

RICH SPORT PUBLIC COMPANY LIMITED

# ANNUAL REPORT 2018



บริษัท ริช สปอร์ต จำกัด (มหาชน)  
RICH SPORT PUBLIC COMPANY LIMITED

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116/20

CONVERSE

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RICH SPORT PUBLIC COMPANY LIMITED

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## **Message from Chairman of the Board of Directors and Chief Executive Officer**

Dear Shareholders,

2018 was a challenging year for Rich Sport Public Company Limited. The company had a total income of 1,148.97 million baht, decreasing by 2.9 percent compared to last year, and a net profit of 157.6 million baht or 14.1 percent of sales income. The operating results were lower than the company's expectations due to the economy. The overall retail industry in 2018 expanded by only three percent which was lower than previously expected by Thai Retailers Association at 4.4.2 percent.

During the year 2018, the company fully implemented its strategic plan by expanding its distribution channels and importing a wide range of products to meet consumer demand. The company continued to market its products to increase sales by using online and out-of-home advertising, resulting in 200 branches of stores in 2018 including 194 branches in Thailand and 6 branches in Cambodia. The company also expanded its online distribution channels by offering products through Lazada and Shopee.

In 2019, the company has a plan to continue its store expansion and to focus on online distribution channels in order to meet the lifestyle of the new generation of consumers. The company also imported a broad range of products to meet consumer demand. On top of this, the company plans to expand its warehouses to enhance its capacity to further expand its business in the future.

Finally, on behalf of Rich Sport PCL, I would like to thank our shareholders, business allies, and customers for your continued trust and support. I would also like to thank our executives and employees for your dedication in operating our business. The company is committed to conduct its business with due care based on good corporate governance principle to maximize the benefits of all stakeholders sustainably and to deliver quality products and services.

A handwritten signature in blue ink, appearing to read 'M. Phairat' with a stylized flourish at the end.

Gen. Phairat Phoubon  
Chairman of the Board of Directors

A handwritten signature in blue ink, appearing to read 'Papitch W.' with a stylized flourish at the end.

Miss Papitch Wongpaitoonpi  
Chief Executive Officer

## Audit Committee Report

To: Shareholders

The Audit Committee of Rich Sport Public Company Limited is consisted with three independent auditors who have sufficient knowledge and experience that suitable for performing assigned duties by the Board of Directors. The Audit Committee has list as followed:

Mr. Manit Nitiprateep	Chairman of the Audit Committee
Mr. Chaisak Angkasuwan	Audit Committee Member
Mr. Udom Tangmanaskul	Audit Committee Member

Audit Committee has performed duties in accordance with scope of responsibilities specified in the Charter of the Audit Committee assigned by the Board of Directors in accordance with the requirements of the Stock Exchange of Thailand. In year 2018, the Audit Committee held five meetings that all audit Committee members attended in each meeting. The summary of their operations and opinions in various matters are as follows:

**1. Review financial reports:** The Audit Committee reviewed quarterly and annual financial reports of year 2018 together with the accounting auditor and the management. They shall consider financial reports, disclosure of information in the notes to the financial statements, accounting policy, important estimation, observations from the review, verification of the auditor's financial statements which resulted from above mentioned duties.

The Audit Committee agreed with the accounting auditor that Quarterly financial statements and annual financial statements have been prepared in accordance with standard of financial report and also required its accuracy included sufficient and appropriate information are being disclosure.

**2. Review compliance with laws:** The Audit Committee has reviewed and supervised the Company has been complied with the law on Securities and Stock Exchange included other requirements and laws relating to the Company business operation.

The Audit Committee agreed that the Company has complied with the law correctly in accordance with the law on Securities and Stock Exchange included other requirements and laws relating to the Company business operation.

**3. Reviewing the connected transaction:** The Audit Committee reviewed the connected transaction information or items may have conflicts of interest on quarterly basis which based on reasonableness, transparency of transactions and sufficiency of information disclosure for the highest benefit of the company

The Audit Committee agreed that the connected transaction is based on reasonableness, transparency of transactions and sufficiency of information disclosure for the highest benefit of the company.

**4. Review the internal control system:** The Audit Committee approved the audit plan from an internal auditor who the company has been employed for conducting an internal audit control system. In addition, the audit committee also attend meeting to make the summary of the internal audit control system with the internal auditor and the management.

The Audit Committee agreed that the Company has adequate and appropriate internal audit control systems which is independent and in accordance with professional standards.

**5. To recruit and propose the appointment of accounting auditors:** The Audit Committee has selected the accounting auditors by considering the past performance, independence, knowledge, expertise included remuneration for accounting audit services.

The Audit Committee agreed to appoint an auditor from EY Office Company Limited to be the company auditor. The auditor remuneration of year 2018 with an auditor name are Mr. Chayaphon

Suphasetthanon, Registration No. 3972 or Mrs. Kingkan Asavarangsarit, Registration No. 4496, Miss Sumana Phanphongsanon, Registration No. 5872 or Miss Rasaphon Detakhom, Registration No. 5659, are the company auditors.

In summary, the Audit Committee has performed their duties with prudence independently as well as expressing honest opinions for the greatest benefit of Rich Sport Public Company Limited without limitation in obtaining information, resources and cooperation from the company. The Audit Committee has evaluated their performance to ensure that Performance of the Audit Committee in year 2018 with efficient and effective to achieve the objectives assigned by the Board of Directors.



Mr. Manit Nitiprateep

Chairman of the Audit Committee

23 February 2019

# Board of Directors



**Gen. Phairat Phoubon**  
Independent Director  
Chairman of The Board of Directors



**Manit Nitiprateep**  
Independent Director  
Chairman of Audit Committee



**Chaisak Angkasuwan**  
Independent Director  
Member of Audit Committee



**Udom Tangmanaskul**  
Independent Director  
Member of Audit Committee



**Papitch Wongpaitoonpiya**  
Director  
Chairman of Executive Committee  
Chief Executive Officer



**Chertchai Prasongphonchai**  
Director  
Member of Executive Committee  
Chief Operation Officer



**Somroj Sirisophana**  
Director  
Vice Chairman of Executive Committee



## **1. Business Policy and Overview**

### **1.1 Vision, Mission, and Core Values**

#### **Vision**

Rich Sport Public Company Limited and its subsidiaries strive to become a leading company in fashion and lifestyle at a global level by distributing products under a well-known brand and effectively responding to customer demand with a wide variety of products which are designed to meet customers' diverse needs depending on when and where they are. We conduct our business with professionalism for sustainability and growth amidst the rapidly changing fashion trends.

#### **Mission**

Deliver highest customer satisfaction by offering quality and trendy products which effectively meet the needs of customers across all target groups

Operate business with transparency based on good corporate governance principle, ethics, and social responsibility.

Build business partnership with an aim of sustainable cooperation as business partners

Improve personnel's knowledge, potential, skills, and expertise to ensure that all employees can work together happily and advance in their career at the organization

#### **Business Objectives**

Rich Sport Public Company Limited and its subsidiaries strive to become a leading company in footwear and fashion products at a global level under foreign brand names which the company has received exclusive rights. The company is committed to deliver satisfaction to its stakeholders and customers by offering quality and trendy products which are designed for comfort at a reasonable price through accessible and convenient distribution channels.

#### **Business Goals**

The company's business goal is to manage the organization for sustainability and to operate business with care and adaptability to ensure its competitiveness. The strategies which will become its main driving force in achieving that goal include:

**Products**

Introduce a wide range of quality products to meet customer demand and create brand recognition and acceptance.

**Distribution Channels**

The company seeks to increase its distribution channels by opening its own retail stores and sales counters at department stores to ensure countrywide distribution of its products.

**Business Expansion**

The company constantly seeks business expansion opportunities both by increasing the number of licensed products to include products at every price range and by expanding distribution channels overseas.

**Management Efficiency Enhancement**

The company focuses on management in all business aspects including procurement, inventory management, product delivery, store management, and human resources. The company puts a great emphasis on developing its personnel to prepare for the company's growth by seeking people with knowledge and talent, creating career advancement opportunities, and ensuring fair compensation based on performance to boost employee morale.

## Core Values

Our core values are based upon “**RSPT**”

### **R = Responsibility for society and environment**

Be responsible for the society and environment

### **S = Service Mind**

Good attitude towards customer service

### **P = Partnership**

Good relationship with all parties including suppliers, customers, community, and employees

### **T = Teamwork**

Teamwork with shared goals for higher achievement

## **1.2 Background and key developments**

Rich Sport PCL (“The company”) was established on 25 September 2001 with registered capital of 5,000,000.00 baht to conduct business of selling footwear, apparels, and accessories under leading foreign brand names of which the company has been the distributor including Converse and PONY.

### **Key Changes and Developments**

2001	Established and registered under the name “Rich Sport Co., Ltd” with registered capital of 5,000,000 baht on 25 September 2001
2003	The company was granted exclusive rights from Converse Inc., USA to solely make and distribute Converse products in Thailand. The company began selling Converse products through leading department stores including The Mall,

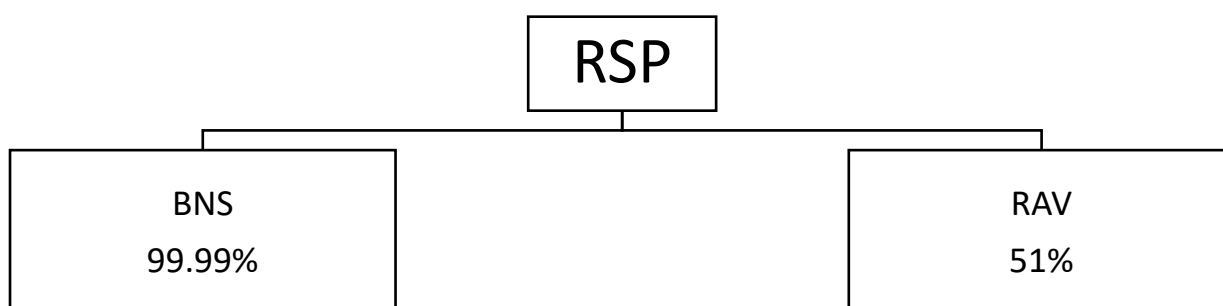
	Tokyu, and Super Sports. The company has opened its own retail stores in Bangkok and other areas in the South, Northeast, and Northwest.
2006	The company expanded its retail stores to northern Thailand with its first store in Chiang Mai.
2007	Established and registered Benefit Shoes Co., Ltd. with registered capital of 2,000,000 baht on 27 September 2007 to conduct footwear manufacturing business.
2008	Began selling products through Central Group department stores including Central Bangna for the first time.
2009	The company increased its registered capital by 5,000,000 baht, from 95,000,000 baht to 100,000,000 baht, by issuing 950,000 new common shares at par value of 100 baht/share to existing shareholders to be used as the company's working capital.
2012	The company expanded its retail stores to eastern Thailand with the first store in Chonburi.
2014	The company increased its registered capital by 100,000,000 baht, from 100,000,000 baht to 200,000,000 baht, by issuing 1,000,000 new common shares at par value of 100 baht/share to existing shareholders to be used as the company's working capital. On 19 December 2014, the Extraordinary Shareholders' Meeting No.1/2014 had a resolution to approve its investment in BNS through a purchase of 500,000 BNS's common shares at par value of 100 baht. After the transaction, the company held 96.15 percent of BNS's total issued shares.
2015	The company purchased BNS's common shares from four existing shareholders in the amount of 19,998 shares at par value of 100 baht/share and thereby increasing the company's shareholding of BNS to 99.99 percent of BNS's total issued shares.

2016	<p>The company increased its registered capital by 150,000,000 baht, from 200,000,000 baht to 350,000,000 baht, by offering 1,500,000 new common shares with value of 100 baht/share to existing shareholders to be used as the company's working capital. Besides, the company was granted exclusive rights from Pony International Limited, Hong Kong to solely make and distribute footwear, apparels, and accessories under the brand " PONY" in Thailand, Cambodia, and Laos.</p>
2017	<p>The company increased its registered capital by 220,000,000 baht, from 350,000,000 baht to 570,000,000 baht, by issuing 2,200,000 new common shares at par value of 100 baht/ share to existing shareholders to be used as the company's working capital. On 31 May 2017, the Extraordinary Shareholders' Meeting No.1/2017 had a resolution to approve the following decisions:</p> <ol style="list-style-type: none"> <li>1.Going public under the name "Rich Sport Public Company Limited"</li> <li>2.Changing the par value from 100 baht per share to 1 baht per share</li> <li>3.Increasing its registered capital by 200,000,000 baht, from 570,000,000 baht to 770,000,000 baht, by issuing 200,000,000 new common shares at par value of one baht per share: 95,000,000 shares offered to the public and 5,000,000 shares offered to directors, executives, and employees of the company and its subsidiaries.</li> </ol> <p>The company began selling PONY products through sales counters at leading department stores with its first branch at Central Westgate on 1 September 2017.</p> <p>On 4 October 2017, the company was granted additional exclusive rights to solely distribute Converse products in Cambodia.</p> <p>The company was listed on the Stock Exchange of Thailand (SET) and began selling its shares on SET on 10 November 2017.</p>

2018	<p>The company joined Melrose Avenue Company Limited in establishing Rich Avenue Company Limited (“RAV”) in Cambodia on 2 February 2018 with registered capital of 200,000 USD or 800 million Cambodian riel, and the company holds 51 percent of the shares.</p> <p>RAV opened two sales counters at AEON Mall 1 in Phnom Penh, Cambodia on 10 February 2018 for Converse and PONY and on 29 May 2018 opened another two sales counters at AEON Mall 2.</p> <p>RAV opened two Converse retail stores: one in Siem Riep on 30 November 2018 and one in Phnom Penh on 25 December 2018.</p>
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### 1.3 Shareholding Structure

Shareholding structure as of 31 December 2018



## 2. Nature of Business

### Nature of Business and Operations

Rich Sport Public Company Limited (the company) conducts a business of selling footwear, apparels, and other accessories under leading international brands including Converse and PONY.

<b>Nature of Business</b>
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### 1. Products

Currently, the group is selling products of two brands: Converse and PONY with the following details:

#### **(I) Converse Products**

Converse is a US sneaker brand with long history of over 100 years. Converse shoes with the five-pointed star has been well-known and popular across the world for a long period. It began as sport shoes for basketball, badminton, and skateboard and later developed into lifestyle footwear for all generations and occasions with classic and unique shape and design.

