the company producing seasonal clothing and high technology functional outerwears that require advanced sewing skills, during the high season, the company faced the problem of shortage of Thai workers with sewing skills. The company, therefore, has to rely on foreign workers through the MOU system, which the company is responsible for the cost of work permit application procedure in Thailand legally according to the agreement (MOU), causing some workers to come to work later than planned by the company. In the field of machinery, this year, the company invested more modern machines, resulting in increased costs and expenses. Therefore, the net profit of the garment business in the year 2018, is 9,741,633.94 Baht, compared to 2017, with a net loss of 92,962,678.28 Baht, increase in net profit 102,704,312.22 Baht.

In real estate business, the total revenue from sales in 2018 was 52,616,668.85 Baht, compared to the total revenue from sales in 2017, 72,853,834.00 Baht, decreased by 20,237,165.15 Baht or 27.78 percent from the reduction of sales of houses from the project Sivarat 9, Sivarat 10 and Sivarat 11. The housing market for those with low or medium income has severe competition in the market. There is a new open house project in a location close to the company. Moreover, financial institutions are still strict in releasing housing loans. In addition, this year, Sun Property Company Limited has started operating again after the company temporarily ceased business operations by doing some real estate development business for sale and start construction business for companies in the group which currently has projects that are already built, namely Sivarat 10 and Sivarat 11.

Castle Peak Holdings Public Company Limited holds 41% of the registered capital in the Castle Peak Pulp and Paper Industries Co. Ltd (Thailand) (associated company). The associated company invested in Yueyang Fengli Pulp and Paper Industry Company Limited, which is engaged in the production of pulp and paper in Hunan, China. In February 2018, the company received a loan of 40,000,000 Baht from the Castle Peak Pulp and Paper Industries Co. Ltd

2. Results of the operations

The company's ability to make profits in 2018 was higher than in 2017. The gross profit ratio of 2018 was 12.83 % in the consolidated financial statement, compared to 7.03 % in 2017. Also the gross profit ratio of 2018 was 11.35 % in the separate financial statement, compared to 7.56 % in

Management Discussion and Analysis: MD&A (Cont.)

2017. The reason was the increase number of sales from customers. Moreover, the operating profit ratio of 2018 was 0.95 % in the consolidated financial statement, compared to (4.95%) in 2017 and the operating profit ratio of 2018 was (0.77)% in the separate financial statement, compared to (4.04%) in 2017. Also, the net profit ratio of 2018 was (0.42%) in the consolidated financial statement, compared to (8.04%) in 2017 and the net profit ratio of 2018 was (3.23%) in the separate financial statement, compared to (8.69%) % in 2017. This resulted from the increase of the air freight cost. Finally, return of equity (ROE) of 2018 was (0.85%) in the consolidated financial statement, compared to (12.45%) in 2017 and ROE of 2018 was (4.16%) in the separate financial statement, compared to (10.26%) in 2017.

Explanations divided by the nature of business are below

Garment business:

Garment business group has the total revenue from sales in 2018, amount 1,537,533,390.91 baht, when compared with total revenue in 2017, amounted to 1,117,248,825.04 baht, an increase of 420,284,565.87 baht or 37.62 percent increase from the purchase of products from US customers which is a result of the US economic expansion. In addition, the company focuses on training existing skilled workers to have an excellent level and on producing high technology products, thus making the products become more attractive in the market. The cost of sales in 2018 amounted to 1,349,555,652.00 baht or 87.77 percent of sales revenue as the company has increased the number of workers and machinery to be in line with the increased production capacity, compared with the cost of sales in 2017, the amount of 1,061,355,615.09 baht, equivalent to 95.00 percent of sales revenue. Selling and administrative expenses in 2018 amounted to 160,230,997.35 baht, compared with selling and administrative expenses in the year 2017, amounted to 129,620,331.82 baht, increased by 30,610,665.53 baht or 23.62 percent, caused by annual salary adjustments, increasing the number of employees, air export expenses, setting allowance for doubtful accounts from trade accounts receivable, and depreciation from the revaluation of property. As a result, the net profit of the garment business in the year 2018 amounted to 9,741,633.94 baht. Compared to 2017, the net loss was 92,962,678.28 baht, increase in net profit 102,704,312.22 baht.

Real estate business

Real estate business group had total revenues from sales in 2018, amounted to 52,616,668.85 baht, compared with total revenue from sales in 2017, amounted to 72,853,834.00 baht, a decrease of 20,237,165.15 baht or a decrease of 27.78 percent due to the property development business this year faced high and intense market competition than in previous years. Some buyers did not pass a

Management Discussion and Analysis: MD&A (Cont.)

loan request from a financial institution. In addition, the number of houses that have been built was low in each project and some projects are still under construction. Therefore, it results in lower sales this year. Cost of sales in 2018 amounted to 36,610,703.76 baht or 69.58% of sales revenue, compared with the cost of sales in 2017, amounted to 45,096,262.01 baht, representing 61.90 percent of revenue. Selling and administrative expenses in this year 2018, amounted to 32,402,199.05 baht, compared to the selling and administrative expenses in the year 2017, amounted to 32,396,729.41 baht, a slightly increase or equivalent to 0.02 percent, resulting in the real estate business in 2018 having a net loss of 14,403,001.55 baht, compared to the year 2017 with a net loss of 4,305,171.15-baht, increased losses of 10,097,830.40 baht.

3. Assets Management

Return on Assets (ROA) in 2018 was 0.44 in the consolidated financial statement, compared to (6.93) in 2017. ROA in 2018 was (2.14) in the separate financial statement, compared to (5.80) in 2017. This indicates that the company still needs to improve its asset management. The total asset turnover ratio of 2018 was 1.05 in the consolidated financial statement, compared to 0.86 in 2017. Also total asset turnover ratio of 2018 was 0.75 in the separate financial statement, compared to 0.67 in 2017. Moreover, the receivables turnover ratio of 2018 was 5.81 in the consolidated financial statement, compared to 7.18 in 2017. Account receivables turnover ratio of 2018 was 5.67 in the separate financial statement, compared to 9.88 in 2017. This shows that the company can manage the receivables to be converted into cash in 2016 better than in 2017.

The consolidated financial statements as of 31 December 2018 display the total assets 1,566,051,259.11 Baht, compared to the total assets 1,472,357,627.93 Baht in 2017. The change is 93,693,631.18 Baht or accounts for 6.36 percent. The detail of change is below.

- Cash and cash equivalents in the consolidated financial statements as at December 31, 2018 and December 31, 2017 were Baht 12,118,254.32 and Baht 33,171,363.55 respectively, an decrease Baht 21,053,109.23 or 63.47 percent due to the company had less amount of cash in current account at year end.

- Trade accounts receivable and other current receivables in the consolidated financial statements as at 31 December 2018 and 31 December 2017 amounted to 282,186,453.81 Baht and 170,177,920.44 Baht, respectively, an increase of 112,008,533.37 or 65.82 percent due to the increase number of account receivable.

- Inventories in the garment business in the consolidated financial statements as of December 31, 2018 and December 31, 2017 were Baht 278,347,198.62 and Baht 231,411,639.46, respectively, increased by 46,935,559.16 or 20.68 percent due to an increase of work in process inventories.

Management Discussion and Analysis: MD&A (Cont.)

- Inventories in real estate development business in the consolidated financial statements as at December 31, 2018 and December 31, 2017 were Baht 241,422,655.40 and Baht 200,096,023.57, respectively, decreased 41,326,631.83 or 20.65 percent due to more houses construction in progress.

- Land, building and equipments in the consolidated financial statements as at December 31, 2018 and December 31, 2017 amounted to Baht 385,037,897.71 and Baht 402,181,314.17, respectively, an decrease of Baht 17,143,416.46 or 4.26% from the depreciation of buildings and machines.

- Land, building and equipments in the consolidated financial statements as at December 31, 2018 and December 31, 2017 amounted to Baht 385,037,897.71 and Baht 402,181,314.17, respectively, an decrease of Baht 17,143,416.46 or 4.26% from the depreciation of buildings and machines.

- Investment properties in the consolidated financial statements as at December 31, 2018 and December 31, 2017 amounted to Baht 58,560,552.20 and Baht 108,914,040.72, respectively, an decrease of Baht 50,353,488.52 or 46.23% from a certain lands are used for a project development.

In 2018, the company recorded the allowance for doubtful accounts from trade account receivable amount 4,207,072.95 Baht. The ageing of account receivable is in note no.7 in financial statement.

4. Liquidity Ratios

Sources and uses of funds

There was no significant change in the sources and uses of funds in operations. The company has strong relationships with customers and suppliers.

Capital structure

In 2018, the company's funding came from debt less than capital. The debt to equity ratio (D / E ratio) of 2018 is at 0.99 in the consolidated financial statements compared to 0.85 in 2017. In addition, the debt to equity ratio of 2018 is 0.97 in the separate financial statements compared to 0.79 in 2017, however, overall, the adequacy of liquidity

The current ratio was 1.57 in 2018 and 1.62 in 2017 in the consolidated financial statements and 1.24 in 2018 and 1.25 in 2017 in separate financial statements. These explain the company has sufficient liquidity to operate because the current assets are more than current liabilities.

In real estate business, there were the payment details for the current projects as at 31 December 2018 as below.

Management Discussion and Analysis: MD&A (Cont.)

Name of projects	Total sales	Total amount due		Received payment		Overdue payment		Payment not due	
	Baht	Baht	% of total sales	Baht	% of total amount due	Baht	% of total amount due	Baht	% of total sales
Siwarat 9	568,435,000.00	564,348,000.00	99.28	564,348,000.00	100	0.00	0.00	4,087,000.00	0.72
Siwarat 10	473,076,501.00	437,593,501.00	92.50	437,457,001.00	99.97	136,500.00	0.03	35,483,000.00	7.50
Siwarat 11	24,507,000.00	21,598,000.00	88.13	21,598,000.00	100	0.00	0.00	2,909,000.00	11.87
Total	1,066,018,501.00	1,023,539,501.00		1,023,403,001.00		136,500.00		42,479,000.00	

Details of outstanding balances as at 31 December 2018 are as follows

Name of projects	Name of projects		1-3 months overdue		4-6 months overdue		7-9 months overdue		10-12 months overdue	
	No. of buyers	Baht	No. of buyers	Baht	No. of buyers	Baht	No. of buyers	Baht	No. of buyers	Baht
Siwarat 9	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Siwarat 10	9	136,500.00	8	127,500.00	1	9,00.00	0	0.00	0	0.00
Siwarat 11	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Total	9	136,500.00	8	127,500.00	1	9,000.00	0	0.00	0	0.00

5. Contractual Obligations

The disclosure is in Note 14 : overdrafts and short-term loans from financial institutions , No. 15 : Trade accounts payable and other payables , Note16 :Long-term loans from financial institutions.

