



Castle Peak Holdings Public Co.,Ltd.

Annual Report 2019

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Message from the Chairman of the Board of Directors

The export sales of Castle Peak Holding Public Company Limited, in garment business, in 2019 was 47,377,821.38 USD. Compared with the year 2018, the export sales was 47,248,378.27 USD. It increased by 129,443.11 USD. However, when converting in Thai Baht, total sales in the year 2019 was 1,458,770,440.51 Baht, compared with total sales in 2018 of 1,537,533,390.91 Baht. It decreased by 78,762,950.40 Baht or 5.12% due to the strength of Thai Baht. In cost, the company focused on training existing workers to have excellent skills and invested modern technology machinery in order to produce more attractive products

In real estate business, the total sales in year 2019 was 93,528,040.00 Baht, compared with 52,616,668.85 Baht of sales in year 2018. It increased 40,911,371.15 Baht or 77.75% from the increasing number of houses sold in Siwarat 9, Siwarat 10 and Siwarat11 projects. This was mainly stimulated by the government policies such as decreasing personal income taxes for first-house buyers, reducing the ownership transfer fee from 2% to 0.01% and reducing the mortgage fee from 1% to 0.01% and cash back in the amount of 50,000 Baht. However, the company faced challenging factors in controlling the cost of materials, labors and operating expenses in the construction business which made profit dropped

Finally, on behalf of Castle Peak Holding Co., Ltd, I highly appreciated shareholders, business partners, directors and all employees for support and trust. 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 2019, 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 4 official meetings, which all three members attended in the Meeting No. 1/2019, 3/2019 and 4/2019. In Meeting No.2/2019, Ms. Kanyapat Peerawatsakoonpong was absent due to her 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 2019 were as follows:

Review of the financial report. The Audit Committee reviewed significant information in the quarterly and annual financial statements for 2019 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. Jadesada Hungsapruet (CPA Registration No. 3759), Ms. Kannika Wipanut (CPA Registration No. 7305), Mr. Jirote Sirirorote (CPA Registration No. 5113), Ms. Nongrak Pattanabandith (CPA Registration No. 4713) or Mrs. Sumana Senivongse (CPA Registration No. 5897) 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 China.

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, 2019.



Mr.Boonchoo Pongchaloem
Chairman of the Board of Director

General Information

Company	Castle Peak Holdings Public Co., Ltd.
Public Company Registration No.	0107537001056
Head Office	CPH Tower, 899 Petchkasam Road, Bangkai Sub-district, Bangkai District, Bangkok 10160 Telephone: 02-4550300 Fax: 02-4550358-9
E-mail Address	cph@castlepeak.co.th
Website	www.castlepeak.co.th
Factory	697, Petchkasam Road, Bangkai Sub-district, Bangkai District, Bangkok
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. Jirote Sirirorote from Karin Audit Company Limited 72 CAT Telecom Tower, Floor 24 , Charoen Krung Road, Bangrak Sub-district, Bangrak District, 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 the top of the latest technologies , high quality and excellent services in outerwear manufacturer and exporter by investing in modern technology machinery and training on existing workers to have excellent skills in order more efficient and gain high customer satisfaction

- 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 1,400 million Baht

In 2019, Sun Property Company Limited operates in construction 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**

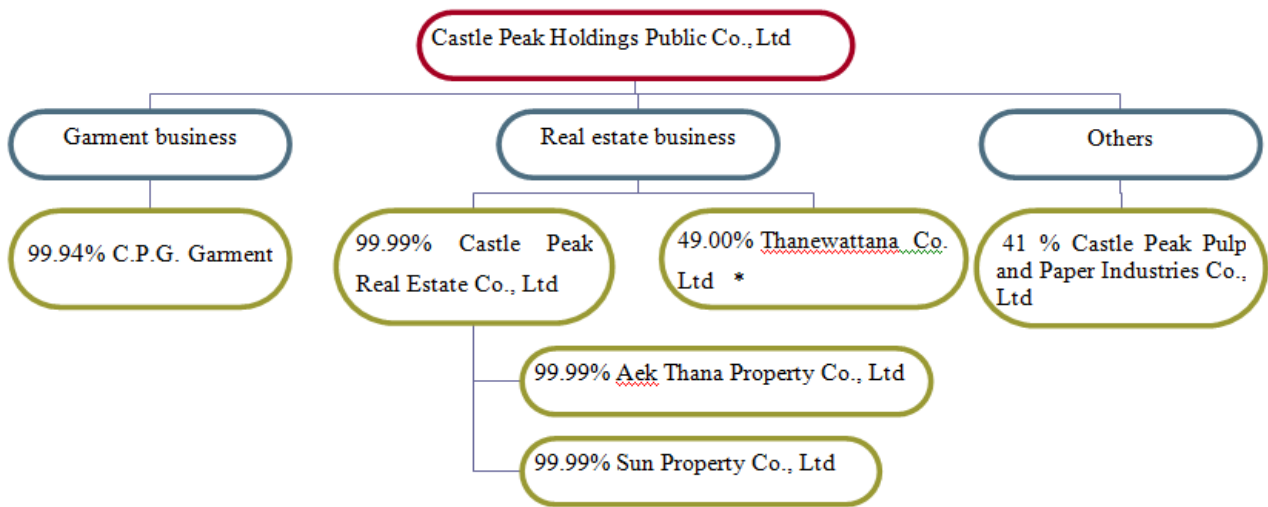
There are two core businesses under Castle Peak Holding group.

- 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 and subsidiaries which comprise of Castle Peak Real Estate Co., Ltd Aek Thana Property Co., Ltd and Sun Property Co., Ltd.

Corporate Business Policy and Business Overview (Cont.)

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



Not started the business

- Relationships with major shareholder's business groups - None

Investment

Castle Peak Holdings Public Co., Ltd. invested in Companies at 10 percent or more of the issued shares as of December 31, 2019

Companies	Registered office	Registered Capital		% Share holding	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. (Not started the business)	1174/4 Phahon Yothin Rd., Chatuchak, Bangkok	Baht	3,750,000.00	49.00	Real Estate Development

Castle Peak Real Estate Co., Ltd (subsidiary) invested in Companies as of December 31, 2019.

Companies	Registered office	Registered Capital		% Share holding	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

Corporate Business Nature

There are two core businesses under Castle Peak Holding group

1. Garment business
2. Real estate development business.

For 2019, total sales of the company can be classified into garment business and real estate business at the ratio of 93.97 and 6.03 respectively.

Revenue structure

Garment business

Operating by	% Share holder	2019		2018		2017	
		Income	%	Income	%	Income	%
Castle Peak Holdings Public Company Limited	100	856.49	55.17	919.43	57.82	731.77	61.49
C.P.G. Garment Co., Ltd	99.94	<u>602.28</u>	<u>38.80</u>	<u>618.10</u>	<u>38.87</u>	<u>385.48</u>	<u>32.39</u>
Total revenue in garment business		<u>1,458.77</u>	<u>93.97</u>	<u>1,537.53</u>	<u>96.69</u>	<u>1,117.25</u>	<u>93.88</u>

Real estate business

Operating by	% Share holder	2019		2018		2017	
		Income	%	Income	%	Income	%
Castle Peak Holdings Public Company Limited	100	40.69	2.62	16.21	1.03	48.96	4.11
Castle Peak Real Estate Co., Ltd	99.99	50.19	3.24	34.10	2.14	13.04	1.10
Aek Thana Property Co., Ltd *	99.98	2.65	<u>0.17</u>	2.30	<u>0.14</u>	10.85	<u>0.91</u>
Total revenue in real estate business		<u>93.53</u>	<u>6.03</u>	<u>52.61</u>	<u>3.31</u>	<u>72.85</u>	<u>6.12</u>
		<u>1,552.30</u>	<u>100.00</u>	<u>1,590.14</u>	<u>100.00</u>	<u>1,190.10</u>	<u>100.00</u>

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

Risk Factor

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. However, 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 2019, 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

-Real estate business has intense competition because 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.

-Buyers have many restrictions on bank loans. Banks have strict policies, most of buyers are under qualification which are rejected the loan by banks

-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 Holdings Public Co., Ltd

The first 10 major shareholders of Castle Peak Holdings Public Co., Ltd., as of December 30, 2019.

	No. of shares	% of shareholding
Mr.Boonchoo Pongchaloem	11,880,048	29.700
Thailand Securities Depository Co., Ltd	11,839,080	29.598
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	1,453,400	3.634
Ms. Benjaporn Limcharoenngern	1,400,000	3.500
Ms. Patchamon Jirayucharoensook	1,251,033	3.128
Mr.Pusak Pongchaloem	1,250,000	3.125

Mr.Boonchoo Pongchaloem and his family hold the total 19,736,702 shares, or 49.34 % 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	22	18
Mr.Pumit Pongchaloem	Vice-Chairman	22	20
Mr.Liu Chor Ting	Director	22	22
Mr.Wu Man Fun	Director	22	22
Ms.Pilin Janyaniwat	Director	22	22
Ms.Napaporn Tanawatanyong	Independent Director	22	22
Ms.Kanyapat Peerawatsakoonpong	Independent Director	22	22
Mr. Somchai Ongwararak	Independent Director	22	22

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	7	7
Mr.Puthep Pongchaloem	Vice-Chairman	7	7
Mr.Pumit Pongchaloem	Director	7	7

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	4	4
Mr.Pumit Pongchaloem	Vice-Chairman	4	4
Mr.Puthep Pongchaloem	Director	4	4

Management Structure (Cont.)

Executive Committee

The Executive Committee of Castle Peak Holding Public Co., Ltd. has 7 people on December 31 2019, 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-Chairmanof 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.Porn tip Sripitucksakul | Internal Audit Manager |

The Executive Committee of C.P.G.Garment Co., Ltd. has 5 people on December 31 2019, by name:

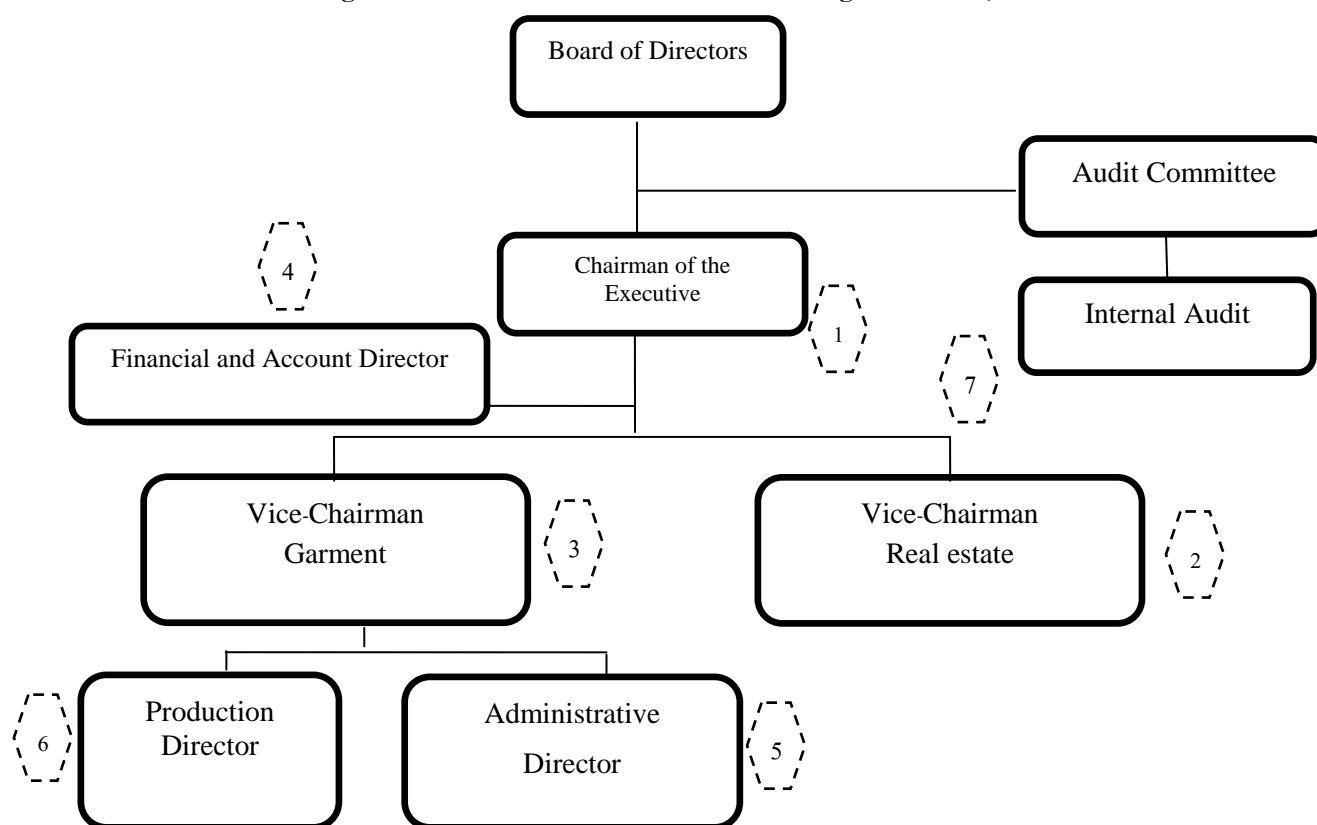
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|----------------------------|--|
| 1. Mr.Boonchoo Pongchaloem | Chairman of the Executive Committee |
| 2. Mr.Liu Chor Ting | Vice-Chairman of the Executive Committee |
| 3. Ms.Vinida Kulsompub | Financial and Accounting Director |
| 4. Mr. Puthep 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 2019, by name:

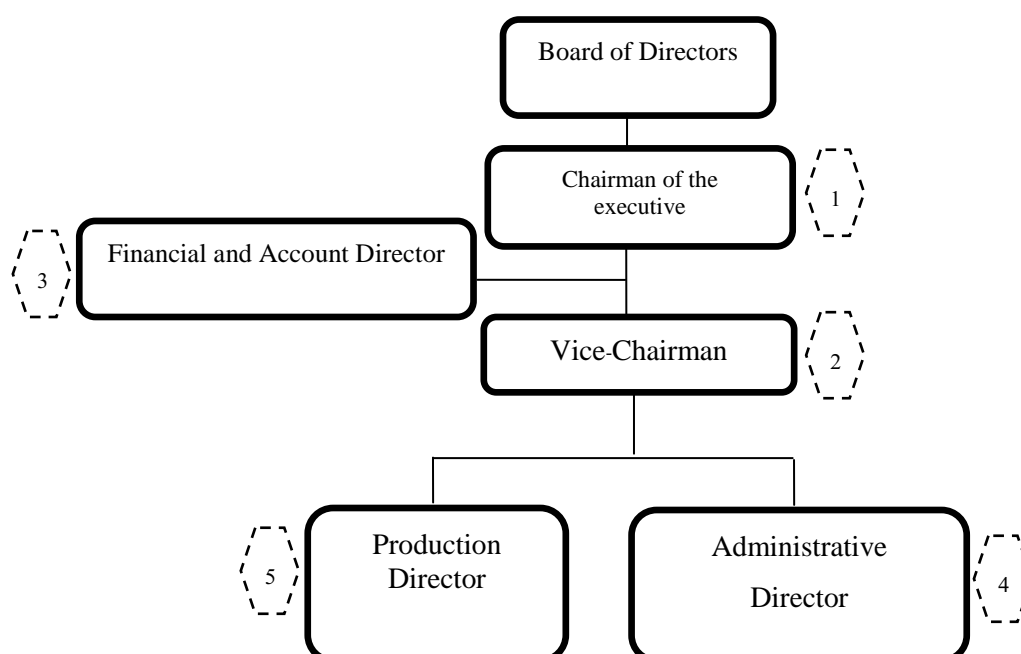
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|----------------------------|---|
| 1. Mr.Boonchoo Pongchaloem | Chairman of the Executive Committee |
| 2. Mr. Pumit Pongchaloem | Vice-Chairman of the Executive Committee/
Marketing director |
| 3. Ms.Vinida Kulsompub | Financial and Accounting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

Management Structure (Cont.)

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

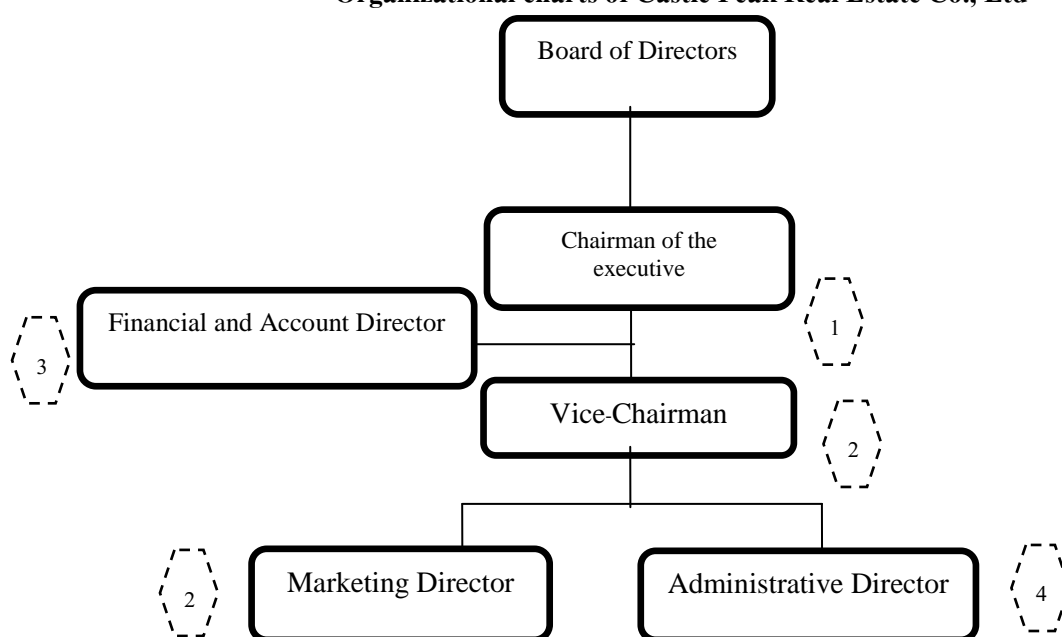


Organizational charts of C.P.G.Garment Co., Ltd



Management Structure (Cont.)

Organizational charts of Castle Peak Real Estate Co., Ltd



Secretary of the Company

Secretary of the Company: Ms.Onticha Pongchaloem

Directors and management's remuneration

1. Monetary Remuneration

(a) Remuneration received by company directors from January to December 2019

	Board of Directors' Meeting Fees	Audit Committee's Meeting Fees	Total (Baht)
Mr.Boonchoo Pongchaloem	-	-	-
Mr.Liu Chor Ting	-	-	-
Mr. Pumit Pongchaloem	-	-	-
Mr.Wu Man Fun	-	-	-
Ms.Pilin Janyaniwat	-	-	-
Ms. Napaporn Tanawatanyong	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>

Remuneration for directors of subsidiaries: None

Management Structure (Cont.)

(b) Remuneration for executive directors and executives in 2019:

- The 6 persons of the Garments Business Group received, as salaries and bonuses 10,635,953 Baht.
- The 4 persons of the Real Estate Development Business Group received, as salaries and bonuses 4,232,692 Baht.

2. Other forms of remuneration: None

Employees

- Number of Employees

	2019	2018	2017
Garment Business	2,308	2,562	2,219
Real Estate Business	68	63	41
Total	2,376	2,625	2,260

- Remunerations and types of remunerations to employees in 2019

- Garment business 530,520,649 Baht
- Real Estate Development business 23,608,970 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 training to employees in the factories to be more efficiency. In 2019, there were 1,020 of employees being trained in 5 programs. In addition, CFO attended the accounting knowledge courses (Refresh) according to the criteria of SEC as below.

Course name	Training institution	Seminar date	CPD hour
Accounting for Income Tax Year 63 (2020 DEFERRED TAX) Principles, Problems and Practices	NYC Management Company Limited	18 October 2019	7 hrs
New TFRS to Know	NYC Management Company Limited	29 November 2019	7 hrs

Management Profile

Mr.Boonchoo Pongchaloem

Age: 84

- Authorized Director

Education	:	Bachelor Degree - Mathematics Jinan University of China
Position	:	Chairman of the Board of Directors/ Castle Peak Holdings Public Co., Ltd. Chairman of the Executive Committee Chairman of the Board of Directors/ C.P.G. Garment Co., Ltd. Chairman of the Executive Committee Chairman of the Board of Directors/ Castle Peak Real Estate Co., Ltd. Chairman of the Executive Committee Chairman of the Board of Directors/ Aek Thana Property Co., Ltd. Chairman of the Executive Committee 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, 2019 hold 11,880,048 shares 29.70%
Change number of shares in year 2019	:	-No-

Mr.Pumit Pongchaloem

Age: 44

- Authorized Director

Relation	:	Mr.Boonchoo's son
Education	:	Bsc. Construction Management – Leeds Metropolitan University
Position	:	Vice Chairman / Castle Peak Holdings Public Co., Ltd. Executive Vice Chairman Director C.P.G. Garment Co., Ltd. Vice Chairman / Castle Peak Real Estate Co., Ltd. Executive Vice Chairman Vice Chairman / Aek Thana Property Co., Ltd. Executive Vice Chairman Executive Vice Chairman Sun Property Co., Ltd. Director Thaneewatana Co., Ltd.
Shareholdings	:	as of December 31, 2019 hold 666 shares 0.00%

Management Profile (Cont.)

Mr. Liu Chor Ting

Age: 62

- Authorized Director

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

Position : Vice Chairman / Castle Peak Holdings Public Co., Ltd.
Executive Vice Chairman
Executive Vice Chairman C.P.G. Garment Co., Ltd.

Shareholdings : as of December 31, 2019- No -

Change number of shares in year 2019-No-

Ms.Vinida Kulsomphob

Age: 44

Education : Bachelor's Degree – Statistical Accounting Chulalongkorn University

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

Shareholdings : as of December 31, 2019 hold 1,659,900 shares 4.15 %

Change number of shares in year 2019-No-

Mr.Wu Man Fun

Age: 67

Education : High School - Macau
DAP - IOD

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

Shareholdings : as of December 31, 2019- No -

Change number of shares in year 2019-No-

Management Profile (Cont.)

Ms.Pilin Janyaniwat

Age: 57

Education : High School , DAP - IOD

Position : Director Castle Peak Holdings Public Co., Ltd.
Production Director C.P.G. Garment Co., Ltd.

Shareholdings : as of December 31, 2019 hold 66 shares 0.00%

Change number of shares in year 2019-No-

Ms.Napaporn Tanawatanyong

Age: 53

Education : MBA Marketing, Leeds University, UK
B.A.Accounting, Bangkok University

Position : Independent Director/ Castle Peak Holdings Public Co., Ltd.
Chairman Audit Committee
Director RSM (Thailand) Ltd

Shareholdings : as of December 31, 2019- No -

Change number of shares in year 2019-No-

Ms.Kanyapat Peerawatsakoonpong

Age: 31

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, 2019- No -

Change number of shares in year 2019-No-

Mr. Somchai Ongwalaruk

Age: 82

Education : Bachelor Degree - Mathematics Jinan University of China

Position : Independent Director / Audit Committee Castle Peak Holdings Public Co., Ltd.

Shareholdings : as of December 31, 2019 hold 131 shares 0.00%

Change number of shares in year 2019-No-

Management Profile (Cont.)

Mr.Puthep Pongchaloem

Age: 49

Relation : Mr.Boonchoo's son

Education : Business Administrative ,Coventry University
DAP - IOD

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

Shareholdings : as of December 31, 2019 hold 66 shares 0.00%

Change number of shares in year 2019- No –

Ms.Porntip Sirpitucksakul

Age: 59

Education : Master Degree – Accountancy Chulalongkorn University

Position : Internal Audit Manager Castle Peak Holdings Public Co., Ltd.