**Converse products are divided into two groups as follows:**

**1.1 Footwear products:** are the product line which generates the main income for the company. The products are divided into two categories as follows:

**1 ) Basic Footwear** comprises three main models including Chuck Taylor All Star, CONS Star Player, and Jack Purcell which are available throughout the year.

**2) Fashion Footwear** is designed to be modern with design that adapts to current fashion trend. The footwear are offered in new styles and in basic designs with different materials to create a classic design with modern look. The footwear also comes in new shapes and styles using cutting-edge technology in the production process to meet the rapidly changing fashion

trend and customer demand. The footwear is designed by Converse's designers, by the company's designers, and in collaboration with world-class designers.

**1.2 Non-Footwear Products:** Aside from footwear products, the company sells apparels and other accessories to cover a wide range of product categories from head to toes. Non-footwear products are redesigned every season to respond to the fashion trend, but still keep the uniqueness of Converse. The non-footwear products consist of apparels, bags, and accessories such as caps and socks.

## **(II) PONY Products**

PONY is a US sneaker brand with a long history since 1972. The shoes were originally designed and produced for sports using special technology. Later, the brand expanded to lifestyles shoes for men and women with "PONY Chevron" symbol and easy-to-wear design.

**PONY products are divided into two groups as follows:**

**1.1 Footwear products:** are divided into two categories as follows:

**1) Basic Footwear** are shoes with simple design for men and women consisting of four main models including Top Star, Shooter, Hawaii, and Light which targeted women. Basic footwear are available for sales throughout the year.

**2) Fashion Footwear** are shoes designed to respond to fashion trend in each season. The shoes are designed by the company's designers, PONY's designers, and in collaboration between PONY's designers and world-class brand.

**1.2 Non-Footwear products:** PONY non-footwear products consist of apparels, bags, and caps with "PONY Chevron" symbol and various trendy designs from simple to colorful.

## **2. Target Customer**

The company's major customers are teenagers, students, and first-jobbers with middle to high income level.



### 3. Distribution Channels

**3.1 Retail Distribution** is selling and distributing products to retail customers through the following two channels:

**1) Company's own retail stores (Mono Brand Store)** are stores selling only Converse products with size ranging from 80 to 100 square meters. The company entirely operates the stores from store design and decoration to sales and inventory management. The company's retail stores located in leading shopping malls and commercial building in local communities are rented from the landlords

**2) Sales counters in department stores (Shop-in-Shop)** are consignment sales at sales counters in leading department stores including Central, Robinson, The Mall, SuperSports, and local department stores in provinces.

**3.2 Wholesale Distribution** is selling products to wholesale customers who are retail shops selling apparels, shoes, and sport equipment in a form of chain stores such as Active Nation Sport Dome, and outlet malls as well as general stores. The wholesales distribution covers Bangkok and other regional areas such as the north, northeast, and south of Thailand.

#### Details of Retail Distribution Channels 2016-2018

Distribution Channels	2016		2017		2018	
	Stores	%	Stores	%	Stores	%
Company's retail stores						
Converse	39	25.16	41	20.60	43	21.50
PONY	-	-	-	-	-	-
Sales counters in department stores						
Converse	116	74.84	118	59.30	121	60.50
PONY	-	-	40	20.10	36	18.00
Total	155	100.00	199	100.00	200	100.00

Note: \*PONY opened its branch in September 2017.

<b>Revenue Structure</b>
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**Revenue by product line**

Type of Revenue	2016		2017		2018	
	Million (baht)	%	Million (baht)	%	Million (baht)	%
Footwear	1,086.63	79.66	891.60	75.36	782.75	68.14
Non-Footwear	272.21	19.96	283.06	23.93	336.22	29.27
Total revenue	1,358.84	99.62	1,174.65	99.29	1,118.97	97.41
Other revnues**	5.22	0.38	8.36	0.71	29.79	2.59
Total revenue	1,364.07	100.00	1,183.01	100.00	1,148.76	100.00

Note: \*PONY began selling in September 2017.

\*\*Other revenues which are important include interest revenue and foreign exchange gains.

**Revenue by distribution channels**

Type of Revenue	2016		2017		2018	
	Million (baht)	%	Million (baht)	%	Million (baht)	%
Company's own retail stores	256.02	18.77	260.28	22.00	266.16	23.17
Sales counters in department stores	596.06	43.70	559.41	47.29	515.42	44.87
Wholesale distribution	506.76	37.15	354.96	30.00	315.38	27.45
OEM	-	-	-	-	22.01	1.92
Total sales revenue	1,358.84	99.62	1,174.65	99.29	1,118.97	97.41
Other revenues**	5.22	0.38	8.36	0.71	29.79	2.59
Total revenue	1,364.07	100.00	1,183.01	100.00	1,148.76	100.00

## **Product Procurement**

The company's product procurement is divided into three categories as follows:

### **1. Purchasing directly from factories or suppliers designated by the brand owner**

The company orders directly from certified manufacturers designated by the brand owner. The company orders fashion footwear and non-footwear products of each season under an order cycle which is usually 4-6 months prior to the beginning of each season.

### **2. Original Equipment Manufacturer (OEM)**

The company can outsource the production of bags, caps, and socks designed by the company's designers only to local and foreign manufacturers who are certified by the brand owners. Product designs must be approved by the brand owner before production begins. The company selects OEMs by considering the costs such as price, import duty, and transportation cost and production and transportation time. Currently, the company mainly orders from manufacturers in China. The company plans its production together with OEM at least 12 months in advance prior to delivery date.

### **3. Ordering from subsidiary ("BNS")**

The company orders footwear products from BNS which is the company's subsidiary with advance production planning for a year. The company sends the purchase order for each model to BNS approximately 3-4 months in advance to BNS. The purchase order contains details of the model, color, and size.

### **3. Risk Factors**

#### **Risk Management**

Risk management is a critical process which helps achieve objectives and goals. The company's ability to recognize and identify risks in advance will help reduce possible impacts. Besides, efficient risk management is an important part of decision-making which will lead to value creation for the organization, shareholders, and stakeholders.

The Board of Directors and the Audit Committee are responsible for formulating and overseeing risk management policies as well as evaluating risk management efficiency to ensure that the company's risk management is efficient and effectively in line with the established guidelines.

#### **Risk Management Procedures**

To implement risk management framework, the company sets out the following risk management procedures:

##### **1. Risk identification**

To help employees identify all the risks that may affect business operations, the following factors have been identified as possible risks:

1. Risk of reliance on Converse brand
2. Risk of starting selling products of a new brand
3. Risk of inventory management
4. Risk of expanding the company's retail stores and sales counters in department stores
5. Risk of information technology system failure
6. Risk of leasing ERP system

7. Risk of inability to renew rent contract
8. Risk of foreign exchange
9. Risk of changing consumer behavior
10. Risk of business competition
11. Risk of fraud by employee
12. Risk of having major shareholders own more than 50 percent of total shares

## **2. Risk Assessment**

The company assesses the possibility and effect of all related risks as well as the ability to manage the risks to ensure that risk management was efficiently and effectively conducted.

### **The risks can be summarized as follows:**

#### **1. Risk of reliance on Converse brand**

All of the company's revenue comes from sales of Converse products. If the company is unable to renew its contract with Converse or fails to comply with the guaranteed annual minimum royalty or guaranteed minimum sales volume as specified in the license agreement, leading to termination of the agreement before expiration, the company's revenue and operating results may be materially affected. However, the company has continuously been able to renew the contract for the past 15 years. Additionally, the company is able to generate sales growth every year and to comply with Converse's policies and rules as specified in the agreement. The executives are confident that the company will continue to receive support and trust from Converse. Nonetheless, to reduce the possible risk, the company has entered into an agreement for exclusive rights to distribute PONY products in Thailand, Cambodia

and Laos on 21 December 2016. This will help the company expand and diversify its target customers.

## **2. Risk of starting selling products of a new brand**

The company has been granted the exclusive rights from Pony International Limited, Hong Kong to distribute PONY products in Thailand, Cambodia, and Laos. It has been specified in the agreement that the company must fulfill the guaranteed minimum sales volume. If the company is unable to fulfill that condition for two consecutive years, the licensor has the right to terminate the agreement. As a result, the company may be exposed to the risk from the termination before expiration if it fails to meet that condition. On top of this, the company began distributing PONY products in Thailand on 1 September 2017; as a result, the company may be exposed to the risk that the company's sales may not reach the expected number or estimate, and this could affect the company's investment performance and operating results. Nevertheless, since PONY is rather new for the Thai market, both the company and the licensor have to collaborate on increasing brand awareness. Therefore, the guaranteed minimum sales volume specified in the license agreement is reasonable and takes into account the time required for advertising and promoting the brand. The executives are confident that the company will be able to fulfill the condition. Even though PONY is the company's new brand, most of the company's management team members have extensive experience and expertise in footwear and apparel industries and are able to efficiently execute marketing and management strategies. During the initial period, PONY products will be available at sales counters in department stores to reduce investment risk.

## **3. Risk of inventory management**

The company's products including fashion products can become obsolete. If the company manages inventory improperly, the company's inventory may be outdated and cause the company to record an allowance for obsolete inventory account. On the other hand, if the company has low inventory, the company may not have enough products to serve customer

demand. As a result, the company may lose an opportunity to sell the products, and the company's operating results may be affected. Moreover, the company also has an online inventory system that links inventory data at the main warehouses to retail stores or sales counters to allow effective inventory management.

#### **4. Risk of expanding the company's retail stores and sales counters in department stores**

The company plans to continuously expand its retail distribution channels in potential areas; as a result, the company may be exposed to the risk of new store's underperformance. However, since most of mono brand stores are located in leading department stores, coupled with the strength and popularity of Converse brand, the company's mono brand stores can help attract customers to the department stores. Therefore, the company has received opportunities to acquire potential areas in department stores or from shopping mall developers. Moreover, the company's executive team has been able to select locations and to efficiently manage the stores as evident by the ever-increasing revenue and store expansion every year. The company is confident that its store expansion will increase the number of accessible distribution channels to ensure return on investment.

#### **5. Risk of information technology system failure**

The company uses an information technology system (IT system) in administration covering procurement system, sales system, warehouse management system, accounting and finance system, and daily sales reporting from all branches. Thus, if IT system fails, it will disrupt the work process and affect to the company's business operation. However, the company is using cloud server system of providers who have been internationally accredited for their standards. The company's IT system can be used at 99.90 percent level which helps reduce the risk of failure of the entire IT system. Moreover, the company has not encountered any IT system failures which may affect its business operations.

## **6. Risk of leasing ERP system**

The company is renting an Enterprise Resource Planning system (ERP) from an external provider. If the service provider stops providing the ERP service to the company, the company's business operations may be materially affected. However, the company is able to control and manage such program and database by itself. Therefore, if the service provider stops providing the ERP services to the company, the company's ERP system can still operate. But the system will not be able to develop additional features. During that time, the company can seek and develop another system to replace the ERP system.

## **7. Risk of inability to renew rent contract**

The company sells products to retail customers through its retail stores (Mono Brand Stores) which accounts for approximately 23 percent of the total sales. The company is renting space in shopping malls or commercial buildings on contracts with 1-3 years of contract period. As a result, the company may face the risk of its inability to renew the rent agreement. However, over the past 15 years, the company has never experienced any difficulties in its ability to renew the agreement since it always complies with all the terms of the contract. Additionally, the company has had good relationships with shopping mall developers and the Converse brand has been popular among consumers for a long time. The company's mono brand stores also help attract customers to the shopping malls. Therefore, the company has continuously been given opportunities to acquire potential areas from shopping mall developers who plan to expand their branches or commercial areas.

## **8. Risk of foreign exchange**

The company imports finished products from overseas and pays royalty and procurement fees to Converse in US dollars, and its subsidiary also imports some raw materials from overseas. The company has a policy to supply Converse footwear by importing all footwear products from Converse in 2018 whereas all of the company's revenues are in Thai Baht. If the US dollar strengthens, the company's cost of goods sold may rise, affecting the Group's operating results. However, the Group recognizes that risk and has adopted a policy to set prices by



taking into account foreign exchange risk. Additionally, finished goods ordered from abroad are mostly paid for before delivery; as a result, the company is able to appropriately set prices which reflect cost of goods sold. Furthermore, the company closely monitors the news about and movement of foreign currencies. The company also manages foreign exchange risk by purchasing forward contracts depending on the situation and necessity.

## **9. Risk of changing consumer behavior**

The rapid change of fashion trends both in and outside Thailand is a major factor affecting the company's operations. If the company cannot adapt to the changes in consumer behavior, the company's revenue and performance may be affected. Nonetheless, the company is confident that it will only be slightly affected since the main products sold by the company are basic models with classic designs and colors which are available for sales throughout the year. Other products are fashion products with modern design that keep up with each season's trend. Moreover, the company's product department always monitors the fashion trends, allowing the company to quickly adapt to change in the fashion industry and to design and purchase products that effectively meet customer demand. Furthermore, the company has a policy to consistently set an allowance for obsolete inventory account for inventory that is less than one year. The company will compare the inventory cost and net realizable value (NRV). If NRV of the inventory falls below the inventory cost, the Company will record the difference between the cost and NRV in an allowance for obsolete inventory account. For inventory over one year, the company will record the full amount of such inventory in an allowance for obsolete inventory.

## **10. Risk of business competition**

Sportswear industry in Thailand is highly competitive since there are many players, both local and global brands. Many players have focused on differentiating their products and continuously launching new products. They have also used new production technologies to develop lightweight and comfortable footwear and implemented marketing strategy to attract consumers. Nevertheless, Converse is a strong and widely known brand around the world. It also has a variety of products to meet customer demand with classic design; therefore,

Converse remains popular among consumers. The fashion footwear products also come with trendy designs that respond to fashion trend. Moreover, the company's executive team has extensive experience in the industry for more than 16 years, allowing them to have a good understanding of the industry. Furthermore, the company also emphasizes closely and consistently the assessment, monitoring and analysis of operational risk, market competition, and customer needs. Thus, the company is able to properly set out strategies or business plan and to quickly respond to market changes and competitors' movement. The Company is confident that it will only be slightly affected by such competition.