6. Forward looking

In the year 2019, the management predicted sales in the garment business similar to that in 2018. In terms of labor costs. It is expected to be able to train new staff that has been added in the year 2018 to increase sewing efficiency. However, the fluctuation of the exchange rate in baht per US dollar ,elections in Thailand in March 2019 and minimum wage increases are factors that the company must pay attention in the year 2019

The real estate sector , the company has the policy to increase new marketing channels continuously in order to stimulate sales for current projects and projects that are still under construction. However, the real estate development business in 2019 has one major negative factor, which is from 1 April 2019 onwards, the Bank of Thailand announced the revision of the criteria for new buyer loans by requiring the borrower who would like to buy the second and third houses, to settle the down payment of 10-30 percent in accordance with the conditions of the Bank of Thailand, causing buyers to receive insufficient bank loans which will directly affect the company's performance.

Investors may access further information details from 56-1 displayed by the company at www.set.or.th or at the company website www.castlepeak.co.th

Corporate Social Responsibilities (CSR)

1. Overall policy

Castle Peak Holdings Public has transparency as a main policy to conduct its business. The company emphasizes on operations with fairness, respect for human rights, fair treat workers, responsibility to consumers and responsibility to the environment as ethics in operating businesses.

2. Implementation and report preparation.

Castle Peak Holdings Public's practices meet standards both locally and internationally as follows

2.1 ISO 9001:2015

ISO 9001:2015 quality system focuses on the operation of a fair and responsibility to consumers (Principle 1 and 5 of the SEC.), Good s from the company have to meet customers' standard and satisfaction. Moreover, the company focuses on continuous improvement of processes in manufacturing, and business management.

2.2 Labor standards, Thailand. (TLS 8001-2553)

Thailand's labor standards (TLS 8001-2553) focuses on the respect for human rights (principles of Article 3 of the SEC.) The company complies with labor rules in term of employment and working conditions such as wages, working hours, holidays and safety at work. This brings to the fairness at work and happy work place

2.3 White Factory Project

White Factory Project focuses on developing the community and society (principles of Article 7 of the SEC.) The policies are to provide training to workers in order to know the harm of drugs and be able to help the community.

2.4 Wrap System

The Wrap system focuses on responsibility for the consumer (principles of Article 5 of the SEC). Key issues include compliance with laws and regulations in the workplace, freedom of association and dialogue, detention and abuse, discrimination, labor law offenses, child labor offenses, compensation and benefits, hours worked, health and safety, customs standards, environment and safety.

2.5 C-TPAT system

The C-TPAT system, focusing on fair dealing and anti-corruption (principles of Article 1 and 2 of the SEC), anti-terrorism is to cooperate between government and business by the company agrees to develop security of the supply chain in order to facilitate the crossing and other privileges. The C-TPAT system includes the essentials of business partnerships, cabin safety, physical control, personnel safety, training, security and surveillance and threats and Security in Information Technology

3. The business impact on social responsibility: None

Corporate Social Responsibilities (CSR) (Cont.)

4. CSR After process

The company has donated 1,500 kilograms of scrap materials such as synthetic fiber lining Synthetic fiber and wool to Department of Corrections for use in vocational training for prisoners

5. Anti-corruption

Anti-corruption is one of the company's policy which approved by the Board of Directors as follows.

"The company does not accept corrupt any company prohibits bribery in all its forms, both public and private. The Company's procedures will be reviewed regularly order to match with laws. All directors, executives and employees must abide by this policy."

Moreover, the company gets the internal control department to be responsible for risk assessment and policies.

6. Whistle Blowing Policy

The Board of Directors laid down a Whistle Blowing Policy to justly protect the whistle-blower including the protection from persecution when filing a report, in which the company will receive and carry out the complaints with fairness, transparency, and justification following a systematic and unbiased protection measures.

The company provided the channel for all the stakeholders to file the report or complaint on those matters likely to cause damage to the company, whether they concerned the accuracy of financial statements, internal control system deficiency, or any act likely to violate the laws and business ethics, or the matters that the stakeholders' right is violated or the corruption. They could directly communicate through the channel as follows

Agencies	E-mail Address
Human Resources	Hr@castlepeak.co.th
Internal Audit Office	Audit@castlepeak.co.th
Company Secretary	Seretary@castlepeak.co.th

Corporate Social Responsibilities (CSR) (Cont.)

Or send a registered mail to Human Resources, Internal Audit Office, or Company Secretary at
899 CPH Tower, Petchkasam Road,
Bangkae Sub-district, Bangkae District,
Bangkok 10160

The company would carefully examine the complaints by the rules, using mechanism that does not cause an impact on the whistle-blower. The results obtained through the investigation would then be reported directly to The Board of Directors, whereby the information of the claimant would be kept secret by the company, unless it is required to be disclosed by law.

Apart from the above complaint channels, the company has established a process to manage with employees' complaints by allowing them to file a complaint directly to the supervisor. If employees are unable to file a complaint through the supervisor directly, they can submit the complaints to suggestion boxes located inside the company.

Internal control and risk management.

1. Summary of the Board of Directors' opinions toward the company's internal control system.

The Board of director held the meeting on December 7, 2018. The committees assess five components of internal control by using the Committee of Sponsoring Organizations of the Tread way Commission (COSO) framework. It includes internal control system, risk assessment, the operational control system, the information systems and evaluation system. In conclusion, the committees all agree that the company has a good internal control.

2. The Audit Committees express their opinions that there is no any important problem found in the operation.

There are four audit committee's meetings in 2018.

- 1st meeting on February 27, 2018.
- 2nd meeting on May 14, 2018.
- 3rd meeting on August 10, 2018.
- 4th meeting on November 13, 2018.

3. Head of Internal Audit

Ms.Porntip Sripitaksakul, the head of internal audit is a qualified internal auditor. She works effectively and strictly. Any appointment, transfer or dismissal of this position needs the approval by the Audit Committee.

Related transaction

First translation	Castle Peak Holdings Public Co., Ltd and Castle Peak Pulp and Paper Industries Co., Ltd.
Type	Investment with registered capital THB 100,000,000
Relationship	Castle Peak Holdings Public Co., Ltd invested 41% of the shares
Reason	Investment in an associate which manufactures pulp and paper in Republic of China.
Second translation	Castle Peak Holdings Public Co., Ltd and Castle Peak Pulp and Paper Industries Co., Ltd.
Type	Financial support in the ratio of investment
Relationship	Castle Peak Holdings Public Co., Ltd provides financial support in maximum of 41%
Reason	Provide financial support to an associate which manufactures pulp and paper in Republic of China

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Castle Peak Holdings Public Company Limited

Opinion

I have audited the financial statements of Castle Peak Holdings Public Company Limited and its subsidiaries, which comprise the consolidated and separate statements of financial position as at December 31, 2018, and the related consolidated and separate statements of comprehensive income, changes in 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 Castle Peak Holdings Public Company Limited and its subsidiaries and as at December 31, 2018, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

Loss on impairment of assets

Risk

As disclosed in Note 10, the group management has considered the recover value of assets and provided the allowance for impairment of investment of Baht 41.00 million in the separate financial statements and allowance for doubtful accounts of other receivable and accrued interest income totaling Baht 88.29 million and allowance for doubtful accounts of loans of Baht 3.00 million in the consolidated and separate financial statements.

I focused on this area as the amount of an impairment of assets is significant and the determining the appropriate level depends on judgment made by management in assessing future recoverable value.

My audit addressed the risk

My procedures included an examining of relevance supporting evidences, evaluating and interviewing management's judgment and assumption used, and checked the consistency of underlying assumptions and the adequacy of disclosure.

INDEPENDENT AUDITOR'S REPORT (Cont.)

Unrecognised deferred tax assets

Risk

As disclosed in Note 17, the Group has not recorded deferred tax assets amounting to Baht 40.67 million in the consolidated financial statements and Baht 30.18 million in the separate financial statements due to the recognition of deferred tax assets are based on this opportunity by implementing that relies on the discretion of the management. The expectation for utilization of the asset is dependent on many factors, including the appropriateness of the temporary differences of tax and the adequacy of future taxable income to support such recognition.

I focused on this area as the amount of unrecognized deferred tax assets is significant and the determining the appropriate level depends on judgment made by management in assessing future taxable income.

My audit addressed the risk

My procedures included evaluating and interviewing management's judgment and assumption used, and assessed the past performance against business plans used by the Group to determine the future taxable income.

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 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.

INDEPENDENT AUDITOR'S REPORT (Cont.)

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 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 Mr. Jadesada Hungsapruek.

(Mr. Jadesada Hungsapruek)
Certified Public Accountant
Registration No. 3759

Karin Audit Company Limited
February 27, 2019

STATEMENTS OF FINANCIAL POSITION

CASTLE PEAK HOLDINGS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

AS AT DECEMBER 31, 2018

Unit : Baht

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
Assets					
Current assets					
Cash and cash equivalents	6	12,118,254.32	33,171,363.55	4,899,733.88	16,802,891.14
Trade and other current receivables	7	282,186,453.81	170,177,920.44	168,324,146.36	83,902,225.23
Inventories					
- Garment business	8	278,347,198.62	231,411,639.46	190,223,299.97	153,570,045.66
- Real estate business	5, 9	241,422,655.40	200,096,023.57	118,354,699.25	70,541,584.34
Current portion of long-term loans	5, 10	30,000,000.00	57,700,000.00	30,000,000.00	57,700,000.00
Short-term loans and advances	5	202,812,768.00	205,052,106.00	220,412,768.00	227,859,414.40
Total current assets		1,046,887,330.15	897,609,053.02	732,214,647.46	610,376,160.77
Non-current assets					
Long-term loans and other non-current receivables	5, 10	29,500,000.00	37,500,000.00	29,500,000.00	37,500,000.00
Investments in subsidiaries and associates	10	3,018,325.22	3,019,201.72	248,007,380.00	248,007,380.00
Other long-term investments		1,209,425.00	1,519,470.00	1,017,600.00	1,290,900.00
Property, plant and equipment	11	385,037,897.71	402,181,314.17	229,449,352.45	243,404,314.16
Investment properties	12	58,560,552.20	108,914,040.72	58,962,207.20	109,315,695.72
Deposits with commitment	13	23,219,120.93	5,225,632.46	21,357,243.28	3,365,447.83
Deferred tax assets	17	2,129,537.44	218,468.48	-	-
Other non - current assets		16,489,070.46	16,170,447.36	7,439,333.42	7,437,758.09
Total non - current assets		519,163,928.96	574,748,574.91	595,733,116.35	650,321,495.80
Total assets		1,566,051,259.11	1,472,357,627.93	1,327,947,763.81	1,260,697,656.57

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

STATEMENTS OF FINANCIAL POSITION (Cont.)