Shareholdings : as of December 31, 2019 hold 100 shares 0.00%

Change number of shares in year 2019-No-

Related transaction

The disclosure is in Note 15 : Related party transactions and No. 10 :Investments in subsidiaries and associates.

❖ 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 29th April 2019. 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 2019 was attended by 30 shareholders and proxies holding 28,356,193 shares or 70.89 %. 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. The related transactions are conducted at fair market prices and in accordance with market prices and in the normal course of business (Fair and at arms' length) must be considered and approved by the board. 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 2019, there was 6 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. To inspect and improve 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

Good Corporate Governance (Cont.)

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 occupational health
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.

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.

Good Corporate Governance (Cont.)

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 2019, 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 Form 56-1.

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 email cph@castlepeak.co.th or the company's website www.castlepeak.co.th

5. Responsibilities of the Board

Board structure

In 2019, 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 who are fully qualified according to the requirements of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC) which is free to vote in the meeting and giving advice to the executive committee

The shareholders' meeting elect directors according to the company's regulations. The number of directors is one-third or exit by the closest number to one-third ratio. After the expiration of the term, the committee members may be re-elected to continue their positions.

The Company has a secretary to the Board of Directors to coordinate between the Board of Directors and the management including overseeing and coordinating the legal affairs, relevant rules and regulations and coordinate with the Board of Directors' resolutions

❖ Subcommittees

Corporate management consists of three committees, namely the Board of Directors, the Executive Committee and the Audit Committee. The scope of authority and duties of each committee are follow.

1. The Board of Directors

- 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.

Good Corporate Governance (Cont.)

- 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

- 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.
- 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

- 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.

Good Corporate Governance (Cont.)

2. Methods of Selecting Directors and Executives

1. 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.

2. 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.

❖ 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.

❖ New Director Orientation

Board of Directors Orientation is set for new directors in order share knowledge and understanding in various business and operations of the company. The company secretary is the coordinator in various topics as follows

1 Things you should know: Business structure ,board structure,s cope of authority and the related laws

2 General knowledge of business

Also, there is a policy to encourage all directors to attend training or seminars for continual development

❖ 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:

Good Corporate Governance (Cont.)

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 associates

- Representatives are assigned to be directors and executives in subsidiaries and associates in accordance.
- Defining the scope and authority of directors and executives to participate in important business decisions.
- 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.

❖ 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.

Good Corporate Governance (Cont.)

❖ Auditor's remuneration

Audit fees

The company's auditor is Mr.Jirote Sirirorote from Karin Audit. Audit fees for the quarter and year 2019 is total 2,456,000 Baht. Details are below

Company	Audit fees for Q1, Q 2 and Q3	Audit fees for the year	Total
Castle Peak Holdings Public Co.,Ltd	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	45,000.00	70,000.00	115,000.00
Sun Property Co., Ltd	<u>45,000.00</u>	<u>100,000.00</u>	<u>145,000.00</u>
Total audit fee			<u>2,456,000.00</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
	2019	2018	2017	2019	2018	2017	
Current Assets	709,277,593.83	1,046,887,330.15	897,609,053.02	447,499,752.73	732,214,647.46	610,376,160.77	
Total Assets	1,214,127,805.73	1,566,051,259.11	1,472,357,627.93	1,021,689,442.50	1,327,947,763.81	1,260,697,656.57	
Current Liabilities	519,279,564.16	666,928,983.61	555,403,551.32	510,028,856.85	588,885,083.95	487,625,238.54	
Total Liabilities	652,818,815.15	777,426,964.55	677,002,916.33	588,217,290.08	654,001,712.04	555,559,159.67	
Equity	561,308,990.58	788,624,294.56	795,354,711.60	433,472,152.42	673,946,051.77	705,138,496.90	
Book Value	14.03	19.72	19.88	10.84	16.85	17.63	
Sales	1,552,298,480.51	1,590,150,059.76	1,190,102,659.04	913,890,071.79	946,779,294.84	798,210,060.96	
Total Revenues	1,569,578,313.40	1,595,921,395.48	1,209,647,900.82	926,858,296.11	964,530,037.33	814,440,145.34	
Gross Profit	190,665,505.86	203,983,704.00	83,650,781.94	100,412,692.12	107,498,186.07	60,371,212.06	
Operating Profit	20,610,033.73	15,054,082.17	(58,868,091.51)	(3,726,633.50)	(7,276,117.96)	(32,272,126.16)	
Net Profit	(223,424,421.98)	(6,730,417.04)	(97,315,037.17)	(236,312,865.35)	(31,192,445.13)	(70,742,672.63)	
Earnings per Share	(5.59)	(0.17)	(2.43)	(5.91)	(0.78)	(1.77)	

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

Financial Ratios

		Consolidated			Separated		
		2019	2018	2017	2019	2018	2017
Liquidity ratio							
- Current Ratio	(Times)	1.37	1.57	1.62	0.88	1.24	1.25
- Quick Ratio	(Times)	0.43	0.42	0.36	0.26	0.28	0.20
- Cash Flow from Operation Ratio	(Times)	0.29	(0.09)	(0.04)	0.12	(0.16)	0.10
- Account Receivable Turnover	(Times)	6.51	7.24	7.35	6.20	7.65	8.56
-Average Collection Period	(Days)	55.28	49.76	48.99	58.06	47.08	42.06
-Inventory Turnover Ratio	(Times)	19.43	19.52	14.52	37.94	52.90	27.92
-Average Sales Period	(Days)	18.52	18.44	24.80	9.49	6.80	12.89
-Accounts Payable Turnover Ratio	(Times)	24.40	22.40	23.50	19.73	17.98	23.28
- Payment Period	(Days)	14.76	16.07	15.32	18.25	20.02	15.46
- CashCycle	(Days)	59.05	52.13	59.64	49.30	33.86	39.50
Profitability Ratio							
- Gross Profit Ratio	%	12.28	12.83	7.03	10.99	11.35	7.56
- Operating Profit Ratio	%	1.33	0.95	(4.33)	(0.41)	(0.77)	(3.13)
-Other Profit Ratio	%	1.10	0.36	1.62	1.40	1.84	1.99
-Cash to profitability Ratio	%	847.96	(366.69)	39.79	(1,780.57)	1,171.38	(193.94)
-Net Profit Ratio	%	(14.23)	(0.42)	(8.04)	(25.50)	(3.23)	(8.69)
- Return on Equity	%	(33.10)	(0.85)	(12.45)	(42.68)	(4.52)	(10.26)
Efficiency Ratio							
- Return on Assets	%	(16.07)	(0.44)	(6.93)	(20.11)	(2.41)	(5.80)
- Return on Fixed Assets	%	(43.90)	6.47	(15.54)	(75.99)	(1.22)	(17.05)
-Assets turnover	(Times)	1.13	1.05	0.86	0.79	0.75	0.67
Financial Ratio							
- Debt to Equity Ratio	(Times)	1.16	0.99	0.85	1.36	0.97	0.79
- Interest Coverage Ratio	(Times)	6.65	(0.73)	0.21	3.31	(1.97)	2.98
-Coverage ratio	(Times)	1.99	(0.98)	(0.58)	0.80	(1.93)	1.57

- **Overview of the business and significant changes**

The export sales of Castle Peak Holding Public Company Limited, in garment business, in 2019 was 47,377,821.38 USD. Compared with the year 2018, the export sales was 47,248,378.27 USD. It increased by 129,443.11 USD. However, when converting in Thai Baht, total sales in the year 2019 was 1,458,770,440.51 Baht, compared with total sales in 2018 of 1,537,533,390.91 Baht. It decreased by 78,762,950.40 Baht or 5.12% due to the strength of Thai Baht. In cost, the company focused on training existing workers to have excellent skills and invested modern technology machinery which made the productivity increase.

In real estate business, the total sales in year 2019 was 93,528,040.00 Baht, compared with 52,616,668.85 Baht of sales in year 2018. It increased 40,911,371.15 Baht or 77.75% from the increasing number of houses sold in Siwarat 9, Siwarat 10 and Siwarat11 projects. This was mainly stimulated by the government policies such as decreasing personal income taxes for first-house buyers, reducing the ownership transfer fee from 2% to 0.01% and reducing the mortgage fee from 1% to 0.01% and cash back in the amount of 50,000 Baht. However, the company could not control the cost of materials, labors and operating expenses as planned.

Castle Peak Holdings Public Company Limited holds 41% of the registered capital in the Castle Peak Pulp and Paper Industries Co. Ltd (CPPP). CPPP invested in Yueyang Fengli Pulp & Paper Industry Company Limited (Yueyang Fengli), which is engaged in the production of pulp and paper in Hunan, China. In February 2019, the company received the payment of term loan of 30,000,000 Baht from CPPP. Later, in Q3/2019, Yueyang Fengli was asked by the government agency to suspend a section of production from environmental policy. Therefore, the management of Yueyang Fengli decided to temporary cease its whole production, but still operated trading section. After that, there was the virus COVID-19 infection in China, so Yueyang Fengli decided to suspend its trading section. The management expects to resume the productions when virus infection is treated and the discussion with government agency is completed. As a result, the management of Castle Peak Holdings Limited considered the recoverable value of assets and provided the allowance for doubtful accounts of loans to an associate amount 205,915,000 Baht

Results of the operations

The company's ability to make profits in 2019 was lower than in 2018. The gross profit ratio of 2019 was 12.28 % in the consolidated financial statement, compared to 12.83 % in 2018. Also the gross profit ratio of 2019 was 10.99% in the separate financial statement, compared to 11.35% in 2018. The reason was the decreasing number of sales result from the strength exchange rate of Thai Baht .Moreover, the operating profit ratio of 2019 was 1.33 % in the consolidated financial statement, compared to 0.95 in 2018 and the operating profit ratio of 2019 was (0.41%) in the separate financial statement, compared to (0.77%) in 2018. The ratio in 2019 was better than in 2018 because the company can better control the selling and administrative cost in 2019. Also, the net profit ratio of 2019 was (14.23%) in the consolidated financial statement, compared to (0.42%) in 2018 and the net profit ratio of 2019 was (25.50%) in the separate financial statement, compared to (3.23%) % in 2018. This resulted from the allowance for doubtful accounts of loans to an associate amount 205,915,000 Baht. Finally, return of equity (ROE) of 2019 was (33.10%) in the consolidated

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

financial statement, compared to (0.85%) in 2018 and ROE of 2019 was (42.68%) in the separate financial statement, compared to (4.52%) in 2018.

Explanations divided by the nature of business are below

Garment business

Total sales in garment business in year 2019 were 1,458,770,440.51 Baht, compared to 1,537,533,390.91 Baht of year 2018. It decreased 78,762,950.40 Baht or 5.12%. This resulted from the appreciation of Thai Baht. The cost of sales in year 2019 was 1,290,947,268.80 Baht, representing 88.50% of total sales. While, the cost of sales in year 2018 was 1,349,555,652.00 Baht, representing 87.77% of total sales. The cost of sales increased from material costs increased. The selling and administrative expenses year 2019 was 149,094,368.87 Baht compared to 160,230,997.35 Baht of year 2018, decreased 11,136,628.48, or 6.95%. Due to the year 2019, the workers developed more advanced skills which resulted in on time delivery products, reducing overtime payment and reducing air freight from last year amount 16,370,786.06 Baht. Although, the company recorded more provisions for employee benefit from the Labor Protection Act (Issue 7) 2019. In the case of employers terminating employment for employees who have worked for 20 consecutive years or more, they are entitled to compensation from 300 days to 400 days increasing 14,596,334 Baht and donation. As a result, the profit from operations in year 2019 were 35,538,278.37 Baht, while the profit from operations in year 2018 were 33,296,592.77 Baht. It increased 2,241,685.60 Baht or 6.73%. Moreover, the company showed loss from impairment of assets in year 2019 amount 205,915,000.00 Baht. Finally, there was the net loss amount 205,942,034.14 Baht in year 2019. Compared to year 2018, there was the net profit amount 9,741,633.94 Baht. The net loss increased 215,683,668.08 Baht.