#### **11. Risk of fraud by employee**

Since the company has sales people (PC) in its mono brand stores and sales counters to provide services and manage store operations, the company may be exposed to fraud risk which may adversely affect its operating results. However, the company has established policy and procedures to prevent that risk. For example, heads of regional sales are responsible for monitoring and approving the appropriateness of product requisition as well as visiting stores and sales counters to monitor staff's operations on a regular basis. The company conducts inventory check at every retail store on a monthly basis. Moreover, the company requires each branch to transfer money from sales to the company's account every day, and the accounts receivable staff must check the accuracy of all related documents. If an irregularity is detected, it will be reported to the head of the regional sales for further investigation and punishment in case of fraud. Apart from this, the company requires that all PC staff have a fidelity guarantee insurance to provide protection against losses resulting from fraud, embezzlement or theft. The company also requires compensation from all staff in any branch if there is a loss of products in the store. The company believes that such policy and procedures can effectively reduce fraud risk.

#### **12. Risk of having major shareholders own more than 50 percent of total shares**

After the recent initial public offering (IPO), the Wongpaitoonpiya Group will have a shareholding of 67.61 percent of the registered and paid-up capital. As a result, minority

shareholders are exposed to the risk of inability to cast votes for check and balance on matters raised by the major shareholder at the shareholders' meeting. Nonetheless, the company has appointed an audit committee to review, consider, and investigate issues to prevent possible conflicts of interest and to ensure transparency of the company's operations. Furthermore, the Board of Directors consists of four independent directors (including the Chairman of the Board) from the total number of seven directors and three executive directors. This structure of the Board will create a balance for the vote on any matters and help ensure that the company's management is appropriate and efficient.

#### 4. General information and other important information

Name of the Company	Rich Sport Public Company Limited
Business type	Exclusive manufacturer, importer and distributor of CONVERSE and PONY products in Thailand, Cambodia and Laos
Registration No.	0107560000257
Office location	116/20 Na Ranong Road, Klong Toey, Bangkok 10110 Phone 0-2249-8709 Fax 0-2249-8711 Home Page <a href="http://www.richsport.co.th">www.richsport.co.th</a>
Registered capital	770,000,000 ordinary shares with a value of 1 baht per share
Registered Capital (Paid)	770,000,000 baht (Change of registered capital (paid) on 8 November 2017)
Securities Registrar	Thailand Securities Depository Company Limited 93 The Stock Exchange of Thailand Building, Ratchadaphisek Road, Din Daeng, Bangkok 10400 Phone 0-2009-9999, 0-2009-9378 Fax 0-2009-9476
Auditor	EY Office Company Limited 33rd floor, Lake Ratchada Building, 193/136-137 Rachadaphisek Road, Klong Toey, Bangkok 10110 Phone 02-264-0909
Subsidiary	<ul style="list-style-type: none"><li>• Benefit Shoes Company Limited 50 Soi Thian Talay 16, Bang Khun Thian Road - Seaside, Samae Dam Bang Khun Thian District, Bangkok 10150 Phone 0-2892-1470, 0-2892-0113 Fax 0-2415-3194</li><li>• RICH AVENUE CO., LTD No.03, Street 80, Sangkat Sra Chok, Khan DaunPenh, Phnom Penh, Cambodia</li></ul>

"Investors can study the company information for issuing securities from annual registration statement (Form 56-1) shown in [www.sec.or.th](http://www.sec.or.th) or the company website: [www.richsport.co.th](http://www.richsport.co.th)."

## 5. Major shareholders and securities of the company

### Securities and shareholders' information

#### 5.1 Number of registered and paid-up capital

As at 31 December 2018, the Company has a registered capital of 770 million Baht and has issued and paid-up capital of 770 million Baht, divided into 770 million ordinary shares with a value of 1 Baht per share.

#### 5.2 Shareholder structure

List of the top 10 shareholders holding the shares on 31 January 2019

List of shareholders	31 January 2019	
	Number of shares	Proportion of shareholding
1. Rich Sport Holding Company Limited <sup>1</sup>	171,000,000	22.21
2. Miss Papitch Wongpaitoonpiya	133,500,100	17.34
3. Mr. Pasawich Wongpaitoonpiya <sup>2</sup>	133,100,100	17.29
4. Mr. Panuwich Wongpaitoonpiya <sup>2</sup>	82,999,800	10.78
5. BBHISL NOMINEES LIMITED	26,802,600	3.48
6. CREDIT SUISSE (SWITZERLAND) LTD.	19,947,400	2.59
7. Miss Yuwadee Wachirapapha	11,492,200	1.49
8. Mr. Ampon Kitijiarurat	10,377,600	1.35
9. Mr. Thira Kitijiarurat	10,047,400	1.30
10. AIA COMPANY LIMITED - EQ1-P	8,000,000	1.04
Top 10 shareholders	607,267,200	78.87
Total number of shares (shares)	770,000,000	100
Paid up capital of the company (Baht)	770,000,000	100

#### Remark :

1) List of shareholders of Rich Sports Holding Company Limited on 31 January 2019

List of shareholders	Number of shares	Percentage
1. Miss Papitch Wongpaitoonpiya	33,334	33.334
2. Mr. Pasawich Wongpaitoonpiya	33,333	33.333
3. Mr. Panuwich Wongpaitoonpiya	33,333	33.333
Total	100,000	100.000

2) Mr. Pasawich Wongpaitoonpiya and Mr. Panuwich Wongpaitoonpiya are younger brothers of Miss Papitch Wongpaitoonpiya

Proportion and distribution of shares of individual shareholders (not included shares in the Thailand Securities Depository Center Co., Ltd. and Thailand Securities Depository Company Limited for Depositors)

Shareholders who held shares more than 0.5 % of total shares were 20 shareholders with number of shares at 671,404,600 shares or 87.20 %, divided into

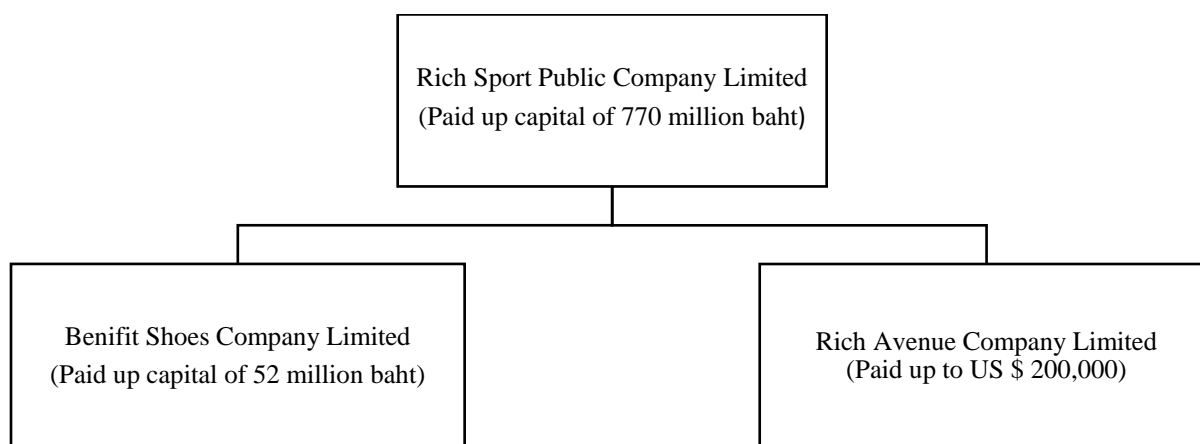
Number of shareholder	Legal entity		Number of shareholder	Natural person	
	Number of shares	Percentage		Number of shares	Percentage
6	243,032,400	31.57	14	428,372,200	55.63

### 5.3 Issuance of other securities

-none-

### Shareholding structure of the Group

Shareholding structure of the Group on 31 December 2018 is as follows:



### Details of subsidiaries

#### Benefit Shoes Company Limited ("BNS")

BNS registered as company on 27 September 2007 with initial registered capital at 2 million Baht. BNS currently has issued and paid-up capital as of 52 million Baht, divided into 520,000 ordinary shares with a value of 100 Baht per share with number of shares at 519,998 shares or 99.99% of the total paid-up shares of BNS.

**Rich Avenue Company Limited**

The company has a joint venture with Melrose Avenue Company Limited that established Rich Avenue Company Limited on 2 February 2018 in the Kingdom of Cambodia with registered capital at valued of USD 200,000 or 800 million Riel Cambodia, divided into 1,000 ordinary shares, the Company holding with 510 shares or 51 % of total shares.

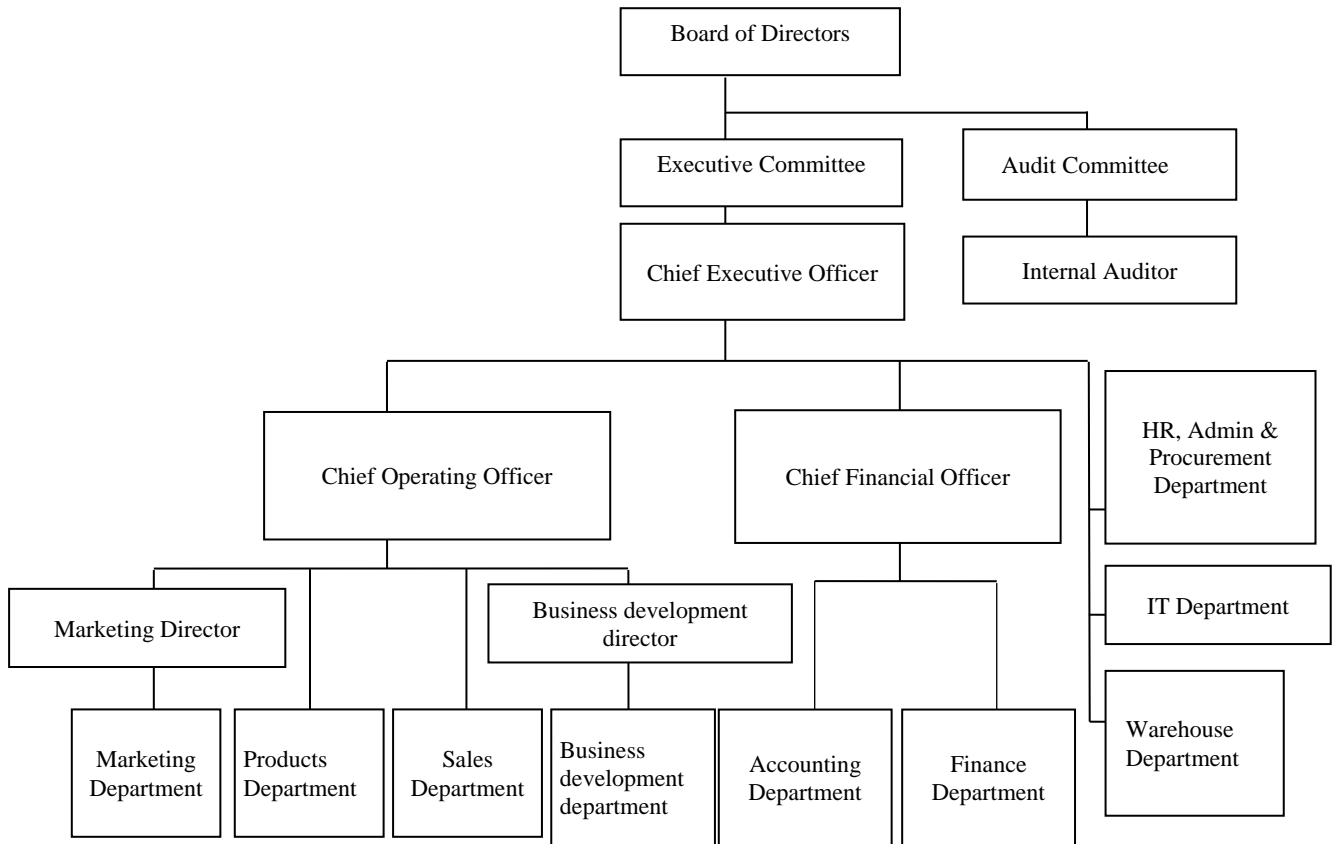
## **6. Dividend Payment Policy**

The Company and its subsidiaries has a policy on dividend payment at the rate not less than 40% of net profit of the Separate Financial Statement after legal reserve allocation. However, the Company and its subsidiaries may consider to pay dividend differ from the mentioned policy rate depending on its performance, financial liquidity and necessary of working capital for business operations and future expansion, also depending on economic situation.



## 7. Management Structure and Board of Directors

### Organization Structure



Note: The Group hired P&L Internal Audit Company Limited to inspect the internal audit control system of the Company and its subsidiaries

### Board of Directors

#### Qualifications and numbers of directors

The Board of Directors consists of persons with knowledge and skills. They have an important role in determining the Company policies by collaborating with top management to plan the operational plan of the Company both short and long term, set up the monetary policy, risk management and organization. They have main duties in supervising, monitoring and evaluating the performance of the Company and top management in accordance with plan independently. The seven members of Board of Directors shall not have the following prohibited qualifications.

- 1) There is no record of criminal offenses related to properties gained from fraud.
- 2) There is no record of transactions that may cause conflicts of interest with the Company in the past year.

As at December 31, 2018, Board of Directors comprised with 7 members as shown on table

Name –Surname	Position
1. Gen. Phairat Phoubon	Chairman of the Board of Directors and Independent Director
2. Miss Papitch Wongpaitoonpiya	Director
3. Mr. Somroj Sirisophana	Director
4. Mr. Chertchai Prasongphonchai	Director
5. Mr. Manit Nitiprateep	Chairman of the Audit Committee and Independent Director
6. Mr. Chaisak Angkasuwan	Member of Audit Committee and Independent Director
7. Mr. Udom Tangmanaskul	Member of Audit Committee and Independent Director

Note: Directors No. 2-4 were re-appointed for more term in according to the resolution of the Annual General Meeting of Shareholders for the year 2018, on 23 April 2018

Mr. Pasawich Wongpaitoonpiya was the Company secretary in replacement of Ms. Amporn Prakaihongmani who has been appointed by the Board of Directors Meeting No. 1/2018 on 22 February 2018.