CASTLE PEAK HOLDINGS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

AS AT DECEMBER 31, 2018

Unit : Baht

		Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Note					
Liabilities and equity					
Current liabilities					
Overdrafts and short - term loans from financial institutions	14	515,899,585.74	442,117,321.00	391,951,367.82	313,361,633.10
Trade and other current payables	15	143,989,397.87	101,286,230.32	104,086,716.13	62,016,605.44
Current portion of long-term loans form a financial institution	16	7,040,000.00	12,000,000.00	-	-
Short-term loans	5	-	-	92,847,000.00	112,247,000.00
Total current liabilities		666,928,983.61	555,403,551.32	588,885,083.95	487,625,238.54
Non-current liabilities					
Long-term loans from a financial institution	16	-	7,000,000.00	-	-
Deferred tax liabilities	17	61,947,385.94	71,467,669.01	37,870,931.09	43,320,696.13
Non-current provisions for employee benefit	18	48,550,595.00	43,131,696.00	27,245,697.00	24,613,225.00
Total non-current liabilities		110,497,980.94	121,599,365.01	65,116,628.09	67,933,921.13
Total liabilities		777,426,964.55	677,002,916.33	654,001,712.04	555,559,159.67
Equity					
Share capital					
Authorized share capital					
40,000,000 common shares, Baht 10 par value		400,000,000.00	400,000,000.00	400,000,000.00	400,000,000.00
Issued and paid - up share capital					
40,000,000 common shares, Baht 10 par value		400,000,000.00	400,000,000.00	400,000,000.00	400,000,000.00
Premium on ordinary shares		164,000,000.00	164,000,000.00	164,000,000.00	164,000,000.00
Retained earnings					
Appropriated - legal reserve		31,839,616.42	31,839,616.42	31,839,616.42	31,839,616.42
Unappropriated		(58,750,674.39)	(74,130,360.94)	(66,623,698.99)	(52,122,034.18)
Other components of equity		251,505,112.53	273,615,216.12	144,730,134.34	161,420,914.66
Equity attributable to owners of the Company		788,594,054.56	795,324,471.60	673,946,051.77	705,138,496.90
Non-controlling interests		30,240.00	30,240.00	-	-
Total equity		788,624,294.56	795,354,711.60	673,946,051.77	705,138,496.90
Total liabilities and equity		1,566,051,259.11	1,472,357,627.93	1,327,947,763.81	1,260,697,656.57

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

STATEMENTS OF COMPREHENSIVE INCOME

CASTLE PEAK HOLDINGS PUBLIC COMPANY LIMITED AND SUBSIDIARIES
FOR THE YEAR ENDED DECEMBER 31, 2018

Unit : Baht

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Revenue from sales	5	1,590,150,059.76	1,190,102,659.04	946,779,294.84	798,210,060.96
Cost of sales	5	1,386,166,355.76	1,106,451,877.10	839,281,108.77	737,838,848.90
Gross profit		203,983,704.00	83,650,781.94	107,498,186.07	60,371,212.06
Interest income	5	2,430,890.95	1,787,030.96	3,968,098.55	2,456,547.30
Gain on exchange rate		626,399.66	14,250,524.93	-	11,350,359.56
Other income	12	2,714,045.11	3,507,685.89	13,782,643.94	2,423,177.52
Profit before expenses		209,755,039.72	103,196,023.72	125,248,928.56	76,601,296.44
Distribution costs		66,925,100.71	45,391,439.78	50,417,788.72	31,879,166.09
Administrative expenses	5	127,775,856.84	116,672,675.45	82,107,257.80	76,994,256.51
Financial costs	5	33,214,974.74	26,152,207.43	29,366,092.21	25,381,002.14
Total expenses		227,915,932.29	188,216,322.66	161,891,138.73	134,254,424.74
Share of loss (profit) of investment in an associate	10	876.50	4,421.96	-	-
Profit (loss) before income tax expense		(18,161,769.07)	(85,024,720.90)	(36,642,210.17)	(57,653,128.30)
Income tax expense (income)	20	(11,431,352.03)	12,290,316.27	(5,449,765.04)	13,089,544.33
Profit (loss) for the year		(6,730,417.04)	(97,315,037.17)	(31,192,445.13)	(70,742,672.63)
Other comprehensive income					
Item that is or may be reclassified to profit or loss :					
Currency translation change in an associate	10	-	-	-	-
Item that will not be reclassified to profit or loss :					
Land and buildings - revaluation surplus	11	-	156,398,341.01	-	126,851,149.25
Other comprehensive income before income tax expense		-	156,398,341.01	-	126,851,149.25
Income tax expense	20	-	(31,279,668.20)	-	(25,370,229.85)
Other comprehensive income (loss) for the year		-	125,118,672.81	-	101,480,919.40
Total comprehensive income for the year		(6,730,417.04)	27,803,635.64	(31,192,445.13)	30,738,246.77
Profit (loss) attributable to :					
Owners of the Company		(6,730,417.04)	(97,315,037.17)	(31,192,445.13)	(70,742,672.63)
Non-controlling interests		-	-	-	-
Profit (loss) for the period		(6,730,417.04)	(97,315,037.17)	(31,192,445.13)	(70,742,672.63)
Total comprehensive income attributable to:					
Owners of the Company		(6,730,417.04)	27,803,635.64	(31,192,445.13)	30,738,246.77
Non-controlling interests		-	-	-	-
Total comprehensive income for the year		(6,730,417.04)	27,803,635.64	(31,192,445.13)	30,738,246.77
Basic earnings (loss) per share		(0.17)	(2.43)	(0.78)	(1.77)
Weighted average number of ordinary shares (shares)		40,000,000	40,000,000	40,000,000	40,000,000

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

STATEMENTS OF CHANGES IN EQUITY

CASTLE PEAK HOLDINGS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 2018

Unit : Baht

	Consolidated financial statements									
	Other components of equity									
	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Revaluation increment in land and building	Currency translation changes in associate		Total other components of equity	Equity attributable to owners of the Company	
			Legal reserve	Unappropriated						Non-controlling interests
Balance as of January 1, 2017	400,000,000.00	164,000,000.00	31,839,616.42	8,307,222.64	163,373,996.90	-	163,373,996.90	767,520,835.96	30,240.00	767,551,075.96
Comprehensive income for the year :										
Profit (loss)	-	-	-	(97,315,037.17)	-	-	-	(97,315,037.17)	-	(97,315,037.17)
Other comprehensive income	-	-	-	-	125,118,672.81	-	125,118,672.81	125,118,672.81	-	125,118,672.81
Total comprehensive income for the year	-	-	-	(97,315,037.17)	125,118,672.81	-	125,118,672.81	27,803,635.64	-	27,803,635.64
Transfer to retained earnings	-	-	-	14,877,453.59	(14,877,453.59)	-	(14,877,453.59)	-	-	-
Balance at December 31, 2017	400,000,000.00	164,000,000.00	31,839,616.42	(74,130,360.94)	273,615,216.12	-	273,615,216.12	795,324,471.60	30,240.00	795,354,711.60
Comprehensive income for the year :										
Profit or loss	-	-	-	(6,730,417.04)	-	-	-	(6,730,417.04)	-	(6,730,417.04)
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Total comprehensive income (loss) for the year	-	-	-	(6,730,417.04)	-	-	-	(6,730,417.04)	-	(6,730,417.04)
Transfer to retained earnings	-	-	-	22,110,103.59	(22,110,103.59)	-	(22,110,103.59)	-	-	-
Balance at December 31, 2018	400,000,000.00	164,000,000.00	31,839,616.42	(58,750,674.39)	251,505,112.53	-	251,505,112.53	788,594,054.56	30,240.00	788,624,294.56

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

STATEMENTS OF CHANGES IN EQUITY (CONT)

CASTLE PEAK HOLDINGS PUBLIC COMPANY LIMITED AND SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2018

Unit : Baht

	Separate financial statements					Other components of equity		
	Issued and paid - up share capital	Premium on ordinary shares	Retained earnings		Revaluation increment in land and building	Total other components of equity	Total	
			Legal reserve	Unappropriated				
Balance as of January 1, 2017	400,000,000.00	164,000,000.00	31,839,616.42	7,780,505.91	70,780,127.80	70,780,127.80	674,400,250.13	
Comprehensive income for the year :								
Profit or loss	-	-	-	(70,742,672.63)	-	-	(70,742,672.63)	
Other comprehensive income	-	-	-	-	101,480,919.40	101,480,919.40	101,480,919.40	
Total comprehensive income (loss) for the year	-	-	-	(70,742,672.63)	101,480,919.40	101,480,919.40	30,738,246.77	
Transfer to retained earnings	-	-	-	10,840,132.54	(10,840,132.54)	(10,840,132.54)	-	
Balance at December 31, 2017	400,000,000.00	164,000,000.00	31,839,616.42	(52,122,034.18)	161,420,914.66	161,420,914.66	705,138,496.90	
Comprehensive income for the year :								
Profit or loss	-	-	-	(31,192,445.13)	-	-	(31,192,445.13)	
Other comprehensive income	-	-	-	-	-	-	-	
Total comprehensive income (loss) for the year	-	-	-	(31,192,445.13)	-	-	(31,192,445.13)	
Transfer to retained earnings	-	-	-	16,690,780.32	(16,690,780.32)	(16,690,780.32)	-	
Balance at December 31, 2018	400,000,000.00	164,000,000.00	31,839,616.42	(66,623,698.99)	144,730,134.34	144,730,134.34	673,946,051.77	

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

STATEMENTS OF CASH FLOWS

CASTLE PEAK HOLDINGS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 2018

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
CASH FLOW FROM OPERATING ACTIVITIES				
Profit (loss) before income tax	(18,161,769.07)	(85,024,720.90)	(36,642,210.17)	(57,653,128.30)
Adjustments to reconcile profit (loss) to cash provided by (used in) :				
Trade and other current receivables (increase) decrease	(118,496,377.51)	(6,500,573.37)	(89,549,290.73)	26,283,171.59
Inventories (increase) decrease				
- Garment business	(45,691,204.45)	(24,806,834.41)	(38,406,644.27)	2,033,590.34
- Real estate business	8,753,259.83	20,857,588.23	(10,474,218.91)	23,147,225.56
Other non - current assets (increase) decrease	4,541.50	(17,729.00)	(14,928.50)	(11,434.00)
Trade and other current payables increase (decrease)	41,644,265.83	4,241,302.28	41,109,016.39	(28,206.58)
Non-current provisions for employee benefit	7,932,899.00	7,050,076.00	4,119,472.00	3,607,658.00
Depreciation and amortization	38,748,197.97	29,317,705.01	28,352,867.26	20,889,690.74
Unrealized loss (gain) on exchange rate	4,872,223.60	(3,390,720.74)	3,478,188.79	(2,757,873.47)
Share of profit (loss) of investment in an associate	876.50	4,421.96	-	-
Allowance for (reversal of) declining value of inventories - garment business	(1,244,354.71)	11,520,904.00	1,753,389.96	6,100,000.00
Allowance for (reversal of) doubtful debts/ bad debts	37,072.95	7,300,000.00	37,072.95	7,300,000.00
Allowance for (reversal of) impairment loss on other long-term investments	310,045.00	(180,770.00)	273,300.00	(151,700.00)
Loss (gain) on disposal of assets	(9,344.79)	(74,999.00)	(9,344.79)	(74,999.00)
Gain on disposal of investment properties	-	-	(12,193,869.00)	-
Loss on assets written-off	-	46,575.52	-	-
Dividend income	(167,000.00)	(74,000.00)	(150,000.00)	(65,000.00)
Interest income	(2,430,890.95)	(1,787,030.96)	(3,974,052.44)	(2,456,547.30)
Interest expense	31,703,047.76	24,737,856.01	28,666,940.01	24,743,149.23
Total adjustment of profit (loss)	(52,194,511.54)	(16,780,949.37)	(83,624,311.45)	50,905,596.81
Net cash flows provided by (used in) operating activities				
Non-current employee benefit paid	(2,514,000.00)	(2,796,500.00)	(1,487,000.00)	(1,994,500.00)
Income tax paid	(1,400,268.20)	(2,291,518.62)	(717,991.49)	(1,107,331.06)
Income tax return	906,417.53	1,349,882.77	597,975.22	626,886.70
Net cash provided by (used in) operating activities	(55,202,362.21)	(20,519,085.22)	(85,231,327.72)	48,430,652.45