Real estate business

Total sales in property development business in year 2019 were 93,528,040.00 Baht, compared to 52,616,668.85 Baht of sales in year 2018. It increased 40,911,371.15 Baht or 77.75% from the increasing number of houses sold. This was mainly stimulated by the government policy reducing the ownership transfer fee from 2% to 0.01% and reducing the mortgage fee from 1% to 0.01%, decreasing personal income taxes for first-house buyers, and cash back in the amount of 50,000 Baht. The cost of sales in year 2019 was 70,685,705.85 Baht, representing 75.58% of total sales. While, the cost of sales in year 2018 was 36,610,703.76 Baht, representing 69.58% of total sales. The selling and administrative expenses year 2019 was 38,240,936.15 Baht compared to 34,469,960.20 Baht of year 2018. It increased 3,770,975.95, or 10.94%. These results are from low price of houses sold from late 2018- early 2019 in order to promote the new project, increasing in construction materials and labor costs, increasing the repairing expenses and increasing in operating expenses of the subsidiary which operates the construction. As a result, in year 2019, there was the net loss amount 17,482,387.84 Baht. Compared to year 2018, there was the net loss amount 16,472,050.98 Baht. The net loss increased 1,010,336.86 Baht.

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

3. Assets Management

Return on Assets (ROA) in 2019 was (16.07) in the consolidated financial statement, compared to (0.44) in 2018. ROA in 2019 was (20.11) in the separate financial statement, compared to (2.14) in 2018. This indicates that the company still needs to improve its asset management. The total asset turnover ratio of 2019 was 1.13 in the consolidated financial statement, compared to 1.05 in 2018. Also total asset turnover ratio of 2019 was 0.79 in the separate financial statement, compared to 0.75 in 2018. Moreover, the receivables turnover ratio of 2019 was 6.51 in the consolidated financial statement, compared to 7.24 in 2018. Account receivables turnover ratio of 2019 was 6.20 in the separate financial statement, compared to 7.65 in 2018. This shows that the company can manage the receivables to be converted into cash in 2018 better than in 2019.

The consolidated financial statements as of 31 December 2019 display the total assets 1,214,127,805.73 Baht, compared to the total assets 1,566,051,259.11 Baht in 2018. The change is 351,923,453.38 Baht or accounts for 22.47 percent. The detail of change is below.

- Trade accounts receivable and other current receivables in the consolidated financial statements as at 31 December 2019 and 31 December 2018 amounted to 212,584,075.47 Baht and 282,186,453.81 Baht, respectively, an decrease of 69,602,378.34 or 24.67 percent due to the decrease number of account receivable.

- Inventories in the garment business in the consolidated financial statements as of December 31, 2019 and December 31, 2018 were 235,404,613.47 Baht and 278,347,198.62 Baht respectively, decreased by 42,942,585.15 Baht or 15.43 percent due to decreasing amount of finished goods, work in process, raw materials and supplies and raw materials in transit.

- Inventories in real estate development business in the consolidated financial statements as at December 31, 2019 and December 31, 2018 were 211,703,726.97 Baht and 241,422,655.40 Baht respectively, decreased 29,718,928.43 Baht or 12.31 percent due to transferring to cost of sales

- Current portion of long term loans in the consolidated financial statements as at December 31, 2019 and December 31, 2018 amounted to 0 Baht and 30,000,000.00 Baht, respectively, a decrease of 30,000,000.00 Baht from received payment.

- Short-term loans and advances in the consolidated financial statements as at December 31, 2019 and December 31, 2018 amounted to 24,506,110.00 Baht and 202,812,768.00 Baht respectively, a decrease of 178,306,658.00 Baht from recording allowance for doubtful accounts

- Long-term loans and other non-current receivables in the consolidated financial statements as at December 31, 2019 and December 31, 2018 amounted to 0 Baht and 29,500,000.00 Baht respectively, a decrease of 29,500,000.00 Baht from recording allowance for doubtful accounts

- Land, building and equipments in the consolidated financial statements as at December 31, 2019 and December 31, 2018 amounted to 359,976,812.88 Baht and 385,037,897.71 Baht respectively, an decrease of 25,061,084.83 Baht or 6.51% from the depreciation of buildings and machines.

The ageing of account receivable is in note no.7 in financial statement.

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

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

The debt to equity ratio (D / E ratio) of 2019 is at 1.16 in the consolidated financial statements compared to 0.99 in 2018. In addition, the debt to equity ratio of 2019 is 1.36 in the separate financial statements compared to 0.97 in 2018.

Liquidity

The current ratio was 1.37 in 2019 and 1.57 in 2018 in the consolidated financial statements and 0.88 in 2019 and 1.24 in 2018 in separate financial statements. These explain the company's liquidity in 2019 is less than in 2018.

In real estate business, there were the payment details for the current projects as at 31 December 2019 as below.

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	586,528,000.00	582,548,000.00	99.32%	582,548,000.00	100.00%	0.00	0.00%	3,980,000.00	0.68%
Siwarat10	503,531,501.00	478,283,501.00	94.99%	478,113,501.00	99.96%	170,000.00	0.04%	25,248,000.00	5.01%
Siwarat11	63,421,040.00	57,073,140.00	89.99%	57,004,940.00	99.88%	68,200.00	0.12%	6,347,900.00	10.01%
Total	1,153,480,541.00	1,117,904,641.00		1,117,666,441.00		238,200.00		35,575,900.00	

Details of outstanding balances as at 31 December 2019 are as follows

Name of projects	Total overdue		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
Siwarat10	6	170,000.00	6	170,000.00	0	0.00	0	0.00	0	0.00
Siwarat11	2	68,200.00	1	58,500.00	0	0.00	1	9,700.00	0	0.00
Total	8	238,200.00	7	228,500.00	0	0.00	1	9,700.00	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 2020, the management predicted sales in the garment business similar to that in 2019. However, Covid-19 infection in early 2020 has impact toward the import of raw materials such as fabrics from China. Purchase teams closely communicate with the suppliers in China and coordinate with the factory in case of delay imported materials. As a result, the production plan has to be adjusted to the situation.

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. The government policies in reducing the ownership transfer fee from 2% to 0.01% and reducing the mortgage fee from 1% to 0.01% are valid until 24 December 2020 which expect to stimulate the sales in 2020

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

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.), Goods 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

4 CSR After process

The company has donated 1,000,000 Baht to help flood victims from Podul and Kajiki storms in Ubonratchathani and nearby provinces through the office of prime minister.

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. "

The company makes the announcement that the donation by a particular group is prohibited in the factory because the use of funds cannot be clarified and may not transparency. Moreover, the internal control department is charged for risk assessment and policies of Anti-corruption.

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
Audit Committee	Audit@castlepeak.co.th
Company Secretary	Seretary@castlepeak.co.th

Or send a registered mail to audit committee team or company secretary at

899 CPH Tower, Petchkasam Road,
Bangkae Sub-district, Bangkae District,
Bangkok 10160.

Corporate Social Responsibilities (CSR) (Cont.)

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 about matters that may be misconduct or considered as corruption, by allowing them to file a complaint directly to the supervisor. If employees are unable to file a complaint through the supervisor directly, they may submit suggestion boxes located inside the company.

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

The Board of director held the meeting on November 29, 2019. 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 2019.

- 1st meeting on February 27, 2019.
- 2nd meeting on May 14, 2019.
- 3rd meeting on August 13, 2019.
- 4th meeting on November 13, 2019.

3. Head of Internal Audit

Ms.Porn tip 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.

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, 2019, 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, 2019, 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, an indirect associate in overseas has temporary suspended its production since the 3rd quarter in 2019, this result the group management has considered the recoverable value of assets and provided the allowance for doubtful accounts of loans to an associate, which direct invests in such overseas associate, totaling Baht 205.92 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 83.70 million in the consolidated financial statements and Baht 70.51 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 matter

The consolidated and separate statements of financial position as at December 31, 2018, which are included as comparative information, are components of the audited consolidated and separate financial statements as at and for the year ended December 31, 2018, were audited by another auditor in the same office who expressed an qualified opinion regarding the record of investment in an associate by using the equity method in the consolidated financial statements which was computed from the financial statements which have been audited by other auditors, thereon in his report dated February 27, 2019.

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.

INDEPENDENT AUDITOR'S REPORT (CONT.)

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.

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.

INDEPENDENT AUDITOR'S REPORT (CONT.)

- 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. Jirote Sirirorote.

(Mr. Jirote Sirirorote)

Certified Public Accountant

Registration No. 5113

Karin Audit Company Limited

February 26, 2020

STATEMENTS OF FINANCIAL POSITION

CASTLE PEAK HOLDINGS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

AS AT DECEMBER 31, 2019

		Unit : Baht			
		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
Assets					
Current assets					
Cash and cash equivalents	6	25,079,067.92	12,118,254.32	7,938,668.90	4,899,733.88
Trade and other current receivables	7	212,584,075.47	282,186,453.81	130,781,135.59	168,324,146.36
Inventories					
- Garment business	8	235,404,613.47	278,347,198.62	156,003,599.67	190,223,299.97
- Real estate business	5, 9	211,703,726.97	241,422,655.40	110,670,238.57	118,354,699.25
Current portion of long-term loans	5, 10	-	30,000,000.00	-	30,000,000.00
Short-term loans and advances	5, 10	24,506,110.00	202,812,768.00	42,106,110.00	220,412,768.00
Total current assets		709,277,593.83	1,046,887,330.15	447,499,752.73	732,214,647.46
Non-current assets					
Long-term loans and other non-current receivables	5, 10	-	29,500,000.00	-	29,500,000.00
Investments in subsidiaries and associates	10	3,006,324.14	3,018,325.22	248,007,380.00	248,007,380.00
Other long-term investments		1,232,155.00	1,209,425.00	1,033,900.00	1,017,600.00
Property, plant and equipment	11	359,976,812.88	385,037,897.71	213,316,666.10	229,449,352.45
Investment properties	12	57,616,665.68	58,560,552.20	58,018,320.68	58,962,207.20
Deposits with commitment	13	66,312,098.82	23,219,120.93	45,375,524.73	21,357,243.28
Deferred tax assets	17	184,600.25	2,129,537.44	-	-
Other non - current assets		16,521,555.13	16,489,070.46	8,437,898.26	7,439,333.42
Total non - current assets		504,850,211.90	519,163,928.96	574,189,689.77	595,733,116.35
Total assets		1,214,127,805.73	1,566,051,259.11	1,021,689,442.50	1,327,947,763.81

STATEMENTS OF FINANCIAL POSITION (Cont.)