#### **Authorized director**

Miss Papitch Wongpaitoonpiya jointly sign name together with Mr. Somroj Sirisophana or Mr. Chertchai Prasongphonchai and affix with the Company seal.

### Board of Directors Meeting

In year 2016, 2017 and 2018, the Company held four Board of Directors meetings for 4, 6 and 5 times, respectively with attendance details of each director as follows.

Name –Surname	Position	Number of meetings attended / Total number of meetings (Year)		
		2016	2017	2018
1. Gen. Phairat Phoubon	Chairman of the Board of Directors and Independent Director	1/1	6/6	5/5
2. Miss Papitch Wongpaitoonpiya	Director	4/4	6/6	5/5
3. Mr. Somroj Sirisophana	Director	1/1	6/6	5/5
4. Mr. Chertchai Prasongphonchai	Director	1/1	6/6	4/5
5. Mr. Manit Nitiprateep	Chairman of the Audit Committee and Independent Director	1/1	6/6	5/5
6. Mr. Chaisak Angkasuwan	Member Audit Committee and Independent Director	1/1	6/6	5/5
7. Mr. Udom Tangmanaskul	Member Audit Committee and Independent Director	1/1	6/6	5/5

### Audit Committee

There are 3 members of Audit Committee with list as followed:

Name –Surname	Position
1. Mr. Manit Nitiprateep	Chairman of the Audit Committee
2. Mr. Chaisak Angkasuwan	Member of Audit Committee
3. Mr. Udom Tangmanaskul	Member of Audit Committee

Mr. Udom Tangmanaskul is an audit committee. He has sufficient knowledge and experience to be able to perform the duty of reviewing the reliability of financial statements. Mr.

Udom Tangmanaskul held a bachelor's degree in accounting from the Rangsit University. He is also worked as the managing director of Pro-Act Services Company Limited which is an auditing company (See more details in Attachment 1, details about committee, executives, authorized director and company secretary).

Mrs. Siriporn Niyomvetch worked as secretary of the Audit Committee who has been appointed by the Audit Committee Meeting No. 1/2018 on 22 February 2018.

### **Audit Committee Meeting**

In 2017 and 2018, the Company held 5 Audit Committee meetings with attendance details of each director as follows.

Name -Surname	Position	Number of meetings attended / Total number of meetings	
		Year 2017	Year 2018
1. Mr. Manit Nitiprateep	Chairman of the Audit Committee	5/5	5/5
2. Mr. Chaisak Angkasuwan	Member of Audit Committee	5/5	5/5
3. Mr. Udom Tangmanaskul	Member of Audit Committee	5/5	5/5

### **Executive Committee**

The Company has four executive directors with list as followed:

Name -Surname	Position
1. Miss Papitch Wongpaitoonpiya	Chief Executive Officer
2. Mr. Somroj Sirisophana	Vice Chairman of Executive Committee
3. Mr. Chertchai Prasongphonchai	Executive Committee
4. Mr. Nimit Supornprasert	Executive Committee

## **Executive Committee**

The Company has a total of 6 Executive Committees with list as followed:

Name –Surname	Position
1. Miss Papitch Wongpaitoonpiya	Chief Executive Officer
2. Mr. Somroj Sirisophana	Chief Operating Officer
3. Mr. Chertchai Prasongphonchai	Chief Operating Officer
4. Mr. Nimit Supornprasert	Chief Financial Officer
5. Mr. Pasawich Wongpaitoonpiya	Business Development Director
6. Mrs. Siriporn Niyomvetch	Accounting Manager

Note: Mr. Pithit Phetruenthong, Marketing Director had resigned on 16 March 2018

## **Company Secretary**

In the Board of Directors' Meeting No. 1/2018 on 22 February 2018, the Board had resolution to appoint Mr. Pasawich Wongpaitoonpiya to be the Company secretary (in replacement of Ms. Amporn Prakaihongmani) in compliance with Section 89/15 of the Securities and Exchange Act BE 2535, amended by the Securities and Exchange Act (Fifth edition) BE 2559, which has defined the duties and responsibilities of the Company secretary are as follows:

1. Supervise and give advises to directors and executives in term of the compliance with laws, regulations, rules and regulations of the Company as well as follow up the actions to ensure the correct and consistent practices.

2. Responsible for organizing the Board of Directors meeting and shareholders meeting as well as supervising and coordinating for the implementation from the resolutions of such meetings.

3. Ensure the disclosure of information and reports under own responsibilities in according to the rules and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission including relevant laws.

4. Prepare and maintain the following documents

4.1 Registration of Directors

4.2 Notice of the Board of Directors Meeting and Minutes of meeting

4.3 Notice of the shareholders 'meeting and the minutes of the shareholders' meeting

4.4 Annual Report of the Company

4.5 Report on interest of the Executive Committees

5. Perform other tasks in according to the law or notification of the Capital Market Supervisory Board announced.

## **Remuneration for directors and executives**

### **Monetary compensation**

#### Remuneration for the Board of Directors

##### 1. Meeting allowance

In year 2017 and 2018, the Company paid meeting allowance and bonus to the Board of Directors and the Audit Committee as detailed below

(Unit : Baht)

Name -Surname	Year 2017	Year 2018
1. Gen. Phairat Phoubon	180,000	550,000
2. Miss Papitch Wongpaitoonpiya	-	100,000
3. Mr. Somroj Sirisophana	-	100,000
4. Mr. Chertchai Prasongphonchai	-	80,000
5. Mr. Manit Nitiprateep	245,000	600,000
6. Mr. Udom Tangmanaskul	220,000	530,000
7. Mr. Chaisak Angkasuwan	220,000	530,000
Total	865,000	2,490,000

The Annual General Meeting of Shareholders for the year 2018, held on 23 April 2018, has resolved to determine the directors' remuneration for 2018 as follows

### **1. Meeting allowance**

Remuneration component	Year 2017 Meeting allowance / person / time	Year 2018 Meeting allowance / person / time
Chief Executive Officer	30,000	30,000
Executive Board	20,000	20,000
Chairman of the Audit Committee	25,000	25,000
Audit Committee	20,000	20,000

### **2. Director's bonus**

The Company will pay bonus (Annual bonus) to the Board of Directors in the amount for not more than 5,000,000 baht. The Board of Directors will allocate as appropriateness.

In determining remuneration for directors, the Board of Directors and the sub-committee of the Company did not receive any benefits other than meeting allowances or bonus as detailed above but not included other remuneration as the employee.

### **Executive remuneration**

In year 2016, 2017 and 2018, the Company paid remuneration to executives in the amount of 35.70, 35.22 and 29.61 million Baht respectively. Such remuneration includes salary, bonus, contribution to provident fund.

Year	Number of executives (person)	remuneration (Baht)
2016	7	35,701,368.00
2017	7	35,222,427.00
2018	6	29,612,326.79

**Other compensation**

- none -

**Personnel****Number of personnel**

As at December 31, 2018, the Company had total number of 472 employees (excluding 6 executives) divided by the unit as followed:

Line	Number of executives (person)
1. Administrative Office	4
2. Marketing Department	6
3. Product Division	14
4. Sales Department	360
5. Accounting Department	25
6. Finance Department	3
7. HR, Admin & Procurement	12
8. IT department	4
9. Warehouse Department	44
Total	472

As at December 31, 2018, the subsidiary has a total 190 employees which are 177 employees (including executives) and 13 employees of Rich Avenue Co., Limited.

**Major labor disputes within past 3 years**

-none-



## **Employee remuneration**

### **Monetary remuneration**

In year 2016, 2017 and 2018, the Company and its subsidiaries paid remuneration to employees (excluded the executives) with total amount was 222.57, 208.76 and 174.62 million Baht respectively. The remuneration was in form of salary, commission, overtime, bonus, contribution to social security fund and the provident fund.

### **Personnel development policy**

The Company recognizes the importance of personnel in the organization. Therefore, the Company has established policies to promote and develop employees to gain knowledge, skills and attitudes in accordance with their ability which job position requires. There are various personnel development guidelines such as the encouraging employees to increase their knowledge through electronic media, seminars and training by expert who has knowledge from outside the organization, training from experienced personnel in the organization, teaching by supervisors (coaching), learning from actual work (on the Job training), study by visiting both domestic and abroad as well as transferring knowledge between colleagues and mutual learning between executives and employees in according to the Learning Organization guidelines.

## **8. Corporate Governance**

### **Good Corporate Governance Policy**

The Company places great importance on good corporate governance, which contributes to efficient, transparent and accountable management. Good governance strengthens the trust and confidence of shareholders, investors, stakeholders and other related parties. It is also useful for adding business value, enhancing competitiveness, as well as promoting sustainable growth in the long term. The Board of Directors meeting No.3/2017 held on 23 June 2017, resolved to determine the Good Corporate Governance Policy as prescribed by the Stock Exchange of Thailand.

Due to the Securities and Exchange Commission (SEC) has amended the principles of good corporate governance divided into 8 principles, the Board of Directors therefore deemed it appropriate to consider and review on its policy to ensure that shall cover the principles and practices in accordance with the corporate governance principles for listed company 2017, and in order to be explicitly guideline to run businesses effectively and sustainably in a long term, apart from gaining stakeholders' trust and confidence. Details are as following:

#### **Principle 1 Establish Clear Leadership Role and Responsibilities of the Board**

The Company has explicitly determined the roles, duties and responsibilities of the Board of Directors aside from the duties required by law. Whereas, the Board shall perform any action as determined with full responsibility, duty of care and duty of loyalty under the laws, objectives, Company's Articles of Association, and shareholders' resolution. The Company also defines the scope of duties and authorities of the Board of Directors to take the role of determining vision, mission, goals, policies, directions, business strategies, plans and annual budgets of the Company, as well as monitoring and supervising the management to take actions according to the laws, policies, plans, and annual budgets as defined including the performance assessment. In this regards, the Company communicates to the Board of Directors and all parties to acknowledge the roles, duties and responsibilities as prescribed, in order to recognize the importance of their duties and responsibilities as corporate leaders as well as understanding of its leadership role.

The Company has established sub-committees, including sub risk-management committee and CEO to support the performance of the audit committee to ensure its operations in compliance with the laws, policies, plans, and annual budgets, which their scope of duties and responsibilities are clearly defined.

In addition, the sub risk-management committee consists of 6 directors who are appointed by the Board of Directors to perform their tasks in consideration of problems or risk factors may be occurred, as well as find the direction to minimize the risk or lowest. The sub risk-management committee shall regularly report to the Executive Committee, the Audit Committee, and the Board of Directors.

The Board of Directors Meeting No 3/2018, held on 23 June 2018 resolved to determine the charter for the Board of Directors and sub-committees, and should notify them regarding such charter, including monitoring to ensure they carry out its duties as assigned. Besides, the charter shall be regularly reviewed at least once a year to comply with the Company's direction.

The Board of Directors has prepared Code of Conduct and a variety of policies regarding corporate governance as a guideline to engage in business with ethics, as well as respecting the rights and accountability to shareholders and stakeholders, including conducting business for social and environmental benefits along with being able to adapt under changing factors for stable performance in the long term.

## **Principle 2    Define Objective that Promote Sustainable Value Creation**

The Board of Directors has established the Company's vision, mission and goals to determine the business direction for sustainability growth. In order to drive the organization in the same direction as well as to achieve the objectives and goals, the Company therefore has communicated its policy to employees at all levels as principles in performing their duties, and engaging with stakeholders for good understanding of objectives and major goals.

In addition, the Company aims to review and consider to determine the strategic plans and annual budgets to ensure such plans to be in line with economic conditions and organization's potential, including the analysis of environment, factors, and risks that may affect stakeholders based on the corporate social responsibility policy, as well as promoting to apply the innovation and technology in business and supervising the allocation of key resources, control the operations to comply with the plans as determined.

Furthermore, the Executive Committee has been assigned to oversight and monitor the performance to ensure that it is in compliance with strategies and budget specified.

## **Principle 3    Strengthen Board Effectiveness**

The Company has a policy to establish the Board structure to be consistent with the Company's business and its size, including as required by laws. The composition of the Board of Directors shall have a proportion between the directors who are executives and non-executive reflecting the power which is properly balanced. In consequence, the structure of the Board of Directors shall consists of Independent directors more than one third out of total directors. Whereas, there are total 7 directors of the Company at present divided into 3 executive directors and 4 non-executive directors. Besides, the Board of Directors also appoints the committees to assist in supervision of Company's operations as follows.

- (1)    The Executive Committee comprises of 4 members, which shall determine guidelines and strategies for business operations to ensure it is in compliance with the target as prescribed by the Board and smooth operation of the Company.
- (2)    The Audit Committee comprises of 3 independent directors and at least 1 audit committee, who is sufficiently knowledgeable and experienced to review the

reliability of financial statements. Duties and responsibilities of an audit committee member are to review the company's financial reporting process to ensure that it is accurate and adequate, as well as to ensure that the company has appropriate and efficient internal control and internal audit systems, including having independent views towards consideration of the transactions that may cause conflicts of interests.

In addition, the Board of Director also appoints sub risk-management committee consisted of 6 members to consider the problems or risk factors that may occur towards the Company's business operations and reduce the risks or manage its level as low as possible. Then, the reports are presented to the Executive Committee, the Audit Committee, and the Board of Directors on a regular basis.

The Board of Directors has segregated the positions, powers and duties of Chairman of the Board and the Chief Executive Officer for the purpose of explicit responsibility among the determination of corporate governance policy and administrative routines. Nevertheless, the Company has clearly divided roles and responsibilities between the Board of Directors and management, which the Board is held accountable for prescription of policies and oversight Executives' performances, whereas the management is responsible for the Company's administration. In order to prevent absolute power, the Company therefore has obviously defined the scope of authority as described in the Authority Table of the Company.

All meetings, the agendas have been clearly determined and the meeting notice shall be sent at least seven days prior to the meeting together with supporting documents containing all necessary information to ensure the Board of directors have sufficient time to consider before attending the meeting, as well as the minutes shall be noted in writing and keep the minutes of the meeting approved by the Board of Directors for verification.