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

STATEMENTS OF CASH FLOWS (CONT)

CASTLE PEAK HOLDINGS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 2018

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
CASH FLOW FROM INVESTING ACTIVITIES				
Interest received	1,813,810.70	1,787,030.96	3,187,383.14	2,142,523.34
Dividend received	167,000.00	74,000.00	150,000.00	65,000.00
Loans and advances to related parties	-	-	(62,214,231.12)	(49,352,658.72)
Proceeds from loans and advances to related parties	40,000,000.00	-	107,421,539.52	26,545,350.32
Cash paid for purchases of property, plants and equipment	(20,490,209.92)	(4,955,069.12)	(13,320,650.59)	(2,689,979.02)
Proceeds from disposal of property, plants and equipment	9,345.79	75,000.00	9,345.79	75,000.00
Cash paid for purchases of investment properties	(22,925.00)	(55,330.00)	(22,925.00)	(55,330.00)
Proceeds from disposal of investment properties	-	-	24,287,500.00	-
Cash paid for purchases of intangible assets	-	(292,980.00)	-	(292,980.00)
Decrease (increase) in deposits with commitment	(17,993,488.47)	(2,959,526.22)	(17,991,795.45)	(3,365,447.83)
Net cash provided by (used in) investing activities	3,483,533.10	(6,326,874.38)	41,506,166.29	(26,928,521.91)
CASH FLOW FROM FINANCING ACTIVITIES				
Interest paid	(31,082,613.02)	(25,206,147.34)	(27,511,507.63)	(24,842,955.94)
Increase (decrease) in overdrafts and short - term loans from financial institutions	73,708,332.90	56,435,395.56	78,733,511.80	16,332,515.35
Repayment of borrowings and advances from related parties	-	-	(53,616,508.57)	(21,000,000.00)
Proceeds from borrowings and advances from related parties	-	-	34,216,508.57	20,000,000.00
Repayment of liability under financial lease	-	(69,877.40)	-	-
Repayment of long - term loans from financial institutions	(11,960,000.00)	-	-	-
Proceeds from long - term loans from financial institutions	-	5,000,000.00	-	-
Net cash provided by (used in) financing activities	30,665,719.88	36,159,370.82	31,822,004.17	(9,510,440.59)
Net increase (decrease) in cash and cash equivalents	(21,053,109.23)	9,313,411.22	(11,903,157.26)	11,991,689.95
Cash and cash equivalents at the beginning of the year	33,171,363.55	23,857,952.33	16,802,891.14	4,811,201.19
Cash and cash equivalents at the end of the year	12,118,254.32	33,171,363.55	4,899,733.88	16,802,891.14

Supplemental disclosures of cash flow information:

Non-cash transactions

Year 2018

The Company transferred investment properties to inventories-real estate business Baht 49.43 million in the consolidated financial statements and Baht 37.34 million in separate financial statements.

Year 2017

The Company and a subsidiary have revalued their land and buildings which caused increase in value of land and buildings totaling Baht 156.40 million in consolidated financial statements and Baht 126.85 million in separate financial statements.

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

NOTES TO FINANCIAL STATEMENTS

CASTLE PEAK HOLDINGS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

DECEMBER 31, 2018

1. General information

Castle Peak Holdings Public Company Limited (“the Company”) was registered on April 1, 1994, with registration number 0107537001056. The registered office is located at 899 Petchkasam Road, Bangkae Sub-district, Bangkae District, Bangkok.

The principal business activities of the Company and subsidiaries (“the Group”) are garment manufacturing to export and property development.

2. Basis for preparation of the consolidated financial statements

The consolidated financial statements comprise the financial statements of the Company and subsidiaries (“the Group”). Subsidiaries, whose financial and operating policies are substantially direct or indirect controlled by the Company as follows:

Subsidiaries	Nature of business	Country of incorporation	Percentage of holding	
			2018	2017
Direct :				
C.P.G. Garment Co., Ltd.	Manufacturing and export garment	Thailand	99.94	99.94
Castle Peak Real Estate Co., Ltd.	Real estate	Thailand	99.99	99.99
Indirect :				
Sun Property Co., Ltd.	Real estate	Thailand	99.98	99.98
Aek Thana Property Co., Ltd.	Real estate	Thailand	99.98	99.98

Investment in other companies in which the Company significant influence is shown as “Investments in associates” under equity method in the consolidated financial statements, and record under cost method for the separate financial statements.

3. Basis of preparation of the financial statements

3.1 Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”) including related interpretations and guidelines promulgated by the Federation of Accounting Professions (FAP); applicable rules and regulations of the Thai Securities and Exchange Commission.

New financial reporting standards

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

During the year, the Group has adopted the revised financial reporting standards and interpretations (revised 2017) and new accounting treatment guidance which are effective for fiscal years beginning on or after January 1, 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Group’s financial statements.

NOTES TO FINANCIAL STATEMENTS (CONT)

(b) Financial reporting standards that will become effective for fiscal years beginning on or after January 1, 2019

During the current year, the Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) including new accounting treatment guidance, which are effective for fiscal years beginning on or after January 1, 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Group believes that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017) Construction contracts

TAS 18 (revised 2017) Revenue

TSIC 31 (revised 2017) Revenue - Barter Transactions Involving Advertising Services

TFRIC 13 (revised 2017) Customer Loyalty Programmes

TFRIC 15 (revised 2017) Agreements for the Construction of Real Estate

TFRIC 18 (revised 2017) Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Group believes that this standard will not have any significant impact on the financial statements when it is initially applied.

(c) Financial reporting standards that will become effective for fiscal years beginning on or after January 1, 2020

During the current year, the Federation of Accounting Professions issued the 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

NOTES TO FINANCIAL STATEMENTS (CONT)

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

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

3.2 Basis of measurement

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

3.3 Functional and presentation currency

The financial statements are presented in Thai Baht, which is the Group's functional currency.

3.4 Use of estimates and judgements

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

4. Significant accounting policies

4.1 Income

4.1.1 Revenues from the sales of goods are recognised when the significant risks and rewards of ownership of the goods have been transferred to the buyer.

4.1.2 Revenues from the sales of real estate development projects are recognized when the construction works are completed and the ownerships have been transferred to buyers.

4.1.3 Revenue from services is recognized when the services have been rendered.

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

4.1.5 Rental income is recognised as revenue over the period of the lease term.

4.1.6 Dividend income is recognised when obtain the right to receive the dividend.

4.1.7 Other income is recognised on an accrual basis.

4.2 Expenses

4.2.1 Expenses are recognized on an accrual basis.

4.2.2 Payments made under operating leases are recognised on a straight-line basis over the term of the lease.

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

4.3 Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

NOTES TO FINANCIAL STATEMENTS (CONT)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4.4 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, saving deposits, call and highly liquid short-term investments.

Deposits restricted in use are shown as other non-current assets.

4.5 Trade and other accounts receivable

Trade and other accounts receivable are carried at anticipated realizable value after allowance for doubtful receivables. An allowance is estimated on the basis of management's assessment of long overdue debts which may not be collectible. Bad debts are written off during the year in which they are identified.

4.6 Inventories

Garment business

The Group values its inventories at the lower of cost or net realizable value. Inventories are valued as follows:

- Finished goods and work in process at specific batch costing
- Raw materials and supplies at moving average.

Real estate business

Real estate development projects are presented at lower of cost or net realizable value. Cost comprises expenditure that is directly attributable to the acquisition of land, land improvement, construction cost, utilities, project management cost, borrowing costs and other direct relevance costs to the project.

4.7 Investments in subsidiaries and associates

Investments in subsidiary companies and associates are recorded at cost method in the separate financial statements and investments in associated companies are recorded at equity method in the consolidated financial statements.

4.8 Long-term investment

Investments in securities available for sales are stated at fair value. The diminution of carrying value is represented as unrealized gain or loss in equity.

The Group will consider the impairment of investment whether there is any indication that investment may be impaired. The impairment loss will be recognized as expenses in profit or loss.

NOTES TO FINANCIAL STATEMENTS (CONT)

4.9 Property, plant and equipment

Equipment is presented at cost less accumulated depreciation and impairment losses.

Land and buildings are stated at their revalued amounts. The revalued amount is the fair value determined on the basis of the property's existing use at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item as follows :

Land improvement	20 - 40 years
Buildings and revaluation surplus	20 - 40 years
Machinery and equipment	5 - 10 years
Furniture, fixture and office equipment	5 - 10 years
Other constructions	20 years
Vehicles	5 - 10 years

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

4.10 Investment properties

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item as follows:

Building and other constructions	20 years
----------------------------------	----------

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

4.11 Impairment of assets

The carrying amounts of the Group's assets are reviewed at each report date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimate. Impairment with cost, if assets exceed its recoverable amount, the Group will recognize an impairment loss in profit or loss.

Calculation of recoverable amount

NOTES TO FINANCIAL STATEMENTS (CONT)

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

Reversal of impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

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

4.12 Trade and other payables

Trade and other payables are stated at cost.

4.13 Employee benefit obligations

The Group's employee benefit obligation in respect of post-employment benefits under defined benefit plans recognized in the financial statements based on calculations by the independent actuary using the projected unit credit method estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

The Group recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in profit or loss.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

4.14 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

4.15 Foreign currency risk

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

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

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

The revenues and expenses of foreign entities are translated to Thai Baht at rates approximating the foreign exchange rates ruling at the dates of the transactions.

Foreign exchange differences arising on translation are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity until disposal of the investment.

NOTES TO FINANCIAL STATEMENTS (CONT)

4.16 Financial instrument

Financial assets were shown in statements of financial position composed of cash and cash equivalents, loans, investments, accounts receivable. Financial liabilities were shown in statements of financial position composed of bank overdrafts, accounts payable and borrowings. The accounting policy of each item would be disclosed in separated items. The Group made a foreign exchange forward contract in order to prevent any risks from unstable of exchange rate. A forward contract will determine a fixed exchange rate in the future of assets and liabilities which will be received or paid. Outstanding forward foreign exchange contracts are marked to market by comparing contract rate to forward market rates with similar maturities. At each reporting date, the unrealized gain or losses on outstanding forward foreign exchange contracts are reflected in profit or loss.