CASTLE PEAK HOLDINGS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

AS AT DECEMBER 31, 2019

		Unit : Baht			
		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
Liabilities and equity					
Current liabilities					
Overdrafts and short - term loans from financial institutions	14	414,263,483.99	515,899,585.74	355,142,787.69	391,951,367.82
Trade and other current payables	15	102,101,435.28	143,989,397.87	60,079,069.16	104,086,716.13
Current portion of long-term loans form a financial institution	16	-	7,040,000.00	-	-
Short-term loans	5	-	-	94,807,000.00	92,847,000.00
Income tax payable		2,914,644.89	-	-	-
Total current liabilities		519,279,564.16	666,928,983.61	510,028,856.85	588,885,083.95
Non-current liabilities					
Deferred tax liabilities	17	60,165,514.99	61,947,385.94	34,792,222.23	37,870,931.09
Non-current provisions for employee benefit	18	73,373,736.00	48,550,595.00	43,396,211.00	27,245,697.00
Total non-current liabilities		133,539,250.99	110,497,980.94	78,188,433.23	65,116,628.09
Total liabilities		652,818,815.15	777,426,964.55	588,217,290.08	654,001,712.04
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		(267,112,415.58)	(58,750,674.39)	(293,563,358.81)	(66,623,698.99)
Other components of equity		232,551,549.74	251,505,112.53	131,195,894.81	144,730,134.34
Equity attributable to owners of the Company		561,278,750.58	788,594,054.56	433,472,152.42	673,946,051.77
Non-controlling interests		30,240.00	30,240.00	-	-
Total equity		561,308,990.58	788,624,294.56	433,472,152.42	673,946,051.77
Total liabilities and equity		1,214,127,805.73	1,566,051,259.11	1,021,689,442.50	1,327,947,763.81

STATEMENTS OF COMPREHENSIVE INCOME

CASTLE PEAK HOLDINGS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 2019

Unit : Baht

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Revenue from sales	5	1,552,298,480.51	1,590,150,059.76	913,890,071.79	946,779,294.84
Cost of sales	5	1,361,632,974.65	1,386,166,355.76	813,477,379.67	839,281,108.77
Gross profit		190,665,505.86	203,983,704.00	100,412,692.12	107,498,186.07
Interest income	5	1,805,928.23	2,430,890.95	2,341,065.30	3,968,098.55
Gain on exchange rate		13,078,595.11	626,399.66	8,959,680.87	-
Other income	12	2,395,309.55	2,714,045.11	1,667,478.15	13,782,643.94
Profit before expenses		207,945,338.75	209,755,039.72	113,380,916.44	125,248,928.56
Distribution costs		53,929,626.84	66,925,100.71	35,528,746.37	50,417,788.72
Administrative expenses	5	133,405,678.18	127,775,856.84	81,578,803.57	82,107,257.80
Loss on impairment of assets - net	10	205,915,000.00	-	205,915,000.00	-
Financial costs	5	32,766,042.70	33,214,974.74	29,749,940.71	29,366,092.21
Total expenses		426,016,347.72	227,915,932.29	352,772,490.65	161,891,138.73
Share of loss (profit) of investment in an associate	10	12,001.08	876.50	-	-
Profit (loss) before income tax expense		(218,083,010.05)	(18,161,769.07)	(239,391,574.21)	(36,642,210.17)
Income tax expense (income)	20	5,341,411.93	(11,431,352.03)	(3,078,708.86)	(5,449,765.04)
Profit (loss) for the year		(223,424,421.98)	(6,730,417.04)	(236,312,865.35)	(31,192,445.13)
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 :					
Defined benefit plan actuarial gain (loss)	18	(3,890,882.00)	-	(4,161,034.00)	-
Other comprehensive income (loss) for the year		(3,890,882.00)	-	(4,161,034.00)	-
Total comprehensive income for the year		(227,315,303.98)	(6,730,417.04)	(240,473,899.35)	(31,192,445.13)
Profit (loss) attributable to :					
Owners of the Company		(223,424,421.98)	(6,730,417.04)	(236,312,865.35)	(31,192,445.13)
Non-controlling interests		-	-	-	-
Profit (loss) for the year		(223,424,421.98)	(6,730,417.04)	(236,312,865.35)	(31,192,445.13)
Total comprehensive income attributable to:					
Owners of the Company		(227,315,303.98)	(6,730,417.04)	(240,473,899.35)	(31,192,445.13)
Non-controlling interests		-	-	-	-
Total comprehensive income for the year		(227,315,303.98)	(6,730,417.04)	(240,473,899.35)	(31,192,445.13)
Basic earnings (loss) per share		(5.59)	(0.17)	(5.91)	(0.78)
Weighted average number of ordinary shares (shares)		40,000,000	40,000,000	40,000,000	40,000,000

STATEMENTS OF CHANGES IN EQUITY

CASTLE PEAK HOLDINGS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 2019

Consolidated financial statements											Unit : Baht
	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings			Other components of equity			Equity		
			Legal reserve	Unappropriated	Revaluation increment in land and building	Currency translation changes in associate	Total other components of equity	attributable to owners of the Company	Non-controlling interests	Total equity	
Balance as of January 1, 2018	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 (loss)	-	-	-	(6,730,417.04)	-	-	-	(6,730,417.04)	-	(6,730,417.04)	
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	
Total comprehensive income 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	
Comprehensive income for the year :											
Profit or loss	-	-	-	(223,424,421.98)	-	-	-	(223,424,421.98)	-	(223,424,421.98)	
Other comprehensive income	-	-	-	(3,890,882.00)	-	-	-	(3,890,882.00)	-	(3,890,882.00)	
Total comprehensive income (loss) for the year	-	-	-	(227,315,303.98)	-	-	-	(227,315,303.98)	-	(227,315,303.98)	
Transfer to retained earnings	-	-	-	18,953,562.79	(18,953,562.79)	-	(18,953,562.79)	-	-	-	
Balance at December 31, 2019	400,000,000.00	164,000,000.00	31,839,616.42	(267,112,415.58)	232,551,549.74	-	232,551,549.74	561,278,750.58	30,240.00	561,308,990.58	

STATEMENTS OF CHANGES IN EQUITY (Cont.)

CASTLE PEAK HOLDINGS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 2019

	Separate financial statements						Unit : Baht
	Retained earnings			Other components of equity			
	Issued and paid - up share capital	Premium on ordinary shares	Legal reserve	Unappropriated	Revaluation increment in land and building	Total other components of equity	Total
Balance as of January 1, 2018	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
Comprehensive income for the year :							
Profit or loss	-	-	-	(236,312,865.35)	-	-	(236,312,865.35)
Other comprehensive income	-	-	-	(4,161,034.00)	-	-	(4,161,034.00)
Total comprehensive income (loss) for the year	-	-	-	(240,473,899.35)	-	-	(240,473,899.35)
Transfer to retained earnings	-	-	-	13,534,239.53	(13,534,239.53)	(13,534,239.53)	-
Balance at December 31, 2019	400,000,000.00	164,000,000.00	31,839,616.42	(293,563,358.81)	131,195,894.81	131,195,894.81	433,472,152.42

STATEMENTS OF CASH FLOWS

CASTLE PEAK HOLDINGS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 2019

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
CASH FLOW FROM OPERATING ACTIVITIES				
Profit (loss) before income tax	(218,083,010.05)	(18,161,769.07)	(239,391,574.21)	(36,642,210.17)
Adjustments to reconcile profit (loss) to cash provided by (used in) :				
Trade and other current receivables (increase) decrease	71,420,816.34	(118,496,377.51)	37,685,076.37	(89,549,290.73)
Inventories (increase) decrease				
- Garment business	46,584,175.22	(45,691,204.45)	36,613,451.33	(38,406,644.27)
- Real estate business	29,808,163.50	8,753,259.83	7,684,460.68	(10,474,218.91)
Other non - current assets (increase) decrease	37,226.50	4,541.50	10,881.50	(14,928.50)
Trade and other current payables increase (decrease)	(41,349,719.45)	41,644,265.83	(44,101,756.95)	41,109,016.39
Non-current provisions for employee benefit	23,371,523.00	7,932,899.00	13,376,880.00	4,119,472.00
Depreciation and amortization	35,475,826.44	38,748,197.97	24,723,250.24	28,352,867.26
Unrealized loss (gain) on exchange rate	407,747.08	4,872,223.60	1,816,741.11	3,478,188.79
Share of profit (loss) of investment in an associate	12,001.08	876.50	-	-
Allowance for (reversal of) declining value of inventories - garment business	(3,641,590.07)	(1,244,354.71)	(2,393,751.03)	1,753,389.96
Allowance for (reversal of) doubtful debts/ bad debts	205,915,000.00	37,072.95	205,915,000.00	37,072.95
Allowance for (reversal of) impairment loss on other long-term investments	(22,730.00)	310,045.00	(16,300.00)	273,300.00
Loss (gain) on disposal of assets	(54,357.85)	(9,344.79)	(53,720.23)	(9,344.79)
Gain on disposal of investment properties	-	-	-	(12,193,869.00)
Dividend income	-	(167,000.00)	-	(150,000.00)
Interest income	(1,805,928.23)	(2,430,890.95)	(2,341,065.30)	(3,974,052.44)
Interest expense	31,287,082.11	31,703,047.76	29,048,634.36	28,666,940.01
Total adjustment of profit (loss)	179,362,225.62	(52,194,511.54)	68,576,207.87	(83,624,311.45)
Net cash flows provided by (used in) operating activities				
Non-current employee benefit paid	(2,439,264.00)	(2,514,000.00)	(1,387,400.00)	(1,487,000.00)
Income tax paid	(3,186,234.23)	(1,400,268.20)	(833,490.36)	(717,991.49)
Income tax return	1,028,778.24	906,417.53	-	597,975.22
Net cash provided by (used in) operating activities	174,765,505.63	(55,202,362.21)	66,355,317.51	(85,231,327.72)

STATEMENTS OF CASH FLOWS (Cont.)

CASTLE PEAK HOLDINGS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 2019

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
CASH FLOW FROM INVESTING ACTIVITIES				
Interest received	1,861,280.57	1,813,810.70	2,891,093.93	3,187,383.14
Dividend received	-	167,000.00	-	150,000.00
Loans and advances to related parties	-	-	(29,015,097.58)	(62,214,231.12)
Proceeds from loans and advances to related parties	30,000,000.00	40,000,000.00	59,015,097.58	107,421,539.52
Cash paid for purchases of property, plants and equipment	(9,320,295.07)	(20,490,209.92)	(7,495,992.35)	(13,320,650.59)
Proceeds from disposal of property, plants and equipment	54,833.85	9,345.79	54,071.23	9,345.79
Cash paid for purchases of investment properties	-	(22,925.00)	-	(22,925.00)
Proceeds from disposal of investment properties	-	-	-	24,287,500.00
Cash paid for purchases of intangible assets	(326,992.00)	-	(326,992.00)	-
Decrease (increase) in deposits with commitment	(43,092,977.89)	(17,993,488.47)	(24,018,281.45)	(17,991,795.45)
Net cash provided by (used in) investing activities	(20,824,150.54)	3,483,533.10	1,103,899.36	41,506,166.29
CASH FLOW FROM FINANCING ACTIVITIES				
Interest paid	(32,153,998.05)	(31,082,613.02)	(29,143,726.17)	(27,511,507.63)
Increase (decrease) in overdrafts and short - term loans				
from financial institutions	(101,786,543.44)	73,708,332.90	(37,236,555.68)	78,733,511.80
Repayment of borrowings and advances from related parties	(7,040,000.00)	-	(29,490,000.00)	(53,616,508.57)
Proceeds from borrowings and advances from related parties	-	-	31,450,000.00	34,216,508.57
Repayment of long - term loans from financial institutions	-	(11,960,000.00)	-	-
Net cash provided by (used in) financing activities	(140,980,541.49)	30,665,719.88	(64,420,281.85)	31,822,004.17
Net increase (decrease) in cash and cash equivalents	12,960,813.60	(21,053,109.23)	3,038,935.02	(11,903,157.26)
Cash and cash equivalents at the beginning of the year	12,118,254.32	33,171,363.55	4,899,733.88	16,802,891.14
Cash and cash equivalents at the end of the year	25,079,067.92	12,118,254.32	7,938,668.90	4,899,733.88

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.

NOTES TO FINANCIAL STATEMENTS

CASTLE PEAK HOLDINGS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 2019

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	
			2019	2018
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 (revised 2018) and new financial reporting standards and interpretations 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 adoption of these financial reporting standards does not have any significant impact on the Group’s financial statements. However, the new standard involves changes to key principles, which are summarised below:

NOTES TO FINANCIAL STATEMENTS (Cont.)

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.

This standard does not have any significant impact on the Group's financial statements.

(b) Financial reporting standards that became effective for fiscal years beginning on or after January 1, 2020

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after January 1, 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards except the following new standards which involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

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 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 on the financial statements in the year when they are adopted.

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The Group plans to adopt TFRS 16 using the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at January 1, 2020, and the comparative information was not restated.

The management of the Group expects the effect of the adoption of this accounting standard to the statement of financial position as at January 1, 2020 to be to increase the Group's assets by approximately Baht 46.21 million and the Company only approximately Baht 22.99 million, and the Group's liabilities by approximately Baht 46.21 million and the Company only approximately Baht 22.99 million.

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.

NOTES TO FINANCIAL STATEMENTS (Cont.)

4. Significant accounting policies

4.1 Income

4.1.1 Sale of goods and services

Accounting policies for revenue recognition in 2019

Revenue is recognised when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax and is after deduction of any trade discounts and volume rebates.

Revenue from sales of goods is recognised when a customer obtains control of the goods, generally on delivery of the goods to the customers. For contracts that permit the customers to return the goods, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore the amount of revenue recognised is adjusted for estimated returns, which are estimated based on the historical data.