The Company ensures that the policy and procedures for the selection and nomination of directors are clear and transparent, even though the Board of Directors shall not appoint a Nomination and Remuneration Committee to perform such duties. Whereas, the Company shall select and nominate persons with various qualifications, which are skills, experience, and expertise to propose to the meeting of shareholders for further consideration.

The Company has defined the policy and criteria for remuneration to directors with clarity and transparency and in line with the obligations of the directors' duties, as well as the level and composition of remuneration should be appropriate and high enough to keep qualified directors. However, the directors' remuneration must be approved by the shareholders' meeting of the Company.

Remuneration for directors is in compliance with the principles and policies determined by the Board of Directors, connected manners to the Company's overall turnover and individual performance. Due to there is no the Nomination and Remuneration Committee of the Company, the Board of Directors therefore shall evaluate the performance of top executives, including chief executive officer, deputy chief operating officer, and deputy chief financial officer annually, by using assessment criteria linked to the strategic and annual plan according to the goals set to determine appropriate compensation and persuadable measures. CEO shall assess

the performance and defines the remuneration for the executives who are below the deputy chief of executive officer respectively. Furthermore, their remuneration shall fall in the same ranges as those in related markets or industries and to ensure said remuneration is appropriate and high enough to retain qualified directors, as well as incentivises to act in support of the company's objectives and values.

The Company has explicitly disclosed in the company's annual report and annual registration statement (Form 56-1) which details relating to directors and executives, including age, education, experience, shareholding percentage, years of service as director, the number of meeting attendance, director position in other listed companies, accountability and responsibility, the report on sub-committee performance, and the remuneration for directors both monetary and non-monetary.

The Company secretary has been appointed to serve the board and executives by providing advice related legal, rules and regulations, the Company's Articles of Association, and taking care of the board's activities, as well as responsible for organizing Board of Directors Meetings and Shareholders Meetings and monitoring compliance with the resolutions, including additional duties as required by law.

#### **Principle 4    Ensure Effective CEO and People Management**

The Company has a policy to provide the appropriate compensation to incentivize them to act in support for the best interest of the Company and its shareholders, as well as the performance evaluation shall be conducted annually as a criteria for consideration of compensation and to increase work efficiency.

For continual enhancement of business operations, the Company has put forth a policy to encourage and facilitate training and learning activities for persons involved in corporate governance such as directors and executives, Audit Committee members, and the Company Secretary to ensure continuous development.

#### **Principle 5    Nurture Innovation and Responsible Business**

The Company recognizes the importance of development and applies innovations and information technology in the work process in order to meet customers' needs.

The Board of Directors is aware of the rights of all stakeholders, whether they are internal stakeholders or external stakeholders. In order to create good understanding and engaging with stakeholders to ensure benefits and reliability to both the operation and business development in a long term, the Company has established policies and guidelines as follows.

##### ☐ Shareholders

The Company endeavors to operate business with transparency in order to deliver satisfactory returns to shareholders and sustainable growth to the organization for the best interest of the Company and shareholders. The Company shall perform duties with integrity and make decisions in good faith and in fairness to major and minor shareholders alike, as well as for the good of business operations.

☐ Employees

The Company regards employees as its very precious resources. So, it focuses on supporting human resources development which consequently leads to its maximum benefit, as well as continual training and skill development for improved productivity, and implanting in them the awareness of working with loyalty, including providing fair and appropriate remuneration consistent with their performance and being comparable to other companies conducting same business. The Company therefore treats employees equitably and fairly, while providing them suitable compensation.

☐ Customers

The Company endeavors to be attentive and responsible to customers by such means as equitable services, high-quality products and services, and the protection of customer confidentiality. Various business units and staff are assigned to respond quickly to clients with customer care, as well as satisfy customers or ensure standard goods and services in reasonable price, as well as maintain good and sustainable relationship under the good practices.

☐ Business Partners and/or Creditors

The Company has a policy to treat both business partners and creditors fairly in compliance with trading conditions and/or terms in mutual contracts to enhance good business relationship, beneficial to all parties. This shall be achieved through strict compliance with legal requirements and other applicable rules, and adhering to business ethics.

☐ Business Competitors

The Company complies with the rules of fair competition and treat business competitors fairly for mutually fair returns. Also, refrain from dishonestly or improperly seeking confidential information of business competitors and refrain from defaming business competitors through slander.

☐ Community and Society

The Company cultivates awareness of social responsibility and the community to occur among employees at all levels continuously and seriously and to support the activities of the community and society by focusing on the development of society, as well as refrain from any illegal practices.

☐ Environment

The Company complies and strictly abide by the law and regulations, also recognizes the importance of environment and simultaneously is concerned about the impact of pollutions on communities. In addition, the Company operates its business to support safety, quality of life, and natural resources conservation, as well as always maintains a safe work environment for its employees.

## **Principle 6 Strengthen Effective Risk Management and Internal Control**

The Company recognizes the importance of an internal control system at both management and operational levels, the Company has explicitly stated in writing the scope of duties and responsibilities of various roles. To maintain proper checks and balances, the Company has developed a control mechanism for the best utilization of assets and segregated duties and responsibilities for transaction approval, accounting and information records, and asset security. Additionally, it has ensured internal financial control systemizing financial reporting up the chain of responsibilities. Although the Company currently does not have its own internal audit department, hires an independent internal audit from outside to be responsible for examining the Company's internal control system and reports directly to the Audit Committee.

The Company has set clear and measurable goals. Management reviews the actual performance against projected targets on a monthly basis, through the assessment of external and internal risk factors to business operations, along with an analysis of contributory factors. The Company has also adopted measures to monitor the causes of risk factors and develop countermeasures to mitigate them. Related units have been assigned to report any progress or changes to the Board of Directors.

The Company has appointed a Risk Management Sub-Committee to be responsible for considering and analysing risks that may occur, and proposes its measures to prevent the impacts on business, as well as to ensure risk management is appropriately and effectively implemented

The Board of Directors places a great importance to and is aware of its commitment to combating corruption in all its forms. To ensure that it is in compliance with the corporate governance, the company has explicitly set policies and practices for Whistle Blowing as a guideline for relevant employees for adhering.

## **Principle 7 Ensure Disclosure and Financial Integrity**

The Board of Directors gives importance to the equitable access and disclosure of accurate, complete and transparent information to ensure it is in compliance with the laws, rules and regulations regarding disclosure and transparency, both financial and non-financial, as well as material information that affects the value of the Company's securities, which in turn influences decision-making by investors and stakeholders. To ensure that all important information relevant to the company disclosed correctly, accurately to all related persons, the Company shall disclose its information to the shareholders and the general public through SET channels and the Company's website.

The Board of Directors also recognizes its responsibility to provide accurate and complete the company's annual reports, the annual registration statement (Form 56-1), the financial reports, including financial information shown in the Annual Report. The Company's financial statements are prepared under generally accepted accounting principles and by

choosing an appropriate accounting policy with consistent with practice including adequately disclosure of financial information in the notes.

The Board of Directors is responsible to prepare the financial reports according to generally accepted accounting principles and by choosing an appropriate accounting policy and by choosing an appropriate accounting policy. Whereas, the Audit Committee is appointed to review and supervise the quality of financial statements, as well as report to the Board of Directors.

The Board of Directors has established a measure against insider trading by related persons, which include directors, executives, employees, staff and relatives of aforementioned persons (including their spouses and minors). According to the measure, such relevant persons are not allowed to trade the Company's securities a month before the disclosure of the quarterly and annual financial statements. Penalties are imposed for disclosure or use of information for personal gain. Regardless, the Company has acquainted directors and executives with their duty to report Company's securities held by themselves, their spouses and minor children, as well as any changes thereof to the SEC as stipulated by Section 59 and penalty clauses of the Securities and Exchange Act B.E.2535.

The Company has not established yet to attach a unit responsible for investor relations, due to a small number of activities. However, the deputy chief finance officer has been assigned to act as investor contacts to provide company information in an accurate and complete manner to shareholders, and analysts and relevant agencies.

### **Principle 8    Ensure Engagement and Communication with Shareholders**

The Company is aware and gives importance the basic shareholder rights include the right to 1) buy, sell, or transfer shares 2) share in the profit of the company 3) obtain relevant and adequate information on the company in a timely manner and on a regular basis 4) participate and vote in shareholder meetings to elect or remove members of the board, appoint the external auditor, and make decisions on any transactions that affects the company, such as dividend payment, amendments to the company's articles of association or bylaws, capital increases or decreases.

The Company avoids any action that violates the rights of shareholders, also pays attention to the rights to obtain relevant and material information on the company for consideration. Therefore, the Board of Directors has made arrangements to encourage and facilitate shareholder rights as follows.

- 1)     Arrange the meeting and allow that shareholders have the opportunity to participate effectively in decision-making involving significant corporate matters.
- 2)     Delivery the notice calling for the meeting with information, documentation supplement to each agenda to shareholders prior to the meeting date as stipulated by law or relevant regulations to ensure that the shareholders have adequate time to study detailed information, as well as allow shareholders to



send their questions to the company prior to the meeting date. The determined criteria for accepting advance questions and the process for submitting them shall be posted on the Company's official website.

- 3) Provide the opportunity to minor shareholders in respect of proposal for adding agenda in advance of the meeting date and set forth clear criteria to do so, and declare reasons in the event of the Board refuses to include the agenda item proposed by shareholders.
- 4) The Company provides convenience to shareholders who cannot attend the meeting in person by sending them Proxy Form to appoint a Company's independent director or any person to attend on his/ her behalf, list of independent directors shall be disclosed in meeting invitation notice.
- 5) The Company's notice of shareholders meeting shall be fully translated into English and published, then send to foreign shareholders.
- 6) Ensure that the Company releases its annual general meeting notice at least 28 (twenty eight) days before the date of the meeting so that shareholders will have sufficient time to thoroughly study the meeting information.
- 7) Treat all shareholders equitably and fairly for attendance the meeting in term of date, time, and venue.
- 8) The Shareholders' meeting is conducted according to the laws and the Company's Articles of Association, and in the order of a predetermined agenda. No items can be added to the meeting agenda without prior notice to the shareholders unless absolutely necessary, and the giving of the rights to shareholders to raise questions and express opinion equally.
- 9) Use of ballots for voting on resolutions proposed at the shareholders' meeting and designate an independent party such as external audit or legal consultant to count the voting results for each resolution in the meeting.
- 10) The Company shall encourage all director and executives to attend the meeting in order to give explanations to or answer questions from the shareholders.
- 11) The minutes of the meeting of shareholders shall be recorded completely and accurately which consist of the name of the board of directors and executives as attended, the scoring method, resolution of the meeting with votes, as well as questions and important comments for further review by shareholders within 14 days, counting from date of shareholders meeting. Moreover, the Company records video of the meeting for further reference. The Company is also required to publicize the minutes of the meeting via the Company's website for further consideration by shareholders, as well as deliver the said minutes to SET within the prescribed time.

## **9. Corporate Social Responsibilities: CSR**

The company recognizes the importance of corporate social responsibility with a belief that social responsibility will pave a path to sustainability. The management has, therefore, adopted a policy to conduct business based on corporate responsibility for the society, environment, and stakeholders, adhering to the following eight principles:

### **1. Conducting business with fairness**

The company's ethical conduct comprises regulatory compliance, avoidance of conflict of interests, confidentiality of information, fair treatment of customers and consumers, fair treatment of competitors, proper procurement and treatment of suppliers, responsibility to community and society, employee treatment, internal control and audit, acceptance of assets or other benefits, hygienic safety and environment, intellectual property, and use of computer system. The company requires that all new employees complete trainings during orientation and improves training programs for current employees to ensure that every employee understands their duties and to cover system efficiency assessment. On top of this, the company has continuously created awareness across the organization through media and activities to ensure that employees efficiently apply ethical conduct in their work.

### **2. Fighting against corruption**

The company has a policy to conduct business following the laws and for the benefits of the society. The company supports employees in working ethically and becoming good citizens of the country. The company also encourages suppliers to uphold legal and transparent business conduct. As a result, the company has adopted an important policy to fight against corruption and bribery. The company has established a policy and guidelines on how gifts or assets can be accepted or given to ensure that our employees strictly follow the company's guidance on corruption or bribery prevention. On 23 June 2017, the Board meeting No.3/2017 endorsed the following "Anti-Fraud and Corruption Policy":

1. Directors, executives, or employees shall not commit or accept corruption in any form, whether directly or indirectly, such as cash or any benefits with a hope of receiving business benefits which violates the ethical, moral, or good corporate governance principle from anyone doing business with the company including directors, executives, employees, suppliers, customers, and stakeholders from all groups.

2. The acceptance of gifts or hospitality following the tradition or culture or to maintain and develop relationship between organizations and which does not violate the ethical, moral, or good corporate governance principle shall not be considered as corruption.

3. The offer or acceptance of donations or funds must be transparent and legal, and such donations or funds must not be used as an excuse for bribery.

4 . The offer or acceptance of bribes in any business transactions with suppliers, contract parties, government agencies, or other organizations doing business with the company is not permitted. The company must conduct its business with transparency, integrity, and compliance with relevant laws.

### **3. Respect for Human Rights**

The company has a policy to follow the laws and regulations concerning employees and international principles of basic human rights. The company does not discriminate against race, ethnicity, gender, age, skin color, religion, disabilities, social status, family background, education, or other traits which are not directly related to work performance. The company also respects individual rights and the dignity of every human being.

### **4. Fair treatment of employees**

The company always recognizes that all employees are the company's most valuable asset and success factor; therefore, it has treated them with fairness as follows:

#### Remuneration

The company offers remunerations and benefits to motivate employees in working their best and ethically, ensuring legal compliance and fair treatment of employees. The company evaluates performance indicators which are up to date and reflect the responsibilities of employees and ensures that the company's compensation and benefits are industry-competitive.

#### Employee Development

The company focuses on improving employees' knowledge, competency, and management skills by providing trainings, seminars, and site visits. The company is determined to create employee development framework to continue enhancing employees' capabilities.

#### Employment, work performance, and career advancement

The company has created clear guidelines which meet the standards based on non-discriminatory and relevant laws. The company offers equal opportunity to all employees, irrespective of their gender, race, religion, background, age, disabilities, social status, or education.