4.17 Basic earnings (loss) per share

Basic earnings (loss) per share are calculated by dividing profit (loss) for the year attributable to equity holders of the Company by weighted average number of ordinary shares outstanding during the year. The Company does not have any other equivalent ordinary share for diluted earnings per share calculation.

4.18 Segment reporting

Segment results that are reported to the Group's executive committee (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

4.19 Fair value estimation

The Group estimates fair value for land, buildings and investment properties. The different levels of fair value estimation have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The Group discloses the fair value measurement of above items in related notes to financial statement.

5. Related party transactions

5.1 The related parties and relationship

Parties	Relationship
C.P.G. Garment Co., Ltd.	Subsidiary
Castle Peak Real Estate Co., Ltd.	Subsidiary
Aek Thana Property Co., Ltd.	Subsidiary (indirect owned throughout Castle Peak Real Estate Co., Ltd.)
Sun Property Co., Ltd.	Subsidiary (indirect owned throughout Castle Peak Real Estate Co., Ltd.)
Castle Peak Pulp & Paper Industries Co., Ltd.	Associate
Yueyang Fengli Pulp & Paper Industry Co., Ltd.	Associate (indirect owned throughout Castle Peak Pulp & Paper Co., Ltd.)

NOTES TO FINANCIAL STATEMENTS (CONT)

5.2 Significant transactions for the years ended December 31, 2018 and 2017 with related parties, were as follows:

		Unit : Baht			
	Pricing policy	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Sales - raw materials and wages	(1)				
C.P.G. Garment Co., Ltd.		-	-	11,136,470.35	17,485,198.00
Sales - equipment	(1)				
C.P.G. Garment Co., Ltd.		-	-	-	75,000.00
Interest income	(2)				
C.P.G. Garment Co., Ltd.		-	-	1,564,877.14	679,777.39
Yueyang Fengli Pulp & Paper Industry Co., Ltd.		2,330,964.13	1,766,362.00	2,330,964.13	1,766,362.00
Total		2,330,964.13	1,766,362.00	3,895,841.27	2,446,139.39
Sales - land under investment properties	(1)				
Aek Thana Property Co., Ltd.		-	-	24,287,500.00	-
Purchases - finished goods, raw materials and wages	(1)				
C.P.G. Garment Co., Ltd.		-	-	18,167,166.48	26,027,573.76
Construction costs	(1)				
Sun Property Co., Ltd.		-	-	5,094,631.03	-
Project management fee	(1)				
Sun Property Co., Ltd.		-	-	373,831.78	-
Interest expense	(2)				
Castle Peak Real Estate Co., Ltd.		-	-	5,588,314.22	7,144,204.64
Management remuneration		13,963,242.00	12,894,095.00	11,106,321.00	10,254,271.00

Pricing policies are as follows:

- (1) Cost plus margin
- (2) Interest rate at MLR/ MLR+0.25 of a local bank or actual incurred rate

NOTES TO FINANCIAL STATEMENTS (CONT)

5.3 Significant assets and liabilities at December 31, 2018 and 2017 with related parties, were as follows:

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade account receivable				
Subsidiary				
C.P.G. Garment Co., Ltd.	-	-	7,650,251.99	4,757,218.26
Other current receivables				
Interest receivable				
Subsidiary				
C.P.G. Garment Co., Ltd.	-	-	520,256.85	350,667.80
Associate				
Castle Peak Pulp & Paper Industries Co., Ltd.	56,013,663.96	72,370,123.53	56,013,663.96	72,370,123.53
Less allowance for doubtful account (Note 10)	(56,013,663.96)	(72,370,123.53)	(56,013,663.96)	(72,370,123.53)
Net	-	-	520,256.85	350,667.80
Other receivable				
Associate				
Castle Peak Pulp & Paper Industries Co., Ltd.	21,118,568.24	34,634,451.91	21,118,568.24	34,634,451.91
Less allowance for doubtful accounts (Note 10)	(21,118,568.24)	(34,634,451.91)	(21,118,568.24)	(34,634,451.91)
Net	-	-	-	-
Total	-	-	520,256.85	350,667.80
Current portion of long-term loans to				
Castle Peak Pulp & Paper Industries Co., Ltd.	30,000,000.00	65,000,000.00	30,000,000.00	65,000,000.00
Less allowance for doubtful accounts (Note 10)	-	(7,300,000.00)	-	(7,300,000.00)
Net	30,000,000.00	57,700,000.00	30,000,000.00	57,700,000.00
Short-term loans and advance to				
Subsidiary				
C.P.G. Garment Co., Ltd.	-	-	17,600,000.00	22,807,308.40
Associates				
Yueyang Fengli Pulp & Paper Industry Co., Ltd.	26,397,768.00	28,637,106.00	26,397,768.00	28,637,106.00
Castle Peak Pulp & Paper Industries Co., Ltd.	176,415,000.00	176,415,000.00	176,415,000.00	176,415,000.00
Total	202,812,768.00	205,052,106.00	220,412,768.00	227,859,414.40
Long-term loans to and other non-current receivables				
Long-term loans to				
Associate				
Castle Peak Pulp & Paper Industries Co., Ltd.	32,500,000.00	37,500,000.00	32,500,000.00	37,500,000.00
Less allowance for valuation adjustment	(3,000,000.00)	-	(3,000,000.00)	-
Loans, net	29,500,000.00	37,500,000.00	29,500,000.00	37,500,000.00
Interest receivable				
Associate				
Castle Peak Pulp & Paper Industries Co., Ltd.	11,162,962.75	8,545,534.26	11,162,962.75	8,545,534.26
Less allowance for doubtful accounts (Note 10)	(11,162,962.75)	(8,545,534.26)	(11,162,962.75)	(8,545,534.26)
Interest receivable, net	-	-	-	-
Total	29,500,000.00	37,500,000.00	29,500,000.00	37,500,000.00
Trade account payable				
Subsidiary				
C.P.G. Garment Co., Ltd.	-	-	9,188,167.58	2,204,875.66
Sun Property Co., Ltd.	-	-	3,292,853.21	-
Total	-	-	12,481,020.79	2,204,875.66
Other current payable - interest payable				
Subsidiary				
Castle Peak Real Estate Co., Ltd.	-	-	486,944.69	587,612.50
Short-term loans from				
Subsidiary				
Castle Peak Real Estate Co., Ltd.	-	-	92,847,000.00	112,247,000.00

NOTES TO FINANCIAL STATEMENTS (CONT)

5.4 Movement of short-term loans and advances to related parties during the year ended December 31, 2018 were as follows:

Unit : Baht

	Consolidated financial statements						
	December 31,			Gain (loss)		December 31,	Interest
	2017	Increase	(Decrease)	on exchange	Transfers in	2018	rate (%)
				rate	(out)		
Loans to :							
Associates							
Yueyang Fengli Pulp							
& Paper Industry Co., Ltd.	28,637,106.00	-	-	(2,239,338.00)	-	26,397,768.00	6.50
Castle Peak Pulp							
& Paper Industries Co., Ltd.	176,415,000.00	-	-	-	-	176,415,000.00	6.50
Total	205,052,106.00	-	-	(2,239,338.00)	-	202,812,768.00	

Unit : Baht

	Separate financial statements						
	December 31,			Gain (loss)		December 31,	Interest
	2017	Increase	(Decrease)	on exchange	Transfers in	2018	rate (%)
				rate	(out)		
Loans to :							
Subsidiary							
C.P.G. Garment Co., Ltd.	22,800,000.00	61,900,000.00	(67,100,000.00)	-	-	17,600,000.00	6.25
Associates							
Yueyang Fengli Pulp & Paper Industry Co., Ltd.	28,637,106.00	-	-	(2,239,338.00)	-	26,397,768.00	6.50
Castle Peak Pulp & Paper Industries Co., Ltd.	176,415,000.00	-	-	-	-	176,415,000.00	6.50
Advances to :							
Subsidiary							
C.P.G. Garment Co., Ltd.	7,308.40	314,231.12	(321,539.52)	-	-	-	None
Total	227,859,414.40	62,214,231.12	(67,421,539.52)	(2,239,338.00)	-	220,412,768.00	

NOTES TO FINANCIAL STATEMENTS (CONT)

5.5 Movement of long-term loans to a related party during the year ended December 31, 2018 were as follows:

Unit : Baht

	Consolidated / Separate financial statements					Interest rate (%)
	December 31, 2017	Increase	(Decrease)	Transfers in (out)	December 31, 2018	
Loans to :						
Associate						
Castle Peak Pulp & Paper Industries Co., Ltd.						
- Current portion of long-term loans	65,000,000.00	-	(40,000,000.00)	5,000,000.00	30,000,000.00	
- Long-term loans	37,500,000.00	-	-	(5,000,000.00)	32,500,000.00	
Total	102,500,000.00	-	(40,000,000.00)	-	62,500,000.00	None
Less allowance for doubtful accounts (Note 10)	(7,300,000.00)	-	4,300,000.00	-	(3,000,000.00)	
Net	95,200,000.00	-	(35,700,000.00)	-	59,500,000.00	

5.6 Movement of short-term loans and advances from related parties during the year ended December 31, 2018 were as follows:

Unit : Baht

	Separate financial statements				Interest rate (%)
	December 31, 2017	Increase	(Decrease)	December 31, 2018	
Loans from :					
Subsidiary					
Castle Peak Real Estate Co., Ltd.	112,247,000.00	34,200,000.00	(53,600,000.00)	92,847,000.00	6.25
Advances to :					
Subsidiary					
C.P.G. Garment Co., Ltd.	-	16,508.57	(16,508.57)	-	None
Total	112,247,000.00	34,216,508.57	(53,616,508.57)	92,847,000.00	

(1) Loan of USD 820,000 bears interest rates at MLR+0.25% p.a.. The principal and accrued interest expense will be repaid within August 24, 2019.

Except for the above mentioned, as of December 31, 2018 and 2017, loans to and loans from related parties are in term of promissory notes, which are due on call, bear interest rate at MLR or MLR+0.25% p.a. of a local bank.

These loans to and from related parties have no collateral.