Revenue for rendering of services is recognised over time based on stage as the services are provided. The stage of completion is assessed based on cost-to-cost method. The related costs are recognized in profit or loss when they are incurred.

Accounting policies for revenue recognition in 2018

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

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

4.1.2 Revenues from sale of real estate development project

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

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

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

4.1.6 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.

NOTES TO FINANCIAL STATEMENTS (Cont.)

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.

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.

NOTES TO FINANCIAL STATEMENTS (Cont.)

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.

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.

NOTES TO FINANCIAL STATEMENTS (Cont.)

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
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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

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.

NOTES TO FINANCIAL STATEMENTS (Cont.)

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.

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.

NOTES TO FINANCIAL STATEMENTS (Cont.)

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.)

5.2 Significant transactions for the years ended December 31, 2019 and 2018 with related parties, were as

		Unit : Baht			
	Pricing policy	Consolidated financial		Separate financial statements	
		2019	2018	2019	2018
Sales - raw materials and wages	(1)				
C.P.G. Garment Co., Ltd.		-	-	16,712,147.34	11,136,470.35
Interest income	(2)				
C.P.G. Garment Co., Ltd.		-	-	575,700.43	1,564,877.14
Yueyang Fengli Pulp & Paper Industry Co.,		1,627,693.68	2,330,964.13	1,627,693.68	2,330,964.13
Total		<u>1,627,693.68</u>	<u>2,330,964.13</u>	<u>2,203,394.11</u>	<u>3,895,841.27</u>

NOTES TO FINANCIAL STATEMENTS (Cont.)

		Unit : Baht			
	Pricing policy	Consolidated financial		Separate financial statements	
		2019	2018	2019	2018
Sales – land under investment properties	(1)				
Aek Thana Property Co., Ltd.		-	-	-	24,287,500.00
Purchases - finished goods, raw materials	(1)				
C.P.G. Garment Co., Ltd.		-	-	14,772,164.72	18,167,166.48
Construction costs	(1)				
Sun Property Co., Ltd.		-	-	14,667,861.29	5,094,631.03
Service expenses	(1)				
Sun Property Co., Ltd.		-	-	1,200,000.00	373,831.78
Interest expense	(2)				
Castle Peak Real Estate Co., Ltd.		-	-	5,431,427.19	5,588,314.22
C.P.G. Garment Co., Ltd.		-	-	314,719.87	-
Total		<u>-</u>	<u>-</u>	<u>5,746,147.06</u>	<u>5,588,314.22</u>
Management remuneration		14,868,645.00	13,963,242.00	12,583,543.00	11,106,321.00

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, 2019 and 2018 with related parties, were as follows:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Trade account receivable				
Subsidiary				
C.P.G. Garment Co., Ltd.	-	-	3,460,837.73	7,650,251.99
Other current receivables				
Interest receivable				
Subsidiary				
C.P.G. Garment Co., Ltd.	-	-	25,580.56	520,256.85
Associate				
Yueyang Fengli Pulp & Paper Industry Co., Ltd.	558,772.78	611,126.36	558,772.78	611,126.36
Castle Peak Pulp & Paper Industries Co., Ltd.	56,872,353.40	56,013,663.96	56,872,353.40	56,013,663.96
<u>Less</u> allowance for doubtful account (Note 10)	(56,872,353.40)	(56,013,663.96)	(56,872,353.40)	(56,013,663.96)
Net	558,772.78	611,126.36	584,353.34	1,131,383.21
Other receivable				
Associate				
Castle Peak Pulp & Paper Industries Co., Ltd.	10,981,655.49	21,118,568.24	10,981,655.49	21,118,568.24
<u>Less</u> allowance for doubtful accounts (Note 10)	(10,981,655.49)	(21,118,568.24)	(10,981,655.49)	(21,118,568.24)
Net	-	-	-	-
Total	558,772.78	611,126.36	584,353.34	1,131,383.21
Current portion of long-term loans to				
Castle Peak Pulp & Paper Industries Co., Ltd.	32,500,000.00	30,000,000.00	32,500,000.00	30,000,000.00
<u>Less</u> allowance for doubtful accounts (Note 10)	(32,500,000.00)	-	(32,500,000.00)	-
Net	-	30,000,000.00	-	30,000,000.00
Short-term loans and advance to				
Subsidiary				
C.P.G. Garment Co., Ltd.	-	-	17,600,000.00	17,600,000.00
Associates				
Yueyang Fengli Pulp & Paper Industry Co., Ltd.	24,506,110.00	26,397,768.00	24,506,110.00	26,397,768.00
Castle Peak Pulp & Paper Industries Co., Ltd.	176,415,000.00	176,415,000.00	176,415,000.00	176,415,000.00
<u>Less</u> allowance for doubtful accounts (Note 10)	(176,415,000.00)	-	(176,415,000.00)	-
Total	24,506,110.00	202,812,768.00	42,106,110.00	220,412,768.00

NOTES TO FINANCIAL STATEMENTS (Cont.)

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
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	-	32,500,000.00
Less allowance for valuation adjustment	-	(3,000,000.00)	-	(3,000,000.00)
Loans, net	-	29,500,000.00	-	29,500,000.00
Interest receivable				
Associate				
Castle Peak Pulp & Paper Industries Co., Ltd.	-	11,162,962.75	-	11,162,962.75
Less allowance for doubtful accounts (Note 10)	-	(11,162,962.75)	-	(11,162,962.75)
Interest receivable, net	-	-	-	-
Total	-	29,500,000.00	-	29,500,000.00
Trade account payable				
Subsidiary				
C.P.G. Garment Co., Ltd.	-	-	56,358.57	9,188,167.58
Sun Property Co., Ltd.	-	-	-	3,292,853.21
Total	-	-	56,358.57	12,481,020.79
Other current payable - interest payable				
Subsidiary				
Castle Peak Real Estate Co., Ltd.	-	-	452,106.90	486,944.69
Short-term loans from				
Subsidiary				
Castle Peak Real Estate Co., Ltd.	-	-	94,807,000.00	92,847,000.00

NOTES TO FINANCIAL STATEMENTS (Cont.)

5.4 Movement of short-term loans and advances to related parties during the year ended December 31, 2019 were as follows:

							Unit : Baht
Consolidated financial statements							
	December 31, 2018	Increase	(Decrease)	Gain (loss) on exchange rate	Transfers in (out)	December 31, 2019	Interest rate (%)
Loans to :							
Associates							
Yueyang Fengli Pulp & Paper							
Industry Co., Ltd.	(1, 2) 26,397,768.00	-	-	(1,891,658.00)	-	24,506,110.00	6.25-6.50
Castle Peak Pulp & Paper							
Industries Co., Ltd.	176,415,000.00	-	-	-	-	176,415,000.00	6.50
Total	202,812,768.00	-	-	(1,891,658.00)	-	200,921,110.00	
Less allowance for doubtful accounts (Note 10)	-	(176,415,000.00)	-	-	-	(176,415,000.00)	
Net	202,812,768.00	(176,415,000.00)	-	(1,891,658.00)	-	24,506,110.00	
Loans to :							
Subsidiary							
C.P.G. Garment Co., Ltd.	17,600,000.00	28,600,000.00	(28,600,000.00)	-	-	17,600,000.00	6.00-6.25
Associates							
Yueyang Fengli Pulp & Paper							
Paper Industry Co., Ltd.	(1, 2) 26,397,768.00	-	-	(1,891,658.00)	-	24,506,110.00	6.25-6.50
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.	-	415,097.58	(415,097.58)	-	-	-	None
Total	220,412,768.00	29,015,097.58	(29,015,097.58)	(1,891,658.00)	-	218,521,110.00	
Less allowance for doubtful accounts (Note 10)	-	(176,415,000.00)	-	-	-	(176,415,000.00)	
Net	220,412,768.00	(147,399,902.42)	(29,015,097.58)	(1,891,658.00)	-	42,106,110.00	

NOTES TO FINANCIAL STATEMENTS (Cont.)

5.5 Movement of long-term loans to a related party during the year ended December 31, 2019 were as follows:

(Unit : Baht)					
	Consolidated/ Separate financial statements				
	December 31, 2018	Increase	(Decrease)	Transfers in (out)	December 31, 2019
Loans to :					
Associate					
Castle Peak Pulp & Paper Industries Co., Ltd.					
- Current portion of long-term loans	30,000,000.00	-	(30,000,000.00)	32,500,000.00	32,500,000.00
- Long-term loans	32,500,000.00	-	-	(32,500,000.00)	-
Total	62,500,000.00	-	(30,000,000.00)	-	32,500,000.00
Less allowance for doubtful accounts (Note 10)	(3,000,000.00)	(32,500,000.00)	3,000,000.00	-	(32,500,000.00)
Net	59,500,000.00	(32,500,000.00)	(27,000,000.00)	-	-
					Interest rate (%)
					None

5.6 Movement of short-term loans and advances from related parties during the year ended December 31, 2019 were as follows:

(Unit : Baht)					
	Separate financial statements				Interest
	December 31, 2018	Increase	(Decrease)	December 31, 2019	
Loans from :					
Subsidiary					
Castle Peak Real Estate Co., Ltd.	92,847,000.00	31,450,000.00	(29,490,000.00)	94,807,000.00	6.00-6.25
Advances to :					
Subsidiary					
C.P.G. Garment Co., Ltd.	-	-	-	-	ไม่คิด
Total	92,847,000.00	31,450,000.00	(29,490,000.00)	94,807,000.00	

- (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, 2020.
- (2) The associate temporary cease its productions (Note 10).

Except for the above mentioned, as of December 31, 2019 and 2018, 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.

NOTES TO FINANCIAL STATEMENTS (Cont.)

5.7 Commitment as at December 31, 2019 and 2018 with a related party were as follows:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Commitments on the agreements construction of real estate project				
Subsidiary				
Sun Property Co., Ltd.	-	-	4,266,841.00	12,694,144.79

6. Cash and cash equivalents

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash	100,000.00	99,990.00	40,000.00	40,000.00
Current accounts	23,181,428.75	11,195,567.02	6,517,536.23	4,859,733.88
Saving deposits	1,797,639.17	822,697.30	1,381,132.67	-
Total	25,079,067.92	12,118,254.32	7,938,668.90	4,899,733.88

7. Trade and other current receivables

	Note	Unit : Baht			
		Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Trade accounts receivable					
- Related party	5	-	-	3,460,837.73	7,650,251.99
- Other parties		202,952,005.19	273,764,257.14	124,464,161.83	159,203,437.65
Less allowance for doubtful accounts		(4,140,355.06)	(4,207,072.95)	(4,140,355.06)	(4,207,072.95)
Trade accounts receivables, net		198,811,650.13	269,557,184.19	123,784,644.50	162,646,616.69
Other current receivables					
- Related party	5	68,412,781.67	77,743,358.56	68,438,362.23	78,263,615.41
- Other parties		13,280,370.45	12,018,143.26	6,478,855.64	4,546,146.46
Less allowance for doubtful accounts	5	(67,920,726.78)	(77,132,232.20)	(67,920,726.78)	(77,132,232.20)
Other current receivables, net		13,772,425.34	12,629,269.62	6,996,491.09	5,677,529.67
Total		212,584,075.47	282,186,453.81	130,781,135.59	168,324,146.36

NOTES TO FINANCIAL STATEMENTS (CONT)

Aging analyses for trade accounts receivable were as follows:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Related party				
Within credit term	-	-	3,460,837.73	7,069,283.17
Over due				
- Not over 3 months	-	-	-	580,968.82
Total	-	-	3,460,837.73	7,650,251.99
Other parties				
Within credit term	136,497,470.60	225,468,080.29	59,869,007.41	126,993,914.47
Over due				
- Not over 3 months	62,314,179.53	44,259,666.78	60,454,799.36	28,173,013.11
- Over 3 months but not over 6 months	-	4,036,510.07	-	4,036,510.07
- Over 12 months	4,140,355.06	-	4,140,355.06	-
<u>Less</u> allowance for doubtful accounts	(4,140,355.06)	(4,207,072.95)	(4,140,355.06)	(4,207,072.95)
Total	198,811,650.13	269,557,184.19	120,323,806.77	154,996,364.70

8. Inventories - garment business

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Finished goods	16,329,225.06	17,603,281.96	9,615,636.81	9,752,062.35
Work in process	120,384,852.14	124,682,513.74	79,884,761.73	85,938,826.74
Raw materials and supplies	94,136,927.70	112,299,772.10	65,666,819.83	79,354,493.36
Raw materials in transit	11,767,663.79	34,617,276.11	6,296,020.23	23,031,307.48
Total	242,618,668.69	289,202,843.91	161,463,238.60	198,076,689.93
<u>Less</u> allowance for declining in value of inventories	(7,214,055.22)	(10,855,645.29)	(5,459,638.93)	(7,853,389.96)
Net	235,404,613.47	278,347,198.62	156,003,599.67	190,223,299.97

The cost of inventories which is recognised as an expense and included in cost of sale of goods for the year ended December 31, 2019 amounted to Baht 1,322.43 million (2018: Baht 1,378.86 million) in the consolidated statements of comprehensive income and Baht 788.66 million (2018: Baht 829.40 million) in the separate statements of comprehensive income.