#### Safety and hygiene in the workplace

The company cares about the life and health of all employees; as a result, it places a great emphasis on managing the safety and working environment to meet the standards. Additionally, the company continuously encourages and supports safety activities.

### **5. Consumer responsibility**

The company focuses on customer service and conducts customer survey every year so that the results can be used to enhance the efficiency of the company's performance.

## **6. Environmental conservation**

The company has promoted and created awareness of energy and environmental conservation among employees including:

- Encourage employees to use the transportation provided by the company to help save employees' travel expenses, conserve the environment, and reduce air pollution.
- Encourage turning off the lights and computer screens during the lunch break from 12PM to 1PM to conserve energy and promote energy conservation in everyday life.

The company also publishes ways to help save energy for our society.

## **7. Community and social development**

The company always realizes that sustainable community and social development is crucial to the company's business. As a result, it has supported activities as follows:

Health: The company donated money to various hospitals and foundations to support their operations including Rajavithi Hospital Foundation, Cardiac Children Foundation of Thailand, and Bueng Kan Hospital.

Education: The company offered scholarships to students with good academic records and donated money to schools to support education.

## **8. Innovation with responsibility for society, environment, and stakeholders**

The company promotes innovation in the organization's work processes and through cooperation with other organizations. This innovation means doing things using new methods or changing ideas or production for value creation. The goal of innovation is to create positive change by making things better and increasing productivity which will lead to maximum social benefit.

## **10. Internal Control and Risk Management**

### **Opinion of the Board of Directors on the Company's Internal Control**

The Board of Directors has reviewed the adequacy of the company's internal control by requesting information from management and made conclusions on the five aspects of the company including:

1. Control environment
2. Risk assessment
3. Control activities
4. Information and communication
5. Monitoring system

The Board of Directors opined that the company had adequate and appropriate internal control system. The company provided sufficient workforce in operating the system efficiently, allowing for business conduct which is transparent and aligned with good corporate governance principle. Apart from this, the company implemented a system to monitor the company's operations to ensure that the company's properties are protected from possible misconduct of the directors or management. The company also had adequate monitoring system for transactions that might lead to conflict of interests.

### **Implementation of internal control system**

The company has an Audit Committee to review the appropriateness and effectiveness of the internal control system of the company and its subsidiaries as well as the compliance of the group's operations in following the laws on securities, Stock Exchange of Thailand's regulations, and other laws related to its business operations. The Committee held meetings at least every quarter to examine financial reports and ensure that they are accurate and disclose sufficient and appropriate information. The company also considered related party transactions which might lead to conflict of interests to ensure that they comply with the laws and

regulations of the Securities and Exchange Commission. The external auditor attended the meetings to provide opinion on the company's financial audit.

### **Head of Internal Audit**

The company has hired P&L Internal Audit Co., Ltd., which is an external agency, to audit the company's internal control system since 2016. P&L Co., Ltd. has appointed Mr. Tanaphat Wongwit, Assistant Internal Audit Manager to be the Head of Internal Audit, and his qualifications are as follows:

Internal auditor	P&L Internal Audit Co., Ltd. Mr. Tanaphat Wongwit ( Assistant Internal Audit Manager)
Education	Bachelor of Accounting from Dhurakij Pundit University
Work experience	2014 – Present Assistant Internal Audit Manager P&L Internal Audit Co., Ltd. 2014 – Present Director P&L Training Center Co., Ltd. 2554-2556 Senior Internal Auditor P&L Internal Audit Co., Ltd.
Trainings	CPIAT Class 21 of the Institute of Internal Auditors Association of Thailand Member of the Institute of Internal Auditors Association of Thailand (IIAT) Member of the Federation of Accounting Professions Under the Royal Patronage of His Majesty the King (FAP)

The appointment, removal, or transfer of Head of Internal Audit must be approved by the Audit Committee.

Since 2016, the internal auditor has produced assessment reports of the company's and its subsidiaries' internal control system and presented the reports to the Audit Committee on a quarterly basis. The company and its subsidiaries have improved its operations in all departments as recommended by the internal auditor.

After the company's initial public offering and listing on the Stock Exchange of Thailand, the corporate group adopted a policy to outsource its internal audit to ensure efficient internal audit of the company and its subsidiaries.

### **Opinion of Internal Auditor on Internal Audit**

From January to October 2018, the internal auditor reviewed and monitored the company's and its subsidiaries' operational system including information system control, general control, inventory management, salary management, expense cycle, and production management. The auditor provided recommendations for the company and its subsidiaries to establish checks and balances in all operations, ensuring continuous quality improvement of the internal control system and good corporate governance of the company and its subsidiaries. The company and its subsidiaries have already made improvements following the internal auditor's recommendations.

### **Remarks of External Auditor on Internal Control**

EY Co., Ltd., the company's external auditor, has presented a report with remarks and recommendations as a result of the audit of the financial statements as of 31 December 2018. The auditor reviewed the internal control regarding the preparation of the financial statements as the auditor viewed necessary and appropriate. For the company, the auditor made a remark and recommendation concerning asset value assessment which should reflect current value and employee benefits liabilities as a result of new death rate, and the company has already reassessed. For the subsidiaries, the auditor made additional remark and recommendation concerning allowance for impairment of inventory, and the subsidiaries have already adjusted and been followed up by the auditor.

The auditor has made a remark from the audit of the financial statements as of 31 December 2018 of the company and its subsidiaries, and the company and its subsidiaries have already made corrections accordingly as outlined below:

### **Rich Sport Public Company Limited**

- Disclosure of fair value of immovable investment property
- Employee benefits liabilities

### **Benefits Shoes Co., Ltd.**

- Consideration of allowance for impairment of inventory

In addition, EY Co., Ltd. reviewed the general control of information system which is related to the accounting process of Rich Sport Co., Ltd. The results of the review were used in the financial statement audit by the auditor. The company has already made corrections following the audit results and recommendations.



## 11. Connected transaction

### 11.1 Details of connected transactions

In 2018, the Company and its subsidiaries have made transactions with persons who may have conflicts with details of the items as followed:

Group	Persons who may have conflicts	Relationship	Items	Value	Necessity and reasonableness of the transaction
1. Executive	Miss Papitch Wongpaitoonpiya	held the position of Chief of Executive Officer (CEO) and have shares in the Company at 816,667 shares or 23.33 percent of all sold shares on September 26, 2016	Sell products	27,649.19	It is welfare that the company gave to all employees with different conditions that Ms. Papitch Wongpaitoonpiya received with the same condition that all employees received. In addition, the company has established written regulations regarding to staff welfare.
			<u>Guarantee the company leasing contract</u> Credit limit was under the contract of outstanding Debt at the end of the period.	7,103,068.40 3035657.39	The company has leasing contract for purchasing cars for using in the company business. The leasing contract is guaranteed by Ms. Papitch Wongpaitoonpiya which is in accordance with the conditions specified by the leasing company with free of charge.
	Mrs. Sukanda Kutitikoon	Held the position of Managing Director of Benefit Shoes which is subsidiary of the Company.	<u>Guarantee the company leasing contract</u> Credit limit was under the contract of outstanding Debt at the end of the period.	1,273,369.27 318,603.70	Benefit Shoes Co., Ltd. (subsidiary of the company) has leasing contract of purchasing cars for using in the company business. The leasing contract is guaranteed by Ms. Sukanda Kutitikoon which is in accordance with the conditions specified by the leasing company with free of charge.
	Mr. Chertchai Prasongphonchai	Served as Chief Operating Officer	Sell products	2,186.92	It is welfare that the company gave to all employees with different conditions that executives received with the same condition that all employees received. In addition, the company has established written regulations regarding to staff welfare.
	Mr. Pipitch Petchientong	Served as Marketing Director	Sell products	4,929.91	
	Mr. Pasawich Wongpaitoonpiya	Served as Director of Business Development	Sell products	29,247.67	
	Mrs. Siriporn Niyomvetch	Served as accounting manager	Sell products	10,411.22	
2. Family members and relatives	Carnival Supply Co., Ltd.	Mr Anupong Kutatikoon, son of Mrs. Sukanda Kutatikoon, Managing Director of Benefit Shoes (subsidiary of the Company) held a position of director and shareholder in Carnival Supply Company for 5999 shares or 59.99 percent of total sold shares.	Sell products Trade accounts Receivable	5,427,106.97 1,889,723.00	Company sold shoes products to Carnival Supply Co., Ltd. with discount price equal to the discount given to credit customers, including commercial terms as same as credit customer.
	Mr. Suthep Wongpaitoonpiya	Father of Ms. Papitch Wongpaitoonpiya, Chief Executive Officer of Rich Sport PLC.	Wages	300,000.00	The company hired Mr. Suthep Wongpaitoonpiya is a consultant in term of business operation which the company has made an employment contract clearly.

## **11.2 Measures and procedures for approving connected transactions**

The company has set measures to enter into the connected transaction of the company and subsidiaries with third parties who may have conflicts. The company has appointed the Audit Committee to audit the necessity of the transaction and the appropriateness in term of its value. The consideration made from various factors in according to nature of normal trade operation under market price. In case the Audit Committee does not have expertise in consideration, the company shall invite person with specific expertise such as auditors, property appraisers, law firms, etc. who is independent from the company and persons who may have conflicts to give opinions on transactions. This will be benefit in the decision of the Audit Committee, later the Audit Committee proposed to the Board of Directors or shareholders meeting.

In addition, the Company and its subsidiaries have set measures to prevent executives or stakeholders to participate in the approval of items that they have direct and indirect interests. Board of Directors must provide the provision of the company to comply with the Securities and Exchange Act, regulations, notifications, orders or requirements stated by Capital Market Supervisory Board and the Stock Exchange of Thailand. Moreover, Board of Directors shall provide the provision of the company to comply with the requirements regarding to the disclosure of related transactions, an acquisition or disposal of major assets of the company and its subsidiaries and to complying with the accounting standards set by the Federation of Accounting Professions under the Royal Patronage. Therefore, the connected transactions shall be disclosed in the notes attached with financial statements that had been audited or reviewed by auditor of the company.

## **11.3 Policy and trend of future related transactions**

The Company and /or its subsidiaries may conduct future connected transactions in accordance with the nature of the general trade. There will be determined clear policy of connected transactions with price and conditions in general business as well as given to the person and / or unrelated companies such as purchasing products, renting, giving or receiving services, guarantees by major shareholders and / or directors, etc. The connected transactions will be in accordance to the necessity for the business operation of the company and / or subsidiaries for the benefit of the company and / or subsidiaries. The Audit Committee will review the compliance with the rules and regulations then consider the reason of connected transactions that occur every quarter. The connected transactions which is not in accordance with general business may occur in the future, the Company will arrange an audit committee to review the compliance with the rules and regulations before the company or subsidiary will enter to such related transaction. Later, the company shall follow the measures and procedures for approving connected transactions as specified above.

However, connected transactions that may cause conflicts of interest may occur in the future. Board of Directors must review the compliance with the Securities and Exchange Act and the regulations, notifications, orders or requirements of the Capital Market Commission and the Stock Exchange of Thailand, the compliance with the requirements regard to disclosure of connected transactions and the acquisition or disposal of the Company assets or subsidiary as well as the compliance with accounting standards set by the Federation of Accounting Professions under the Royal Patronage.

## **Report of the Board of Directors' Responsibilities for Financial Reporting**

The Board of Directors of Rich Sport Public Company Limited is responsible for the separated and consolidated financial statements of the company and its subsidiaries and all information in the Annual Report. The financial statements have been prepared in accordance with Thai Financial Reporting Standards as issued by the Federation of Accounting Professions, using appropriate accounting policies, careful judgments, and reasonable estimates. The Board of Directors also ensures sufficient disclosure of information in Notes to the Financial Statements to assure that the financial statements give a true and fair view of the financial position and cash flows of the company and its subsidiaries for the benefits of shareholders and general investors.

The Board of Directors has established and maintained appropriate and effective internal control system to ensure that financial information are accurate, complete, and adequate in order to safeguard the assets and prevent fraud or other irregularities.

The Board of Directors has appointed the Audit Committee comprising independent directors who are responsible for reviewing the quality of financial reports, accounting policies, internal control system, and disclosure of intra transactions which are complete, adequate, and fair. The opinion of the Audit Committee is included in the Audit Committee's Report which is already presented in the Annual Report.

The Board of Directors has an opinion that the company's internal control system is adequate and appropriate and is reasonably confident that the separated and consolidated financial statements of the company and its subsidiaries as of 31 December 2018 are reliable and are in accordance with the Accounting Standard prescribed by Law.



Miss Papitch Wongpaitoonpiya

Director



Mr. Somroj Sirisophana

Director

## **12. Financial Statement Report**

Rich Sport Public Company Limited and its subsidiaries

Report and consolidated financial statements

31 December 2018

## **Independent Auditor's Report**

To the Shareholders of Rich Sport Public Company Limited

### **Opinion**

I have audited the accompanying consolidated financial statements of Rich Sport Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Rich Sport Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rich Sport Public Company Limited and its subsidiaries and of Rich Sport Public Company Limited as at 31 December 2018, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### **Basis for Opinion**

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

## **Key Audit Matters**

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

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters.

Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole. Key audit matters and how audit procedures respond for each matter are described below.

### ***Revenue Recognition***

The Company's major revenues are derived from sales through different distribution channels to various customers, through a large number of retail shops, including through consignment. As a result, the Company's sales transactions are subject to numerous conditions relevant to revenue recognition. In addition, revenue is significant to the financial statements. Therefore, there are risks with respect to the amounts and period recognised.

I have examined the revenue recognition of the Company by:

- ☐ Assessing and testing the Company's IT system and its internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.
- ☐ On a sampling basis, examining supporting documents for sales transactions occurring during the year and near the end of the accounting period to verify the occurrence and accuracy of revenue, whether revenue recognition was consistent with conditions, and whether it was in compliance with the Company's policy.
- ☐ Reviewing credit notes that the Company issued after the period end.
- ☐ Performing analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

### ***Allowance for diminution in value of inventories***

Estimating the net realisable value of inventories, as disclosed in Note to the financial statements No. 10, is an area requiring significant management judgment, particularly with regard to the estimation of allowance for diminution in the value of slow-moving and obsolete inventories. This requires detailed analysis of the product life cycle and economic circumstances. There is thus a risk with respect to the amount of allowance set aside for diminution in the value of inventories.