5.7 Commitment as at December 31, 2018 and 2017 with a related party were as follows:

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Commitments on the agreements construction of real estate project				
Subsidiary				
Sun Property Co., Ltd.	-	-	12,694,144.79	-

NOTES TO FINANCIAL STATEMENTS (CONT)

6. Cash and cash equivalents

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash	99,990.00	93,027.00	40,000.00	40,000.00
Current accounts	11,195,567.02	32,591,900.35	4,859,733.88	16,678,562.49
Saving deposits	822,697.30	486,436.20	-	84,328.65
Total	12,118,254.32	33,171,363.55	4,899,733.88	16,802,891.14

7. Trade and other current receivables

Unit : Baht

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
Trade accounts receivable					
- Related party	5	-	-	7,650,251.99	4,757,218.26
- Other parties		273,764,257.14	165,804,076.29	159,203,437.65	76,008,340.74
Less allowance for doubtful accounts		(4,207,072.95)	-	(4,207,072.95)	-
Trade accounts receivables, net		269,557,184.19	165,804,076.29	162,646,616.69	80,765,559.00
Other current receivables					
- Related party	5	77,743,358.56	107,004,575.44	78,263,615.41	107,355,243.24
- Other parties		12,018,143.26	4,373,844.15	4,546,146.46	2,785,998.43
Less allowance for doubtful accounts	5	(77,132,232.20)	(107,004,575.44)	(77,132,232.20)	(107,004,575.44)
Other current receivables, net		12,629,269.62	4,373,844.15	5,677,529.67	3,136,666.23
Total		282,186,453.81	170,177,920.44	168,324,146.36	83,902,225.23

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Related party				
Within credit term	-	-	7,069,283.17	4,757,218.26
Over due				
- Not over 3 months	-	-	580,968.82	-
Total	-	-	7,650,251.99	4,757,218.26
Other parties				
Within credit term	225,468,080.29	161,217,351.78	126,993,914.47	74,755,117.68
Over due				
- Not over 3 months	44,259,666.78	4,586,724.51	28,173,013.11	1,253,223.06
- Over 3 months but not over 6 months	4,036,510.07	-	4,036,510.07	-
Less allowance for doubtful accounts	(4,207,072.95)	-	(4,207,072.95)	-
Total	269,557,184.19	165,804,076.29	154,996,364.70	76,008,340.74

NOTES TO FINANCIAL STATEMENTS (CONT)

8. Inventories - garment business

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Finished goods	17,603,281.96	19,424,264.98	9,752,062.35	10,712,882.99
Work in process	124,682,513.74	106,545,447.20	85,938,826.74	71,202,730.64
Raw materials and supplies	112,299,772.10	100,292,476.96	79,354,493.36	69,608,354.66
Raw materials in transit	34,617,276.11	17,249,450.32	23,031,307.48	8,146,077.37
Total	289,202,843.91	243,511,639.46	198,076,689.93	159,670,045.66
Less allowance for declining in value of inventories	(10,855,645.29)	(12,100,000.00)	(7,853,389.96)	(6,100,000.00)
Net	278,347,198.62	231,411,639.46	190,223,299.97	153,570,045.66

The cost of inventories which is recognised as an expense and included in cost of sale of goods for the year ended December 31, 2018 amounted to Baht 1,378.86 million (2017: Baht 1,104.87 million) in the consolidated statements of comprehensive income and Baht 829.40 million (2017: Baht 707.94 million) in the separate statements of comprehensive income.

In 2018, the Group recognised an allowance for decline in value of inventories adjusted to net realisable value of Baht 7.81 million and recognised a recovery of allowance for decline in value of inventories of Baht 9.05 million (2017 : recognised an allowance for decline in value of inventories adjusted to net realisable value of Baht 15.30 million and recognised a reversal of allowance for decline in value of inventories of Baht 3.78 million).

9. Inventories- real estate business

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Land	218,590,442.00	206,600,403.00	123,100,572.00	85,689,465.00
Land development	35,966,687.50	33,739,418.39	9,497,552.50	2,092,252.50
Construction in progress	545,511,750.79	595,265,358.84	245,647,955.59	236,076,115.30
Infrastructure	116,478,522.95	125,581,797.69	36,843,850.98	36,399,440.36
Construction development costs	37,305,017.42	36,059,873.36	9,995,290.10	7,131,092.68
Others	680,000.00	680,000.00	-	-
Total	954,532,420.66	997,926,851.28	425,085,221.17	367,388,365.84
Less cumulative costs transferred to cost of sales	(713,109,765.26)	(797,830,827.71)	(306,730,521.92)	(296,846,781.50)
Net	241,422,655.40	200,096,023.57	118,354,699.25	70,541,584.34

As at December 31, 2018, inventories- real estate business of the Company and subsidiaries totaling Baht 138.55 million (2017 : Baht 159.55 million) in consolidated financial statements and Baht 37.46 million (2017 : Baht 36.34 million) in separate financial statements, are mortgaged as collateral for long-term loans (Note 16) and letters of guarantee for construction and maintenance of infrastructures (Note 24).

NOTES TO FINANCIAL STATEMENTS (CONT)

10. Investments in subsidiaries and associates

					Unit : Baht	
Name	Type of business	Paid-in capital (Thousand Baht)	Ownership interest (%)	Consolidated financial statements		
				Investment at equity method		
				2018	2017	
Investment in associates :-						
Castle Peak Pulp & Paper Co., Ltd.						
	Pulp & paper	100,000	41.00	-	-	
	Thanee Watana Co., Ltd. ⁽¹⁾	Real estate	3,750	49.00	3,018,325.22	3,019,201.72
Total investment in associates				3,018,325.22	3,019,201.72	

							Unit : Baht
Name	Type of business	Paid-in capital (Thousand Baht)	Owner-ship interest (%)	Separate financial statements			
				Investment at cost method		Dividend income	
				2018	2017	2018	2017
Investments in subsidiaries :-							
C.P.G. Garment Co., Ltd.	Manufacturing and export garment	46,200	99.94	46,170,000.00	46,170,000.00	-	-
Castle Peak Real Estate Co., Ltd.	Real estate	200,000	99.99	199,999,880.00	199,999,880.00	-	-
Investment in associates :-							
Castle Peak Pulp & Paper Co., Ltd.	Holding	100,000	41.00	41,000,000.00	41,000,000.00	-	-
Thanee Watana Co., Ltd. ⁽¹⁾	Real estate	3,750	49.00	1,837,500.00	1,837,500.00	-	-
Less allowance for impairment				(41,000,000.00)	(41,000,000.00)	-	-
Total				248,007,380.00	248,007,380.00	-	-

⁽¹⁾ Not started its core business.

NOTES TO FINANCIAL STATEMENTS (CONT)

The share of comprehensive income (loss) of two associates in the consolidated statements of comprehensive income for the year ended December 31, 2018 amounted to Baht 0.00 million (2017 : Baht (0.00) million), were computed from the financial statements which audited by other auditors.

In August 2016, a director, who is a major shareholder, made a declaration of intention to propose to the Company offers for purchase loans, accrued interest, liabilities for loan guarantee both associate (Castle Peak Pulp & Paper Industries Co., Ltd. “CPPP”) and oversea associate of an associate (Yueyang Fengli Pulp & Paper Industry Co., Ltd. “Yueyang”) to the Company, included assignment/purchase the Company entire investment in CPPP of 4,100,000 shares, all together of Baht 307,552,106.

Consequently, the Company provided allowance for impairment of investment of Baht 41.00 million in the separate financial statements and allowance for doubtful accounts of other current receivable and other non-current receivable totaling Baht 115.55 million in the consolidated and separate financial statements. These transactions were presented under loss on impairment of assets of Baht 115.55 million in the consolidated statements of income and of Baht 156.55 million in the separate statements of income for the year ended December 31, 2016. In addition, the Company does not recognise interest income since July 1, 2016.

On January 19, 2018, CPPP submitted an intention proposal to the Company in order to propose for loan restructure for term loans.

On January 25, 2018, the mentioned letter has been considered in the board of director meeting. A director, who offered to purchase the investment in CPPP has purposed to cancel his intention to purchase investment in CPPP. Since CPPP offered to make final repay by March 31, 2020, so the Company can use such repay amount as its working capital and has an opportunity to receive dividend in the future. Thus, the Company would have more benefit by investing in CPPP. The board, therefore, has approved to continue hold investment in CPPP.

On February 20, 2018, the Company and CPPP have entered into loan restructure agreement for term loans, details as follows,

- 1) Borrower agrees to make installment to repay term loans principle of Baht 102,500,000 as follows:

1 st installment, repay within February 28, 2018,	amounted to Baht 40,000,000
2 nd installment, repay within March 31, 2019,	amounted to Baht 30,000,000
3 rd installment, repay within March 31, 2020,	amounted to Baht 32,500,000
- 2) During the installment period as said in 1, the lender would not charge interest for these loans.
- 3) In case the borrower satisfied to repay the lender according to 1, lender would forgive accrued interest and accrued guarantee fee as repayment proportionate.
- 4) In case of default, lender has right to execute the lawsuit for unpaid principle and unforgiven accrued interest and accrued guarantee fee as said in 3.

In February 2018, the Company received the 1st installment of Baht 40.00 million as identified in the loan restructure agreement. Consequently, the Company has written of accrued interest income and receivable for guarantee fee of Baht 13.74 million and Baht 13.52 million, respectively, and allowance for doubtful accounts totaling Baht 27.26 million in the consolidated and separate statements of financial position as of December 31, 2018.

As per loan restructure agreement, the Company recognized allowance for doubtful accounts of long term based to fair value of Baht 3.00 million in the consolidated and separate financial statements for the year ended December 31, 2018. (2017 : Baht 7.30 million)

NOTES TO FINANCIAL STATEMENTS (CONT)

11. Property, plant and equipment

Unit : Baht

	Consolidated financial statements				As at December 31, 2018
	As at December 31, 2017	Increase	Decrease	Transfer in (out)	
Cost plus revaluation surplus :					
Land and improvement	46,304,335.50	-	-	-	46,304,335.50
Land - revaluation surplus	232,743,563.20	-	-	-	232,743,563.20
Buildings	116,344,890.52	494,627.80	-	-	116,839,518.32
Buildings - revaluation surplus	325,155,038.64	-	-	-	325,155,038.64
Cost :					
Machinery and equipment	340,070,668.42	11,648,096.21	-	6,392,883.84	358,111,648.47
Furniture and office equipment	119,859,449.29	1,862,990.21	-	(45,596.75)	121,676,842.75
Leasehold building improvement	3,949,846.28	-	-	-	3,949,846.28
Other constructions	355,562.61	-	-	-	355,562.61
Vehicles	37,444,953.42	810,000.00	(1,799,215.00)	-	36,455,738.42
Assets in transit	672,791.39	5,674,495.70	-	(6,347,287.09)	-
Total cost	1,222,901,099.27	20,490,209.92	(1,799,215.00)	-	1,241,592,094.19
Accumulated depreciation :					
Land improvement	(10,298,398.70)	-	-	-	(10,298,398.70)
Building	(106,021,936.15)	(2,058,865.14)	-	-	(108,080,801.29)
Building - revaluation surplus	(215,879,581.68)	(27,637,629.48)	-	-	(243,517,211.16)
Machinery and equipment	(331,281,092.76)	(6,188,848.91)	-	-	(337,469,941.67)
Furniture and office equipment	(117,796,347.58)	(981,944.92)	-	-	(118,778,292.50)
Leasehold building improvement	(3,913,958.51)	(5,076.00)	-	-	(3,919,034.51)
Other constructions	(256,449.95)	(17,778.12)	-	-	(274,228.07)
Vehicles	(35,272,019.77)	(743,482.81)	1,799,214.00	-	(34,216,288.58)
Total accumulated depreciation	(820,719,785.10)	(37,633,625.38)	1,799,214.00	-	(856,554,196.48)
Net	402,181,314.17				385,037,897.71