NOTES TO FINANCIAL STATEMENTS (Cont.)

In 2019, the Group recognised an allowance for decline in value of inventories adjusted to net realisable value of Baht 5.74 million and recognised a recovery of allowance for decline in value of inventories of Baht 9.38 million (2018 : recognised an allowance for decline in value of inventories adjusted to net realisable value of Baht 7.81 million and recognised a reversal of allowance for decline in value of inventories of Baht 9.05 million).

9. Inventories- real estate business

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Land	218,590,442.00	218,590,442.00	123,100,572.00	123,100,572.00
Land development	36,113,687.50	35,966,687.50	9,595,552.50	9,497,552.50
Construction in progress	569,668,817.05	545,511,750.79	254,538,764.38	245,647,955.59
Infrastructure	123,793,475.82	116,478,522.95	41,638,825.85	36,843,850.98
Construction development costs	42,576,469.17	37,305,017.42	13,345,150.21	9,995,290.10
Others	-	680,000.00	-	-
Total	990,742,891.54	954,532,420.66	442,218,864.94	425,085,221.17
Less cumulative costs transferred to cost of sales	(779,039,164.57)	(713,109,765.26)	(331,548,626.37)	(306,730,521.92)
Net	211,703,726.97	241,422,655.40	110,670,238.57	118,354,699.25

As at December 31, 2019, inventories- real estate business of the Company and subsidiaries totaling Baht 144.74 million (2018 : Baht 138.55 million) in consolidated financial statements and Baht 107.71 million (2018 : Baht 37.46 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).

10. Investments in subsidiaries and associates

				Unit : Baht	
Name	Type of business	Paid-in	Ownership	Consolidated financial statements	
		capital	interest	Investment at equity method	
		(Thousand Baht)	(%)	2019	2018
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	3,006,324.14	3,018,325.22
Total investment in associates				3,006,324.14	3,018,325.22

NOTES TO FINANCIAL STATEMENTS (Cont.)

Name	Type of business	Paid-in	Ownership interest (%)	Unit : Baht			
		capital (Thousand Baht)		Separate financial statements			
				Investment at cost method		Dividend income	
				2019	2018	2019	2018
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							
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	-	-
<u>Less</u> 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.

All subsidiaries and associates are incorporated in Thailand.

The share of comprehensive income (loss) of two associates in the consolidated statements of comprehensive income for the year ended December 31, 2019 amounted to Baht 0.00 million (2018 : Baht (0.00) million), were computed from the financial statements which have not been audited by 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”) from 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 2016. In addition, the Company does not recognise interest income since July 1, 2016.

On January, 2018, CPPP submitted an intention proposal to the Company in order to propose for loan restructure for term loans. The mentioned letter has been considered in the board of director meeting on January 25, 2018. 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.

NOTES TO FINANCIAL STATEMENTS (Cont.)

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:
 - 1st installment, repay within February 28, 2018, amounted to Baht 40,000,000
 - 2nd installment, repay within March 31, 2019, amounted to Baht 30,000,000
 - 3rd 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.

In March 2019, the Company received the 2nd installment of Baht 30.00 million as identified in the loan restructure agreement. Consequently, the Company has written of accrued interest income and receivable for guarantee fee of Baht 10.30 million and Baht 10.14 million, respectively, and allowance for doubtful accounts totaling Baht 20.44 million in the consolidated and separate statements of financial position as of December 31, 2019.

As per loan restructure agreement, the Company recognized allowance for valuation adjustment of long-term loans based on fair value of Baht 3.00 million in the consolidated and separate financial statements for the year 2018.

In 2019, Yueyang was asked by government agency to suspend a section of productions. Caused the management of Yueyang design to temporary cease its whole productions in quarter 3 of 2019, but still operates trading section. All present, Yueyang suspends its trading section, which is impact from virus COVID-19 infection. The management expects to resume such productions when virus infection is treated and the discussion with government agency is completed

Resulted from the mentioned production temporary suspended, the management considers the recover value of loans to both associates and provides the allowance for doubtful accounts of loans to CPPP of Baht 208.92 million (consists current portion of long-term loans Baht 32.50 million and short-term loans Baht 176.42 million) and reverse the allowance for valuation adjustment Baht 3.00 million (net of Baht 205.92 million). This caused Yueyang suspended its productions is significant impact to CPPP, since CPPP main revenue is dividend from Yueyang. However, the Company considers that Yueyang financial position is capable to return its loans, thus, the Company does not provide the allowance for doubtful accounts of loans to Yueyang.

NOTES TO FINANCIAL STATEMENTS (Cont.)

11. Property, plant and equipment

Unit : Baht

	Consolidated financial statements				
	As at			Transfer in	As at
	December 31, 2018	Increase	Decrease	(out)	December 31, 2019
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	116,839,518.32	-	-	514,018.69	117,353,537.01
Buildings - revaluation surplus	325,155,038.64	-	-	-	325,155,038.64
Cost :					
Machinery and equipment	358,111,648.47	7,534,159.49	(2,903,854.47)	-	362,741,953.49
Furniture and office equipment	121,676,842.75	1,194,265.16	(3,334,157.27)	-	119,536,950.64
Leasehold building improvement	3,949,846.28	-	-	-	3,949,846.28
Other constructions	355,562.61	-	-	-	355,562.61
Vehicles	36,455,738.42	-	-	-	36,455,738.42
Assets in transit	-	591,870.42	-	(514,018.69)	77,851.73
Total cost	1,241,592,094.19	9,320,295.07	(6,238,011.74)	-	1,244,674,377.52
Accumulated depreciation :					
Land improvement	(10,298,398.70)	-	-	-	(10,298,398.70)
Building	(108,080,801.29)	(1,913,286.64)	-	-	(109,994,087.93)
Building - revaluation surplus	(243,517,211.16)	(23,691,953.49)	-	-	(267,209,164.65)
Machinery and equipment	(337,469,941.67)	(7,022,626.08)	2,903,602.47	-	(341,588,965.28)
Furniture and office equipment	(118,778,292.50)	(976,626.27)	3,333,933.27	-	(116,420,985.50)
Leasehold building improvement	(3,919,034.51)	(5,076.00)	-	-	(3,924,110.51)
Other constructions	(274,228.07)	(17,778.12)	-	-	(292,006.19)
Vehicles	(34,216,288.58)	(753,557.30)	-	-	(34,969,845.88)
Total accumulated depreciation	(856,554,196.48)	(34,380,903.90)	6,237,535.74	-	(884,697,564.64)
Net	385,037,897.71				359,976,812.88

NOTES TO FINANCIAL STATEMENTS (Cont.)

Unit : Baht

	Separate financial statements			
	As at		Transfer in	As at
	December 31, 2018	Increase	(out)	December 31, 2019
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	90,702,279.19	-	514,018.69	91,216,297.88
Buildings - revaluation surplus	209,535,105.28	-	-	209,535,105.28
Cost :				
Machinery and equipment	232,848,695.31	6,073,369.60	(2,882,094.47)	236,039,970.44
Furniture and office equipment	74,613,844.03	830,752.33	(2,367,333.47)	73,077,262.89
Vehicles	2,907,792.94	-	-	2,907,792.94
Asset on the way	-	591,870.42	(514,018.69)	77,851.73
Total cost	795,693,615.45	7,495,992.35	(5,249,427.94)	797,940,179.86
Accumulated depreciation :				
Land improvement	(10,298,398.70)	-	-	(10,298,398.70)
Building	(88,499,164.46)	(956,277.59)	-	(89,455,442.05)
Building - revaluation surplus	(173,604,000.55)	(16,917,799.41)	-	(190,521,799.96)
Machinery and equipment	(218,679,655.45)	(4,925,711.43)	2,881,910.47	(220,723,456.41)
Furniture and office equipment	(72,542,192.84)	(681,674.21)	2,367,166.47	(70,856,700.58)
Vehicles	(2,620,851.00)	(146,865.06)	-	(2,767,716.06)
Total accumulated depreciation	(566,244,263.00)	(23,628,327.70)	5,249,076.94	(584,623,513.76)
Net	229,449,352.45			213,316,666.10

As at December 31, 2019, substantial parcels of land and construction thereon of the Group, with net carrying value of Baht 331.72 million (2018 : Baht 356.81 million) in the consolidated financial statements, and Baht 193.23 million (2018 : Baht 210.59 million) in the separate financial statements, were mortgaged as collateral for overdrafts and short-term loans from financial institutions of the Group (Note 14) and letter of guarantee to Government agencies (Note 24).

As at December 31, 2019, the Group had fully depreciated fixed assets which were still in active use at gross carrying value totaling Baht 477.60 million (2018 : Baht 477.12 million) in the consolidated financial statements and Baht 281.80 million (2018 : Baht 282.01 million) in the separate financial statements.

NOTES TO FINANCIAL STATEMENTS (Cont.)

12. Investment properties

	Consolidated financial statements				Unit : Baht
	As at December 31, 2018	Increase	Decrease	Transfer in (out)	As at December 31, 2019
Cost :					
Land and land improvement	49,644,434.00	-	-	-	49,644,434.00
Buildings and other constructions	37,755,071.56	-	-	-	37,755,071.56
Total cost	87,399,505.56	-	-	-	87,399,505.56
Accumulated depreciation :					
Land improvement	(80,552.01)	-	-	-	(80,552.01)
Buildings and other constructions	(26,422,398.45)	(943,886.52)	-	-	(27,366,284.97)
Total accumulated depreciation	(26,502,950.46)	(943,886.52)	-	-	(27,446,836.98)
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	58,560,552.20				57,616,665.68

	Separate financial statements				Unit : Baht
	As at December 31, 2018	Increase	Decrease	Transfer in (out)	As at December 31, 2019
Cost :					
Land and land improvement	50,046,089.00	-	-	-	50,046,089.00
Buildings	33,861,732.66	-	-	-	33,861,732.66
Total cost	83,907,821.66	-	-	-	83,907,821.66
Accumulated depreciation :					
Land improvement	(80,552.01)	-	-	-	(80,552.01)
Buildings	(24,865,062.45)	(943,886.52)	-	-	(25,808,948.97)
Total accumulated depreciation	(24,945,614.46)	(943,886.52)	-	-	(25,889,500.98)
Net	58,962,207.20				58,018,320.68

NOTES TO FINANCIAL STATEMENTS (Cont.)