I assessed and tested the internal controls of the Company relevant to the determination of allowance for diminution in the value of inventories by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. In addition, I also assessed the method and the assumptions applied by management in determining such allowance. The procedures that I performed included:

- ☐ Gaining an understanding of the basis applied in determining the allowance for diminution in value of inventories and reviewing the consistency of the application of that basis.
- ☐ Comparing the inventory holding periods and inventory movements to identify product lines with indicators of lower than normal inventory turnover.
- ☐ Comparing details of sales transactions occurring after the date of the financial statements with the cost of inventories for each product line.
- ☐ Comparing historical data of actual losses on sales and write-offs of inventories during year with the allowance for diminution in value of inventories recorded at the preceding year end.

### **Other Matter**

The consolidated financial statements of Rich Sport Public Company Limited and its subsidiaries (the Group) and the separate financial statements of Rich Sport Public Company Limited for the year ended 31 December 2017 were audited by another auditor who, under his report dated 22 February 2018, expressed an unmodified opinion on those financial statements.

### **Other Information**

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

I am responsible for the audit resulting in this independent auditor's report.



Chayapol Suppasdtanon

Certified Public Accountant (Thailand) No. 3972

EY Office Limited

Bangkok: 21 February 2019

**Rich Sport Public Company Limited and its subsidiaries**

**Statement of financial position**

**As at 31 December 2018**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	556,860,146	1,110,940,636	522,196,437	1,101,118,256
Current investments	8	475,939,150	300,050,000	475,939,150	300,050,000
Trade and other receivables	6, 9	207,500,392	178,662,352	196,728,454	177,325,162
Inventories	10	426,641,941	178,981,763	427,459,326	193,180,253
Advance payments for inventories		66,708,144	14,592,268	66,708,144	14,592,268
Other current assets	11	45,816,868	17,862,317	39,571,151	17,076,713
<b>Total current assets</b>		<b>1,779,466,641</b>	<b>1,801,089,336</b>	<b>1,728,602,662</b>	<b>1,803,342,652</b>
<b>Non-current assets</b>					
Restricted bank deposits		11,344,843	8,019,094	11,344,843	8,019,094
Investments in subsidiaries	12	-	-	38,720,960	51,999,800
Intangible assets	13	3,210,307	10,271,327	3,139,760	3,774,071
Investment properties	14	-	-	61,190,856	62,377,948
Property, plant and equipment	15	149,423,332	170,623,617	85,562,163	95,163,223
Deferred tax assets	21	6,273,724	9,399,061	9,573,724	8,109,942
Deposits for rental		29,473,061	27,799,426	29,473,061	27,091,542
Other non-current assets		802,758	-	331,425	-
<b>Total non-current assets</b>		<b>200,528,025</b>	<b>226,112,525</b>	<b>239,336,792</b>	<b>256,535,620</b>
<b>Total assets</b>		<b>1,979,994,666</b>	<b>2,027,201,861</b>	<b>1,967,939,454</b>	<b>2,059,878,272</b>

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

**Rich Sport Public Company Limited and its subsidiaries**

**Statement of financial position (continued)**

**As at 31 December 2018**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
Liabilities and shareholder's equity					
Current liabilities					
Trade and other payables	6, 16	68,841,498	97,839,911	59,777,480	133,372,971
Current portion of liabilities under finance lease agreements	17	1,933,037	2,251,090	1,629,035	1,904,160
Income tax payable		24,433,235	18,268,549	24,433,235	16,766,639
Provision for termination benefits	18	14,124,564	-	-	-
Other current liabilities		1,576,443	2,081,589	1,015,187	1,205,654
Total current liabilities		110,908,777	120,441,139	86,854,937	153,249,424
Non-current liabilities					
Liabilities under finance lease agreements					
- net of current portion	17	3,267,565	3,339,659	3,267,565	3,035,657
Provision for long-term employee benefits	18	13,433,371	20,732,878	13,433,371	14,287,285
Other non-current liabilities		13,049,749	12,497,000	12,988,043	12,497,000
Total non-current liabilities		29,750,685	36,569,537	29,688,979	29,819,942
Total liabilities		140,659,462	157,010,676	116,543,916	183,069,366

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

**Rich Sport Public Company Limited and its subsidiaries**

**Statement of financial position (continued)**

**As at 31 December 2018**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
Shareholder's equity					
Share capital					
Registered share capital					
770,000,000 ordinary shares of Baht 1 each		770,000,000	770,000,000	770,000,000	770,000,000
Issued and fully paid share capital					
770,000,000 ordinary shares of Baht 1 each		770,000,000	770,000,000	770,000,000	770,000,000
Premium on ordinary shares		918,025,291	918,025,291	918,025,291	918,025,291
Surplus arising from business combination under common control					
		50,355,127	50,355,127	-	-
Retained earnings					
Appropriated - statutory reserve	19	54,305,368	46,002,880	54,305,368	46,002,880
Unappropriated		43,901,347	85,807,887	109,064,879	142,780,735
Other components of shareholders' equity		(160,226)	-	-	-
Equity attributable to owners of the Company		1,836,426,907	1,870,191,185	1,851,395,538	1,876,808,906
Non-controlling interest of the subsidiary		2,908,297	-	-	-
Total shareholders' equity		1,839,335,204	1,870,191,185	1,851,395,538	1,876,808,906
Total liabilities and shareholders' equity		1,979,994,666	2,027,201,861	1,967,939,454	2,059,878,272

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

**Rich Sport Public Company Limited and its subsidiaries**  
**Statement of comprehensive income**  
**For the year ended 31 December 2018**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<b>Profit or loss:</b>					
<b>Revenues</b>					
Sales		1,118,970,765	1,174,655,179	1,097,677,622	1,174,655,180
Other income		29,790,764	8,900,984	29,233,172	46,088,444
<b>Total income</b>		<u>1,148,761,529</u>	<u>1,183,556,163</u>	<u>1,126,910,794</u>	<u>1,220,743,624</u>
<b>Expenses</b>					
Cost of sales		546,885,999	562,754,910	540,605,289	597,081,323
Selling and distribution expenses		257,954,024	227,576,998	256,078,337	227,576,998
Administrative expenses		118,262,774	121,023,611	103,883,078	99,809,539
Termination benefits	18	8,618,859	-	-	-
Loss on impairment of assets	10, 11	11,040,935	-	-	-
Loss on impairment of investment in subsidiary	12	-	-	16,500,000	-
<b>Total expenses</b>		<u>942,762,591</u>	<u>911,355,519</u>	<u>917,066,704</u>	<u>924,467,860</u>
<b>Profit before finance cost and income tax expense</b>		<u>205,998,938</u>	<u>272,200,644</u>	<u>209,844,090</u>	<u>296,275,764</u>
Finance cost		(256,556)	(378,850)	(229,430)	(333,210)
<b>Profit before income tax expense</b>		<u>205,742,382</u>	<u>271,821,794</u>	<u>209,614,660</u>	<u>295,942,554</u>
Income tax expense	21	(48,154,024)	(45,762,045)	(43,564,905)	(44,016,899)
<b>Profit for the year</b>		<u>157,588,358</u>	<u>226,059,749</u>	<u>166,049,755</u>	<u>251,925,655</u>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translation of financial statements in foreign currency		(76,056)	-	-	-
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax</i>		<u>(76,056)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Actuarial gain (loss)	18	1,294,721	(305,056)	1,294,721	(60,723)
Less: Income tax effect	21	(258,944)	61,011	(258,944)	12,145
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax</i>		<u>1,035,777</u>	<u>(244,045)</u>	<u>1,035,777</u>	<u>(48,578)</u>
<b>Other comprehensive income</b>		<u>959,721</u>	<u>(244,045)</u>	<u>1,035,777</u>	<u>(48,578)</u>
<b>Total comprehensive income for the year</b>		<u>158,548,079</u>	<u>225,815,704</u>	<u>167,085,532</u>	<u>251,877,077</u>

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

**Rich Sport Public Company Limited and its subsidiaries**  
**Statement of comprehensive income (continued)**  
**For the year ended 31 December 2018**

(Unit: Baht)

	Note	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2018	2017	2018	2017
<b>Profit attributable to:</b>					
Equity holders of the Company		157,859,071	226,059,749	166,049,755	251,925,655
Non-controlling interest of the subsidiary		(270,713)	-		
		<u>157,588,358</u>	<u>226,059,749</u>		
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		158,734,622	225,815,704	167,085,532	251,877,077
Non-controlling interest of the subsidiary		(186,543)	-		
		<u>158,548,079</u>	<u>225,815,704</u>		
<b>Earnings per share</b>	22				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.20	0.42	0.22	0.47
Weighted average number of ordinary shares (shares)		<u>770,000,000</u>	<u>539,315,068</u>	<u>770,000,000</u>	<u>539,315,068</u>

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



Rich Sport Public Company Limited and its subsidiaries  
Statement of changes in shareholders' equity  
For the year ended 31 December 2018

(Unit: Baht)

Consolidated financial statements									
Equity attributable to owners of the Company									
	Issued and fully paid share capital	Premium on ordinary shares	Surplus arising from business combination under common control	Retained earnings		Other components of shareholders' equity Other comprehensive income Exchange differences on translation of financial statements in foreign currency	Total equity attributable to owners of the Company	Equity attributable to non-controlling interest of subsidiary	Total shareholders' equity
				Statutory reserve	Unappropriated				
<b>Balance as at 1 January 2017</b>	350,000,000	-	50,355,127	20,000,000	240,595,063	-	660,950,190	-	660,950,190
Profit for the year	-	-	-	-	226,059,749	-	226,059,749	-	226,059,749
Other comprehensive income for the year	-	-	-	-	(244,045)	-	(244,045)	-	(244,045)
Total comprehensive income for the year	-	-	-	-	225,815,704	-	225,815,704	-	225,815,704
Increase in share capital	420,000,000	918,025,291	-	-	-	-	1,338,025,291	-	1,338,025,291
Dividends paid (Note 25)	-	-	-	-	(354,600,000)	-	(354,600,000)	-	(354,600,000)
Appropriated to statutory reserve (Note 19)	-	-	-	26,002,880	(26,002,880)	-	-	-	-
<b>Balance as at 31 December 2017</b>	<b>770,000,000</b>	<b>918,025,291</b>	<b>50,355,127</b>	<b>46,002,880</b>	<b>85,807,887</b>	<b>-</b>	<b>1,870,191,185</b>	<b>-</b>	<b>1,870,191,185</b>
<b>Balance as at 1 January 2018</b>	770,000,000	918,025,291	50,355,127	46,002,880	85,807,887	-	1,870,191,185	-	1,870,191,185
Profit for the year	-	-	-	-	157,859,071	-	157,859,071	(270,713)	157,588,358
Other comprehensive income for the year	-	-	-	-	1,035,777	(160,226)	875,551	84,170	959,721
Total comprehensive income for the year	-	-	-	-	158,894,848	(160,226)	158,734,622	(186,543)	158,548,079
Dividends paid (Note 25)	-	-	-	-	(192,498,900)	-	(192,498,900)	-	(192,498,900)
Proceed from share subscription from non-controlling interest of subsidiary	-	-	-	-	-	-	-	3,094,840	3,094,840
Appropriated to statutory reserve (Note 19)	-	-	-	8,302,488	(8,302,488)	-	-	-	-
<b>Balance as at 31 December 2018</b>	<b>770,000,000</b>	<b>918,025,291</b>	<b>50,355,127</b>	<b>54,305,368</b>	<b>43,901,347</b>	<b>(160,226)</b>	<b>1,836,426,907</b>	<b>2,908,297</b>	<b>1,839,335,204</b>

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

**Rich Sport Public Company Limited and its subsidiaries**

**Statement of changes in shareholders' equity**

**For the year ended 31 December 2018**

(Unit: Baht)

	Separate financial statements				
	Issued and fully paid share capital	Premium on ordinary shares	Retained earnings		Total shareholders' equity
			Statutory reserve	Unappropriated	
Balance as at 1 January 2017	350,000,000	-	20,000,000	271,506,538	641,506,538
Profit for the year	-	-	-	251,925,655	251,925,655
Other comprehensive income for the year	-	-	-	(48,578)	(48,578)
Total comprehensive income for the year	-	-	-	251,877,077	251,877,077
Increase in share capital	420,000,000	918,025,291	-	-	1,338,025,291
Dividends paid (Note 25)	-	-	-	(354,600,000)	(354,600,000)
Appropriated to statutory reserve (Note 19)	-	-	26,002,880	(26,002,880)	-
Balance as at 31 December 2017	770,000,000	918,025,291	46,002,880	142,780,735	1,876,808,906
Balance as at 1 January 2018	770,000,000	918,025,291	46,002,880	142,780,735	1,876,808,906
Profit for the year	-	-	-	166,049,755	166,049,755
Other comprehensive income for the year	-	-	-	1,035,777	1,035,777
Total comprehensive income for the year	-	-	-	167,085,532	167,085,532
Dividends paid (Note 25)	-	-	-	(192,498,900)	(192,498,900)
Appropriated to statutory reserve (Note 19)	-	-	8,302,488	(8,302,488)	-
Balance as at 31 December 2018	770,000,000	918,025,291	54,305,368	109,064,879	1,851,395,538