NOTES TO FINANCIAL STATEMENTS (CONT)

Unit : Baht

	Separate financial statements				As at December 31, 2018
	As at December 31, 2017	Increase	Decrease	Transfer in (out)	
Cost plus revaluation surplus :					
Land and land improvement	40,104,335.50	-	-	-	40,104,335.50
Land - revaluation surplus	144,981,563.20	-	-	-	144,981,563.20
Buildings	90,369,339.19	332,940.00	-	-	90,702,279.19
Buildings - revaluation surplus	209,535,105.28	-	-	-	209,535,105.28
Cost :					
Machinery and equipment	220,427,927.18	6,027,884.29	-	6,392,883.84	232,848,695.31
Furniture and office equipment	73,374,110.18	1,285,330.60	-	(45,596.75)	74,613,844.03
Vehicles	4,707,007.94	-	(1,799,215.00)	-	2,907,792.94
Asset on the way	672,791.39	5,674,495.70	-	(6,347,287.09)	-
Total cost	784,172,179.86	13,320,650.59	(1,799,215.00)	-	795,693,615.45
Accumulated depreciation :					
Land improvement	(10,298,398.70)	-	-	-	(10,298,398.70)
Building	(87,396,001.58)	(1,103,162.88)	-	-	(88,499,164.46)
Building - revaluation surplus	(152,740,525.15)	(20,863,475.40)	-	-	(173,604,000.55)
Machinery and equipment	(214,211,731.35)	(4,467,924.10)	-	-	(218,679,655.45)
Furniture and office equipment	(71,848,178.49)	(694,014.35)	-	-	(72,542,192.84)
Vehicles	(4,273,030.43)	(147,034.57)	1,799,214.00	-	(2,620,851.00)
Total accumulated depreciation	(540,767,865.70)	(27,275,611.30)	1,799,214.00	-	(566,244,263.00)
Net	243,404,314.16				229,449,352.45

During the year 2017, the Company and a subsidiary have revalued their land and buildings by an independence appraiser, Chartered Valuation and Consultant Co., Ltd. and Siam Appraisal and Service Co., Ltd.. These revaluations caused increase in value of land of Baht 97.97 million, and buildings of Baht 58.43 million in consolidated financial statements, and increase in value of land of Baht 94.38 million, and buildings of Baht 32.47 million in separate financial statements. These revaluations have been recorded in statements of comprehensive income for the year ended December 31, 2017.

As at December 31, 2018, substantial parcels of land and construction thereon of the Group, with net carrying value of Baht 356.81 million (2017 : Baht 386.02 million) in the consolidated financial statements, and Baht 210.59 million (2017 : Baht 232.22 million) in the separate financial statements, were mortgaged as collateral for overdrafts and short-term loans from financial institutions of the Group (Note 14).

As at December 31, 2018, the Group had fully depreciated fixed assets which were still in active use at gross carrying value totaling Baht 477.12 million (2017 : Baht 467.46 million) in the consolidated financial statements and Baht 282.01 million (2017 : Baht 275.28 million) in the separate financial statements.

NOTES TO FINANCIAL STATEMENTS (CONT)

12. Investment properties

Unit : Baht

	Consolidated financial statements				As at December 31, 2018
	As at December 31, 2017	Increase	Decrease	Transfer in (out)	
Cost :					
Land and land improvement	99,054,036.00	22,925.00	-	(49,432,527.00)	49,644,434.00
Buildings and other constructions	37,755,071.56	-	-	-	37,755,071.56
Total cost	136,809,107.56	22,925.00	-	(49,432,527.00)	87,399,505.56
Accumulated depreciation :					
Land improvement	(80,552.01)	-	-	-	(80,552.01)
Buildings and other constructions	(25,478,511.93)	(943,886.52)	-	-	(26,422,398.45)
Total accumulated depreciation	(25,559,063.94)	(943,886.52)	-	-	(26,502,950.46)
Allowance for impairment of assets					
Buildings and other constructions	(2,336,002.90)	-	-	-	(2,336,002.90)
Total allowance for impairment of assets	(2,336,002.90)	-	-	-	(2,336,002.90)
Net	108,914,040.72				58,560,552.20

Unit : Baht

	Separate financial statements				As at December 31, 2018
	As at December 31, 2017	Increase	Decrease	Transfer in (out)	
Cost :					
Land and land improvement	99,455,691.00	22,925.00	(12,093,631.00)	(37,338,896.00)	50,046,089.00
Buildings	33,861,732.66	-	-	-	33,861,732.66
Total cost	133,317,423.66	22,925.00	(12,093,631.00)	(37,338,896.00)	83,907,821.66
Accumulated depreciation :					
Land improvement	(80,552.01)	-	-	-	(80,552.01)
Buildings	(23,921,175.93)	(943,886.52)	-	-	(24,865,062.45)
Total accumulated depreciation	(24,001,727.94)	(943,886.52)	-	-	(24,945,614.46)
Net	109,315,695.72				58,962,207.20

NOTES TO FINANCIAL STATEMENTS (CONT)

Fair value of investment properties as at December 31, 2018 is as follows:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	At cost	Fair value	At cost	Fair value
Land	22,315,321.00	58,738,000.00	22,716,976.00	42,000,000.00
Land and buildings	36,245,231.20	108,583,344.00	36,245,231.20	108,583,344.00
Total	58,560,552.20		58,962,207.20	

In February 2018, the Company sold land to a subsidiary at the price of Baht 24.29 million (Note 5). This caused gain on sale of such land of Baht 12.19 million in separate financial statements of comprehensive income for the year ended December 31, 2018.

Fair values are appraised values, performed by independence appraisers, UK. Valuations and Agency Co., Ltd., Chartered Valuation and Consultant Co., Ltd. and Asia Asset Appraisal Co., Ltd., and announced by the Treasury Department, Land is valued by comparable sale price and buildings are valued by cost approach, level 2 of fair values hierarchy.

As at December 31, 2018, investment properties with net carrying value of Baht 25.00 million (2017: Baht 25.56 million) in the consolidated and separate financial statements, were mortgaged as collateral for overdrafts and short-term loans from financial institutions of the Group (Note 14).

13. Deposits with commitment

As at December 31, 2018, all deposits with commitment are guaranteed for short-term loans from financial institutions of the Company (Note 14), for bank's issuance of letter of guarantee to the Land Department to guarantee the construction and maintenance of utilities of the Company and a subsidiary (Note 24), and for bank's issuance of letter of guarantee to the Custom Department of a subsidiary (Note 24).

14. Overdrafts and short-term loans from financial institutions

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Bank overdrafts	4,851,955.96	4,803,447.96	958,247.36	547,991.33
Short - term loans from banks				
- Packing credits	335,100,000.00	313,100,000.00	247,700,000.00	228,400,000.00
- Liability under trust receipts	163,947,629.78	124,213,873.04	131,293,120.46	84,413,641.77
- Promissory notes	12,000,000.00	-	12,000,000.00	-
Total	515,899,585.74	442,117,321.00	391,951,367.82	313,361,633.10

As at December 31, 2018, the Group has credit facilities with several banks totaling Baht 634.42 million (2017: Baht 604.42 million) in the consolidated financial statements and Baht 469.00 million (2017 : Baht 439.00 million) in the separate financial statements. All loans are guaranteed by mortgaging land and construction thereon (Note 11), investment properties (Note 12), and personally guaranteed by certain Company directors.

NOTES TO FINANCIAL STATEMENTS (CONT)

15. Trade and other current payables

		Unit : Baht			
		Consolidated financial statements		Separate financial statements	
Note		2018	2017	2018	2017
Trade accounts payable					
- Related parties	5	-	-	12,481,020.79	2,204,875.66
- Other parties		74,851,250.67	48,930,086.95	49,378,334.53	29,288,745.31
Total trade accounts payable payable		74,851,250.67	48,930,086.95	61,859,355.32	31,493,620.97
Other current payables					
- Related party	5	-	-	486,944.69	587,612.50
- Other parties		69,138,147.20	52,356,143.37	41,740,416.12	29,935,371.97
Total other current payables		69,138,147.20	52,356,143.37	42,227,360.81	30,522,984.47
Total		143,989,397.87	101,286,230.32	104,086,716.13	62,016,605.44

16. Long - term loans from financial institutions

		Unit : Baht			
		Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Current portion of long-term loans		7,040,000.00	12,000,000.00	-	-
Long-term loans		-	7,000,000.00	-	-
Total		7,040,000.00	19,000,000.00	-	-

As at December 31, 2018, the Company has letter of guarantee line of Baht 35.00 million which guaranteed by mortgaging inventories - real estate business of the Company (Note 9) and personally guaranteed by certain directors (2017: letter of guarantee of Baht 35.00 million, which guaranteed by mortgaging inventories- real estate business of the Company (Note 9) and personally guaranteed by certain directors).

As at December 31, 2018, two subsidiaries have credit facilities for its real estate project with local banks totaling Baht 202.30 million (2017 : Baht 202.30 million), which consists of 1) loan of Baht 102.30 million and 2) letter of guarantee of Baht 100.00 million. The loan carry interest rate at MLR- 1.25% p.a. and guaranteed by mortgaging inventories- real estate business of the subsidiary (Note 9), and personally guaranteed by certain directors. The repayment amount to free / withdraw the collateral of each unit will be repay as identified in the agreement.