Fair value of investment properties as at December 31, 2019 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	35,301,344.68	108,583,344.00	35,301,344.68	108,583,344.00
Total	57,616,665.68		58,018,320.68	

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, 2019, investment properties with net carrying value of Baht 24.45 million (2018: Baht 25.00 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, 2019, 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 Group's (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	
	2019	2018	2019	2018
Bank overdrafts	5,664,969.30	4,851,955.96	5,664,969.30	958,247.36
Short - term loans from banks				
- Packing credits	251,278,000.00	335,100,000.00	240,778,000.00	247,700,000.00
- Liability under trust receipts	145,320,514.69	163,947,629.78	96,699,818.39	131,293,120.46
- Promissory notes	12,000,000.00	12,000,000.00	12,000,000.00	12,000,000.00
Total	414,263,483.99	515,899,585.74	355,142,787.69	391,951,367.82

As at December 31, 2019, the Group has credit facilities with several banks totaling Baht 852.00 million (2018: Baht 622.42 million) in the consolidated financial statements and Baht 614.00 million (2018 : Baht 464.00 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	2019	2018	2019	2018
Trade accounts payable					
- Related parties	5	-	-	56,358.57	12,481,020.79
- Other parties		36,765,941.51	74,851,250.67	20,556,159.84	49,378,334.53
Total trade accounts payable		36,765,941.51	74,851,250.67	20,612,518.41	61,859,355.32
Other current payables					
- Related party	5	-	-	452,106.90	486,944.69
- Other parties		65,335,493.77	69,138,147.20	39,014,443.85	41,740,416.12
Total other current payables		65,335,493.77	69,138,147.20	39,466,550.75	42,227,360.81
Total		<u>102,101,435.28</u>	<u>143,989,397.87</u>	<u>60,079,069.16</u>	<u>104,086,716.13</u>

16. Long - term loans from financial institutions

		Unit : Baht			
		Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Current portion of long-term loans		-	7,040,000.00	-	-
Long-term loans		-	-	-	-
Total		<u>-</u>	<u>7,040,000.00</u>	<u>-</u>	<u>-</u>

A subsidiary has credit facilities for its real estate project with a local bank totaling Baht 102.30 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. During the year 2019, such subsidiary has fully repaid the loan.

NOTES TO FINANCIAL STATEMENTS (Cont.)

17. Deferred tax

Deferred tax assets and liabilities as at December 31, 2019 and 2018 were as follows:

	Unit : Baht			
	Consolidated financial statements			
	Assets		Liabilities	
	2019	2018	2019	2018
Deferred tax assets	563,600.25	5,819,917.84	-	-
Deferred tax liabilities	-	-	(60,544,514.99)	(65,637,766.34)
Total	563,600.25	5,819,917.84	(60,544,514.99)	(65,637,766.34)
Set off of tax	(379,000.00)	(3,690,380.40)	379,000.00	3,690,380.40
Net deferred tax assets (liabilities)	<u>184,600.25</u>	<u>2,129,537.44</u>	<u>(60,165,514.99)</u>	<u>(61,947,385.94)</u>
	Separate financial statements			
	2019	2018		
Deferred tax assets	379,000.00	1,005,414.59		
Deferred tax liabilities	(35,171,222.23)	(38,876,345.68)		
Net deferred tax assets (liabilities)	<u>(34,792,222.23)</u>	<u>(37,870,931.09)</u>		

Movements in deferred tax assets and liabilities during the year 2019 were as follows:

	Unit : Baht			
	Consolidated financial statements			
	(Charged) / Credited to:			
	As at January 1, 2019	Profit or loss	Other comprehensive income	As at December 31, 2019
Deferred tax assets :				
Investment properties	77,866.69	(29,200.04)	-	48,666.65
Loss carry forward	1,880,851.95	(1,880,851.95)	-	-
Others	170,818.80	(34,885.20)	-	135,933.60
Total deferred tax assets	<u>2,129,537.44</u>	<u>(1,944,937.19)</u>	<u>-</u>	<u>184,600.25</u>
Deferred tax liabilities :				
Investment in associate	(236,340.34)	2,575.51	-	(233,764.83)
Land and buildings	(63,117,252.36)	4,901,898.53	-	(58,215,353.83)
Investment properties	(2,284,173.64)	188,777.31	-	(2,095,396.33)
Loss carry forward	2,684,965.81	(2,684,965.81)	-	-

NOTES TO FINANCIAL STATEMENTS (Cont.)

Unit : Baht

	Consolidated financial statements		
	(Charged) / Credited to:		
	As at January 1, 2019	Profit or loss	Other comprehensive income
			As at December 31, 2019
Others	1,005,414.59	(626,414.59)	-
Total deferred tax liabilities	(61,947,385.94)	1,781,870.95	-
Total credited (charged)		(163,066.24)	-

Unit : Baht

	Separate financial statements		
	(Charged) / Credited to:		
	As at January 1, 2019	Profit or loss	Other comprehensive income
			As at December 31, 2019
Deferred tax assets (liabilities)			
Land and buildings	(36,592,172.04)	3,516,346.14	-
Investment properties	(2,284,173.64)	188,777.31	-
Others	1,005,414.59	(626,414.59)	-
Net	(37,870,931.09)	3,078,708.86	-

As at December 31, 2019, deferred tax assets arising from temporary differences and unused tax losses of Baht 83.70 million (2018 : Baht 40.67 million) in the consolidated financial statements and Baht 70.51 million (2018 : Baht 30.18 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	Separate financial
	financial statements	statements
Defined benefit obligations as at January 1, 2019	48,550,595.00	27,245,697.00
Recognised through profit or loss :		
Current service costs and interest	8,380,402.00	4,363,410.00
Adjust current service costs and interest from 300 days to 400 days.	14,991,121.00	9,013,470.00
Benefit paid by projects	(2,439,264.00)	(1,387,400.00)
Recognised in other comprehensive income:		
Actuarial losses	3,890,882.00	4,161,034.00
Defined benefit obligations as at December 31, 2019	73,373,736.00	43,396,211.00

Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages):

	%	
	Consolidated	Separate financial
	financial statements	statements
As at December 31, 2019		
Discount rate	1.29 - 1.70	1.34
Future salary growth	0.00 and 5.00	0.00 and 5.00

Assumptions regarding future mortality have been based on published statistics and mortality tables.

Sensitivity analysis

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

	Unit : Baht			
	Consolidated		Separate financial statements	
	financial statements			
	Increase	Decrease	Increase	Decrease
As at December 31, 2019				
Discount rate (1% movement)	(3,995,885.00)	4,448,178.00	(2,473,413.00)	2,780,527.00
Future salary growth (1% movement)	5,408,903.00	(3,611,012.00)	3,347,946.00	(2,283,010.00)

On April 5, 2019, the Labor Protection Act (Issue 7) 2019, which stipulates additional compensation rates in the case of employers terminating employment for employees who have worked for 20 consecutive years or more, they are entitled to compensation of not less than the final rate of 400 days that has already been announced in the Government Gazette. The said law will be effective from May 5, 2019 onwards, which will be considered as a revision of the project for post-employment benefits. The Company recorded the effect of such change by recognizing the past service cost as an immediate expense in the income statement for the year ended December 31, 2019 of Baht 14.99 million in the

NOTES TO FINANCIAL STATEMENTS (Cont.)

consolidated financial statements and Baht 9.01 million in the separate financial statements.

19. Expenses by nature

Significant expenses by nature for the years ended December 31, 2019 and 2018, were as follows:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Raw materials and supplies used	784,136,519.74	788,229,081.16	477,274,629.84	502,869,251.23
Changes in finished goods and				
work in process	5,571,718.50	(16,316,083.52)	6,190,490.55	(13,775,275.46)
Increase in land, construction in				
progress and utilities during				
the year	36,890,470.88	73,053,199.84	17,133,643.77	54,832,657.91
Changes in real estate under				
development projects	29,718,928.43	(41,326,631.83)	7,684,460.68	(47,813,114.91)
Salary, wages and other employee				
benefits	554,129,619.00	608,233,610.05	333,564,536.00	357,985,827.00
Depreciation and amortization	35,475,826.44	38,552,924.61	24,723,250.24	28,352,867.26
Utility expenses	27,088,664.01	29,439,605.11	16,818,868.01	18,044,926.74
Transportation expense	8,850,680.07	27,229,676.95	5,676,685.66	21,052,136.62
Rental and services	21,681,441.25	21,745,475.56	14,951,752.51	14,979,639.26
Repair and maintenance expenses	14,786,061.31	14,640,483.62	10,542,040.45	9,755,793.16

20. Income tax expense (income)

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Income tax recognised in profit or loss				
Current tax expense :				
Current year	5,178,345.69	-	-	-
Deferred tax expense :				
Movements in temporary differences	(1,717,785.71)	(6,865,534.27)	(3,078,708.86)	(5,449,765.04)
Benefit of tax losses recognised	1,880,851.95	(4,565,817.76)	-	-
	163,066.24	(11,431,352.03)	(3,078,708.86)	(5,449,765.04)
Net	5,341,411.93	(11,431,352.03)	(3,078,708.86)	(5,449,765.04)

NOTES TO FINANCIAL STATEMENTS (Cont.)

Reconciliation of effective tax rate

Unit : Baht

	Consolidated financial statements			
	Applicable tax rate (%)	2019	Applicable tax rate (%)	2018
Accounting profit (loss) before income tax	20	(218,083,010.05)	20	(18,161,769.07)
Tax at the applicable tax rate		(43,616,602.01)		(3,632,353.81)
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		51,796,404.76		1,055,734.59
Benefit of tax losses recognised		(4,562,235.57)		(8,854,732.81)
Reverse unused deferred tax assets		1,723,844.75		-
Net		5,341,411.93		(11,431,352.03)

Unit : Baht

	Separate financial statements			
	Applicable tax rate (%)	2019	Applicable tax rate (%)	2018
Accounting profit (loss) before income tax	20	(239,391,574.21)	20	(36,642,210.17)
Tax at the applicable tax rate		(47,878,314.84)		(7,328,442.03)
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		44,799,605.98		1,878,676.99
Net		(3,078,708.86)		(5,449,765.04)

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

NOTES TO FINANCIAL STATEMENTS (Cont.)

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, 2019 and 2018 as follows:

	Consolidated financial statements								Unit : Million Baht	
	2019				2018					
	Garment	Real estate	Total	Add (less) inter - transactions	Net	Garment	Real estate	Total		Add (less) inter - transactions
External revenue	1,459	93	1,552	-	1,552	1,537	53	1,590	-	1,590
Inter-segment revenue	31	40	71	(71)	-	29	8	37	(37)	-
Total revenue	1,490	133	1,623	(71)	1,552	1,566	61	1,627	(37)	1,590
Segment results	36	-	36	(15)	21	35	1	36	(21)	15
Unallocated income (expenses)					(206)					-
Share of profit (loss) from investment in associate					-					-
Financial costs					(33)					(33)
Income tax (expense) income					(5)					11
Profit (loss) for the year					(223)					(7)
Segment assets	1,192	465	1,657	(443)	1,214	1,553	456	2,009	(443)	1,566

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	
	2019	2018
Foreign countries	1,455	1,528
Domestic	97	62
Total revenue	1,552	1,590

Major customer

Revenues from four major customers of the Group's garment manufacturing segment represent approximately Baht 1,382 million for the year 2019 (2018: three major customers amounted to Baht 1,273 million) of the consolidated revenues.

22. Commitments from real estate developing projects

	Unit : Million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Value of sales already contracted during the year	87.46	58.07	30.45	33.17
Cumulative value of sales already contracted	1,153.48	1,066.02	503.53	473.08
As percentage of total sales of projects on hand (%)	82.46	76.21	94.73	89.78
Number of projects:				
Number of projects on hand at beginning of the year	4	4	1	1
Number of new opened projects	-	-	-	-
Number of closed projects	-	-	-	-
Number of projects on hand at end of the year	4	4	1	1

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.

NOTES TO FINANCIAL STATEMENTS (CONT)

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.

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, 2019 and 2018, 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			
	2019		2018	
	Assets	Liabilities	Assets	Liabilities
US Dollar	231	133	306	176
Hong Kong Dollar	1	26	-	34
Pound Sterling	-	1	-	-
	Consolidated financial statements			
	2019		2018	
	Assets	Liabilities	Assets	Liabilities
US Dollar	148	89	186	134
Hong Kong Dollar	1	16	-	27
Pound Sterling	-	1	-	-

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.

NOTES TO FINANCIAL STATEMENTS (Cont.)

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, 2019 :

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 14.93 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 149.06 million,

24.4 The Group had commitments on the agreements of development and construction of real estate projects totaling Baht 8.22 million.

25. Financial statements approval

Board of Directors of Castle Peak Holdings Public Company Limited has approved these financial statements on February 26, 2020.

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