NOTES TO FINANCIAL STATEMENTS (CONT)

17. Deferred tax

Deferred tax assets and liabilities as at December 31, 2018 and 2017 were as follows:

Unit : Baht

	Consolidated financial statements			
	Assets		Liabilities	
	2018	2017	2018	2017
Deferred tax assets	5,819,917.84	349,268.48	-	-
Deferred tax liabilities	-	-	(65,637,766.34)	(71,598,469.01)
Total	5,819,917.84	349,268.48	(65,637,766.34)	(71,598,469.01)
Set off of tax	(3,690,380.40)	(130,800.00)	3,690,380.40	130,800.00
Net deferred tax assets (liabilities)	<u>2,129,537.44</u>	<u>218,468.48</u>	<u>(61,947,385.94)</u>	<u>(71,467,669.01)</u>

Unit : Baht

	Separate financial statements	
	2018	2017
Deferred tax assets	1,005,414.59	130,800.00
Deferred tax liabilities	(38,876,345.68)	(43,451,496.13)
Net deferred tax assets (liabilities)	<u>(37,870,931.09)</u>	<u>(43,320,696.13)</u>

NOTES TO FINANCIAL STATEMENTS (CONT)

Movements in deferred tax assets and liabilities during the year 2018 were as follows:

Unit : Baht

	Consolidated financial statements		
	At	(Charged) / Credited to:	At
	January 1, 2018	Profit or loss	December 31, 2018
Deferred tax assets :			
Investment properties	116,800.08	(38,933.39)	77,866.69
Loss carry forward	-	1,880,851.95	1,880,851.95
Others	101,668.40	69,150.40	170,818.80
Total deferred tax assets	218,468.48	1,911,068.96	2,129,537.44
Deferred tax liabilities :			
Investment in associate	(236,340.34)	-	(236,340.34)
Land and buildings	(68,841,983.40)	5,724,731.04	(63,117,252.36)
Investment properties	(2,520,145.27)	235,971.63	(2,284,173.64)
Loss carry forward	-	2,684,965.81	2,684,965.81
Others	130,800.00	874,614.59	1,005,414.59
Total deferred tax liabilities	(71,467,669.01)	9,520,283.07	(61,947,385.94)
Total credited (charged)		11,431,352.03	-

Unit : Baht

	Separate financial statements		
	At	(Charged) / Credited to:	At
	January 1, 2018	Profit or loss	December 31, 2018
Deferred tax assets (liabilities)			
Land and buildings	(40,931,350.86)	4,339,178.82	(36,592,172.04)
Investment properties	(2,520,145.27)	235,971.63	(2,284,173.64)
Others	130,800.00	874,614.59	1,005,414.59
Net	(43,320,696.13)	5,449,765.04	(37,870,931.09)

As at December 31, 2018, deferred tax assets arising from temporary differences and unused tax losses of Baht 40.67 million (2017 : Baht 54.78 million) in the consolidated financial statements and Baht 30.18 million (2017 : Baht 37.90 million) in the separate financial statements that have not been recognised because it is not probable that they will be able to utilise the tax benefit in the foreseeable future.

NOTES TO FINANCIAL STATEMENTS (CONT)

18. Non-current provisions for employee benefit

Movements in the present value of the defined benefit obligations were as follows :

	Unit : Baht	
	Consolidated financial statements	Separate financial statements
Defined benefit obligations as at January 1, 2018	43,131,696.00	24,613,225.00
Recognised through profit or loss :		
Current service costs and interest	7,932,899.00	4,119,472.00
Benefit paid by projects	(2,514,000.00)	(1,487,000.00)
Defined benefit obligations as at December 31, 2018	48,550,595.00	27,245,697.00

On December 13, 2018, the National Legislative Assembly passed a resolution approving the draft of a new Labor Protection Act, which is in the process being announced in the Royal Gazette. The new Labor Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than that of the last 400 days, based on the final wage rate. This change is considered a post-employment benefits plan amendment. The Company and its subsidiaries will reflect the effect of the change by recognizing past service cost as an expense in the consolidated and separate statements of profit or loss, of the period in which the law is effective. At present, is during estimate the effect to the financial statement.

19. Expenses by nature

Significant expenses by nature for the years ended December 31, 2018 and 2017, were as follows:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Raw materials and supplies used	788,229,081.16	640,793,342.44	502,869,251.23	445,109,535.06
Changes in finished goods and work in process	(16,316,083.52)	(11,847,444.49)	(13,775,275.46)	6,216,495.60
Increase in land, construction in progress and utilities during the year	73,053,199.84	24,993,196.82	54,832,657.91	5,362,877.83
Changes in real estate under development projects	(41,326,631.83)	15,852,766.32	(47,813,114.91)	23,147,225.56
Salary, wages and other employee benefits	591,291,395.00	431,787,687.00	347,454,235.00	261,965,759.00
Depreciation and amortization	38,748,197.97	29,348,105.01	28,352,867.26	20,920,090.74
Utility expenses	29,439,605.11	25,953,682.21	18,044,926.74	15,424,307.45
Transportation expense	27,229,676.95	7,476,449.77	21,052,136.62	4,304,988.39
Rental and services	21,745,475.56	21,681,129.25	14,979,639.26	13,568,576.62
Repair and maintenance expenses	14,110,483.62	12,375,170.10	9,225,793.16	9,029,027.81
Loss on declining value of inventories	-	11,520,904.00	1,753,389.96	6,100,000.00

NOTES TO FINANCIAL STATEMENTS (CONT)

20. Income tax expense (income)

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Income tax recognised in profit or loss				
Current tax expense :				
Current year	-	-	-	-
Deferred tax expense :				
Movements in temporary differences	(6,865,534.27)	4,173,567.55	(5,449,765.04)	5,174,074.61
Benefit of tax losses recognised	(4,565,817.76)	8,116,748.72	-	7,915,469.72
	(11,431,352.03)	12,290,316.27	(5,449,765.04)	13,089,544.33
Net	(11,431,352.03)	12,290,316.27	(5,449,765.04)	13,089,544.33
Income tax recognized in other comprehensive income				
Land and buildings - revaluation surplus	-	31,279,668.20	-	25,370,229.85

Reconciliation of effective tax rate

Unit : Baht

	Consolidated financial statements			
	Applicable tax rate (%)	2018	Applicable tax rate (%)	2017
Accounting profit (loss) before income tax	20	(18,161,769.07)	20	(85,024,720.90)
Tax at the applicable tax rate		(3,632,353.81)		(17,004,944.18)
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		1,055,734.59		29,295,260.45
Benefit of tax losses recognised		(8,854,732.81)		-
Net		(11,431,352.03)		12,290,316.27

Unit : Baht

	Separate financial statements			
	Applicable tax rate (%)	2018	Applicable tax rate (%)	2017
Accounting profit (loss) before income tax	20	(36,642,210.17)	20	(57,653,128.30)
Tax at the applicable tax rate		(7,328,442.03)		(11,530,625.66)
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		1,878,676.99		24,620,169.99
Net		(5,449,765.04)		13,089,544.33

NOTES TO FINANCIAL STATEMENTS (CONT)

21. Segment information

The Group has two reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different manufacturing and products, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the chief operating decision maker (CODM) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

Segment 1 Garment manufacturing

Segment 2 Development of real estate for sale

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax and finance costs, as included in the internal management reports that are reviewed by the Group's CODM. Segment profit before tax and finance costs is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

NOTES TO FINANCIAL STATEMENTS (CONT)

Information relating to business segments for the years ended December 31, 2018 and 2017 as follows:

	Consolidated financial statements										Unit : Million Baht	
	2018					2017						
	Garment	Real estate	Others	Total	Add (less) inter - transactions	Net	Garment	Real estate	Others	Total	Add (less) inter - transactions	Net
External revenue	1,537	53	-	1,590	-	1,590	1,117	73	-	1,190	-	1,190
Inter-segment revenue	29	-	8	37	(37)	-	44	4	-	48	(48)	-
Total revenue	1,566	53	8	1,627	(37)	1,590	1,161	77	-	1,238	(48)	1,190
Segment results	35	2	(1)	36	(21)	15	(54)	8	-	(46)	(13)	(59)
Unallocated income (expenses)												
Share of profit (loss) from investment in associate						-						-
Financial costs						(33)						(26)
Income tax (expense) income						11						(12)
Profit (loss) for the year						(7)						(97)
Segment assets	1,553	447	9	2,009	(443)	1,566	1,441	461	10	1,912	(440)	1,472

NOTES TO FINANCIAL STATEMENTS (CONT)

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. However, the Group has no assets located in foreign countries.

Geographical information

	Unit : Million Baht	
	2018	2017
Foreign countries	1,528	1,100
Domestic	62	90
Total revenue	1,590	1,190

Major customer

Revenues from three major customers of the Group's garment manufacturing segment represent approximately Baht 1,273 million for the year 2018 (2017: Baht 824 million) of the consolidated revenues.

22. Commitments from real estate developing projects

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Value of sales already contracted during the year	58.07	82.68	33.17	46.91
Cumulative value of sales already contracted	1,066.02	1,007.95	473.08	439.91
As percentage of total sales of projects on hand (%)	76.21	72.12	89.78	83.67
Number of projects:				
Number of projects on hand at beginning of the year	4	5	1	1
Number of new opened projects	-	-	-	-
Number of closed projects	-	(1)	-	-
Number of projects on hand at end of the year	4	4	1	1

NOTES TO FINANCIAL STATEMENTS (CONT)

23. Financial instruments

23.1 Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

23.2 Capital management

The objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern in order to provide returns to the Group's shareholders and benefits to other stakeholders. The management sets strategies to support the Group's operations for more efficiency, and better performances and stronger financial status, and capital management policies to maintain the optimal capital structure and cost of capital.

23.3 Interest rate risk

Interest rate risk derives from changes in interest rate. The Group has interest rate risk because their loans bear interest at the floating interest rate. If the interest rate significantly changes, it will be impact to the Group. The information of interest rate and maturity of long-term loans are disclosed in Note 16.

23.4 Foreign currency exchange rate risk

The Group has the foreign currency exchange rate risk related to assets and liabilities denominated in foreign currencies which have not made foreign currency exchange rate risk hedging.

As at December 31, 2018 and 2017, assets and liabilities denominated in foreign currencies which have not been hedged against foreign exchange rate risk, are summarized as follows:

	Unit : Million Baht			
	Consolidated financial statements			
	2018		2017	
	Assets	Liabilities	Assets	Liabilities
US Dollar	306	176	190	118
Hong Kong Dollar	-	34	-	31
	Unit : Million Baht			
	Separate financial statements			
	2018		2017	
	Assets	Liabilities	Assets	Liabilities
US Dollar	186	134	100	80
Hong Kong Dollar	-	27	-	19

NOTES TO FINANCIAL STATEMENTS (CONT)

23.5 Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the report date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the report.

23.6 Liquidity risk

Liquidity risk, or funding risk, is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell financial assets quickly at close to its fair value.

The Group's financial assets comprise cash and cash equivalents, accounts receivable and inventories which are liquid and able to sell at close to this fair value when the Group wishes to raise fund.

23.7 Fair value

Since the majority of the Group's financial instruments are short-term. The Group expects that their fair values are not materially different from the amounts presented in the statements of financial position. Long-term loan from financial institution, which is bearing floating interest at market rates, the carrying value of such loan is equivalent to fair value. Except for long-term loans to a related party are measured at fair value level 3, which are calculated based on market return rate.

24. Commitments and contingent liabilities

As at December 31, 2018 :

24.1 The Group had contingent liabilities from bank's issuance the letter of guarantee to Custom Department and Government agencies totaling Baht 13.47 million,

24.2 The Group had commitment on letter of credit for purchasing goods from overseas totaling Baht 26.88 million,

24.3 The Group had contingent liabilities from bank's issuance of letter of guarantee to the Land Department to guarantee the construction and maintenance of utilities totaling Baht 41.72 million,

24.4 The Group had commitments on the agreements of development and construction of real estate projects totaling Baht 1.32 million.

25. Financial statements approval

Board of Directors of Castle Peak Holdings Public Company Limited has approved these financial statements on February 27, 2019.

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