**Rich Sport Public Company Limited and its subsidiaries**

**Cash flow statement**

**For the year ended 31 December 2018**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
<b>Cash flows from operating activities</b>				
Profit before tax	205,742,382	271,821,794	209,614,660	295,942,554
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	28,525,136	28,705,305	24,022,438	22,214,791
Reversal of doubtful accounts	-	(36,360)	-	(36,360)
Reduction of inventories to net realisable value (reversal)	(9,569,613)	12,545,294	(9,569,613)	12,545,294
Loss on disposal of equipment	1,777,652	1,814,201	1,491,580	1,714,126
Loss on write-off of equipment	56,697	-	-	-
Inventories returned	41,321	-	41,321	-
Loss on diminution in inventories value	2,415,482	-	-	-
Loss on impairment of assets	8,625,454	-	-	-
Loss on impairment of investment in subsidiary	-	-	16,500,000	-
Long-term employee benefits and termination benefits	12,108,339	-	3,429,883	-
Unrealised gain on exchange	(24,261)	(9,623)	(24,261)	(9,623)
Loss on change in fair value of trading securities	160,907	-	160,907	-
Interest income	(13,481,702)	(3,946,304)	(13,422,441)	(4,023,459)
Dividend income	-	-	-	(33,799,870)
Interest expense	256,556	378,850	229,430	333,210
Profit from operating activities before changes in operating assets and liabilities	236,634,350	311,273,157	232,473,904	294,880,663
Operating assets (increase) decrease				
Trade and other receivables	(20,348,834)	20,699,829	(10,914,085)	21,953,236
Inventories	(240,506,047)	6,843,626	(224,709,460)	(5,765,892)
Advance payments for inventories	(52,115,876)	-	(52,115,876)	-
Other current assets	(22,636,629)	(2,585,409)	(22,494,438)	(2,646,268)
Restricted bank deposits	(3,325,749)	(194,820)	(3,325,749)	(194,820)
Other non-current assets	(2,476,393)	(2,220,923)	(2,712,944)	(2,459,899)
Operating liabilities increase (decrease)				
Trade and other payables	(28,974,153)	(28,525,231)	(73,571,230)	(13,557,101)
Other current liabilities	(505,146)	552,966	(190,467)	385,285
Other non-current liabilities	(310,278)	(141,368)	(310,276)	(141,368)
Payments of long-term employee benefits	(3,988,561)	599,603	(2,989,076)	(42,624)
Cash flows from (used in) operating activities	(138,553,316)	306,301,430	(160,859,697)	292,411,212
Cash received from interest income	4,992,496	3,750,642	4,933,234	3,827,796
Cash paid for corporate income tax	(39,122,945)	(77,582,244)	(37,621,035)	(72,523,337)
<b>Net cash flows from (used in) operating activities</b>	<b>(172,683,765)</b>	<b>232,469,828</b>	<b>(193,547,498)</b>	<b>223,715,671</b>

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

**Rich Sport Public Company Limited and its subsidiaries**

**Cash flow statement (continued)**

**For the year ended 31 December 2018**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
<b>Cash flows from investing activities</b>				
Cash paid for short-term investments	(176,050,057)	(300,050,000)	(176,050,057)	(300,050,000)
Cash paid for acquisitions of equipment	(18,708,436)	(31,482,936)	(15,866,883)	(26,998,401)
Cash paid for acquisitions of intangible assets	(74,635)	(4,269,430)	-	(2,181,300)
Proceeds from disposals of equipment	3,563,222	40,944	2,535,327	40,944
Dividend income	-	-	-	33,799,870
Cash paid for share subscription in a subsidiary	-	-	(3,221,160)	-
<b>Net cash flows used in investing activities</b>	<b>(191,269,906)</b>	<b>(335,761,422)</b>	<b>(192,602,773)</b>	<b>(295,388,887)</b>
<b>Cash flows from financing activities</b>				
Proceed from share subscription from a non-controlling interest	3,094,840	-	-	-
Cash paid for payments of liabilities under finance lease agreements	(390,147)	(2,161,311)	(43,218)	(1,832,895)
Cash receipt from share capital increase	-	1,338,025,291	-	1,338,025,290
Dividends paid	(192,498,900)	(354,600,000)	(192,498,900)	(354,600,000)
Interest paid	(256,556)	(378,850)	(229,430)	(333,210)
<b>Net cash flows from (used in) financing activities</b>	<b>(190,050,763)</b>	<b>980,885,130</b>	<b>(192,771,548)</b>	<b>981,259,185</b>
Differences on translation of financial statements	(76,056)	-	-	-
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(554,080,490)</b>	<b>877,593,536</b>	<b>(578,921,819)</b>	<b>909,585,969</b>
Cash and cash equivalents at beginning of the year	1,110,940,636	233,347,100	1,101,118,256	191,532,287
<b>Cash and cash equivalents at ending of the year (Note 7)</b>	<b>556,860,146</b>	<b>1,110,940,636</b>	<b>522,196,437</b>	<b>1,101,118,256</b>
	-	-	-	-
<b>Supplemental cash flows information:</b>				
Non-cash item				
Purchases of vehicles recorded as finance lease liabilities	5,200,602	5,590,749	4,896,600	4,939,817
Actuarial gain (loss) - net of income tax	1,035,777	(244,045)	1,035,777	(48,578)

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

## Rich Sport Public Company Limited and its subsidiaries

### Notes to consolidated financial statements

For the year ended 31 December 2018

#### 1. General information

##### 1.1 Corporate information

Rich Sport Public Company Limited, (“the Company”), is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and selling shoes, clothes, caps and bags. Its registered address is at 116/20, Na-Ranong Road, Khlong Toei, Bangkok. As at 31 December 2018, the Company has 41 branches (2017: 41 branches).

##### 1.2 Dissolution of a subsidiary

On 3 December 2018 a meeting of the Board of Directors of Benefit Shoes Co., Ltd., a subsidiary company engaged in the manufacture of products for the Company, approved the dissolution of the subsidiary's business on 16 January 2019 because the Company has changed its products procurement plans to purchasing from the contract party.

Part of financial information of Benefit Shoes Co., Ltd., as at 31 December 2018 and 2017 included in the consolidated financial statements, is summarised as follow:

	(Unit: Thousand Baht)	
	As at 31 December	
	2018	2017
<b>Current assets</b>		
Cash and cash equivalents	34,094	9,822
Trade and other receivables	12,479	1,337
Inventories	4,963	12,422
Less: Reduce cost to net realisable value	(2,415)	-
Inventories - net	2,548	12,422

(Unit: Thousand Baht)

As at 31 December

	2018	2017
Buildings and equipment - net of accumulated depreciation	8,224	-
Less: Allowance for impairment	(4,438)	-
Buildings and equipment - net	3,786	-
Intangible assets - net of accumulated amortisation	5,719	-
Less: Allowance for impairment	(4,120)	-
Intangible assets - net	1,599	-
Other current assets	811	786
Total current assets	55,317	24,367
<b>Non-current assets</b>		
Buildings and equipment - net of accumulated depreciation	-	13,082
Intangible assets - net of accumulated amortisation	-	6,497
Other non-current assets	-	1,997
Total non-current assets	-	21,576
<b>Total assets</b>	<b>55,317</b>	<b>45,943</b>
<b>Current liabilities</b>		
Trade and other payables	7,059	24,189
Liabilities under finance lease agreements	304	347
Provision for termination benefits	14,125	-
Other current liabilities	289	876
Total current liabilities	21,777	25,412
<b>Non-current liabilities</b>		
Liabilities under finance lease agreements	-	304
Provision for long-term employee benefits	-	6,446
Total non-current liabilities	-	6,750
<b>Total liabilities</b>	<b>21,777</b>	<b>32,162</b>

Operating results for the years ended 31 December 2018 and 2017 included in the consolidated financial statements are summarised below.

	(Unit: Thousand Baht)	
	For the years ended	
	31 December	
	2018	2017
Sales to parent company (eliminated from the consolidated financial statements)	42,556	209,388
Sales - unrelated parties	22,009	-
Cost of sales - unrelated parties	18,438	-
Administrative expenses	13,162	22,401
Termination benefits	8,618	-
Loss on impairment of assets	11,041	-
Finance cost	27	46
Income tax expense	1,289	1,745

## 2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

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

## 2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Rich Sport Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Subsidiaries' name	Nature of business	Country of incorporation	Percentage of shareholding	
			31 December	31 December
			2018	2017
			(Percent)	(Percent)
Benefit Shoes Company Limited	Manufacturing of shoes	Thailand	99.99	99.99
Rich Avenue Company Limited	Selling shoes, clothes, caps and bags	Cambodia	51.00	-

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
- f) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 The separate financial statements present investments in subsidiaries under the cost method.



### **3. New financial reporting standards**

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

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

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

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

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

#### **TFRS 15 Revenue from Contracts with Customers**

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

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

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

The management of the Company and its subsidiaries believe that this standard will not have any significant impact on the financial statements when it is initially applied, but will result in presentations in the statement of comprehensive income.

**(c) Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020**

During the current year, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments, which consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

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

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

#### **4. Significant accounting policies**

##### **4.1 Revenue recognition**

###### *Sales of goods*

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

###### *Interest income*

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

##### **4.2 Cash and cash equivalents**

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

##### **4.3 Trade accounts receivable**

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

##### **4.4 Inventories**

Finished goods and work in process are valued at the lower of cost under the weighted average method and net realisable value. The cost of inventories includes production costs and attributable factory overheads.

Raw materials are valued at the lower of average cost and net realisable value and are charged to production costs whenever consumed.

##### **4.5 Investments**

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in subsidiaries are accounted for in the separate financial statements using the cost method net of allowance for loss on impairment (if any).

The fair value of investments in unit trusts is determined based on the net asset value of the last working day of the year.

The fair value of debt instruments is determined based on yield rates quoted by the Thai Bond Market Association.

The weighted average method is used for computation of the cost of investments.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

#### **4.6 Investment properties**

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 8 years, 10 years and 15 years. Depreciation of the investment properties is included in determining income.

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

#### **4.7 Property, plant and equipment/Depreciation**

Land is stated at cost. Plant and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

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

Buildings and plant	-	5 and 20 years
Machines and factory equipment	-	5 and 10 years
Fixtures and office equipment	-	3 and 5 years
Motor vehicles	-	5 and 8 years

No depreciation is provided on land and assets under installation and under construction.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

#### **4.8 Intangible assets**

Intangible assets are initially recognised at their cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

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

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
Computer software	3, 5 and 10 years

#### **4.9 Related party transactions**

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

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

#### **4.10 Long-term leases**

Leases of equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease period.

Leases of building or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

#### **4.11 Foreign currencies**

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

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

Gains and losses on exchange are included in determining income.

#### **4.12 Impairment of assets**

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and subsidiaries estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

#### **4.13 Employee benefits**

##### ***Short-term employee benefits***

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

##### ***Post-employment benefits***

###### ***Defined contribution plans***

The Company, its subsidiaries and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company and its subsidiaries' contributions are recognised as expenses when incurred.

###### ***Defined benefit plans***

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labour law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

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

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

### ***Termination benefits***

The Company and its subsidiaries have obligations in respect of the termination of employment of employees before the normal retirement date.

Termination benefits are immediately recognised as an expense.

## **4.14 Provisions**

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

## **4.15 Income tax**

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

### **Current tax**

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

### **Deferred tax**

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

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that they are no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

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



#### **4.16 Forward exchange contracts**

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrecognised gains and losses from the translation are included in determining income. Premiums or discounts on forward exchange contracts are amortised on a straight-line basis over the contract periods.

#### **4.17 Fair value measurement**

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

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

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

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

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

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

## **5. Significant accounting judgements and estimates**

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

### **Leases**

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

### **Allowance for doubtful accounts**

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

### **Reduce cost to net realisable value of inventories**

In determining a reduce cost to net realisable value of inventories, the management needs to make judgement in estimating the losses that will be incurred on the sale of the inventories, taking into account net realisable value, aging profile of outstanding inventories and the stock-keeping conditions, among other factors.

### **Impairment of investments**

The Company treats investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement of the management.

### **Property, plant and equipment/Depreciation**

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

### **Deferred tax assets**

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

### **Post-employment benefits under defined benefit plans**

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

## **6. Related party transactions**

The relationships between the Company and its related parties that have significant business transactions during the years 2018 and 2017 are summarised below.

Name of related parties	Country of incorporation	Nature of relationships
Benefit Shoes Company Limited	Thailand	Subsidiary company
Rich Avenue Company Limited	Cambodia	Subsidiary company
Carnival Supply Company Limited	Thailand	Common shareholders and director are the close members of the family of director of the subsidiary
Melrose Avenue Company Limited	Cambodia	Non-controlling interest of subsidiary

The pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Sales	Cost plus margin
Rendering of services	Contractual price
Purchase of goods	Cost plus margin
Rental and service income	Contractual price

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<b><u>Transactions with subsidiaries</u></b>				
(Eliminated from the consolidated financial statements)				
Sales	-	-	8,326	-
Purchase of goods	-	-	42,556	209,388
Other income	-	-	1,260	4,092
Dividend income	-	-	-	33,800
<b><u>Transactions with related parties</u></b>				
Sales	6,553	5,673	5,427	5,673
Consulting fees	300	300	300	300

The balances of the accounts as at 31 December 2018 and 2017 between the Company and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<b><u>Trade and other receivables - related parties (Note 9)</u></b>				
Subsidiaries	-	-	3,111	-
Related parties	1,908	1,131	1,890	1,131
Total trade and other receivables - related parties	1,908	1,131	5,001	1,131
<b><u>Trade and other payables - related parties (Note 16)</u></b>				
Subsidiaries	-	-	82	59,722
Related parties	2,035	-	-	-
Directors	227	388	227	213
Management	26	31	26	31
Total trade and other payables - related parties	2,288	419	335	59,966

## Directors and management's benefits

During the years ended 31 December 2018 and 2017, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Short-term benefits	27,562	32,272	25,765	28,194
Post-employment benefits	1,885	2,950	1,885	2,613
Termination benefits	165	-	-	-
Total	29,612	35,222	27,650	30,807

## Guarantee with related parties

The directors and the former director of the Company had guaranteed liabilities under finance leases agreements of the Company and of its subsidiary.

## 7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Cash	2,299	2,786	2,233	2,685
Bank deposits	554,561	1,108,155	519,963	1,098,433
Total	556,860	1,110,941	522,196	1,101,118

As at 31 December 2018, bank deposits in saving accounts and fixed deposits carried interests between 0.25 to 1.75 percent per annum (2017: 0.25 to 0.625 percent per annum).

## 8. Current investments

	(Unit: Thousand Baht)	
	Consolidated and separate	
	financial statements	
	2018	2017
<b>Investments in trading securities</b>		
Investments in Open-end Fund	50,000	-
Less: Unrealised loss on change in fair value	(161)	-
Total	49,839	-
Investments in debt instruments - mature within 1 year	25,255	-
Fixed deposit - 6 month	100,845	300,050
Bills of exchange	300,000	-
Total current investments	475,939	300,050

Fixed deposits carried interest rate of 1.3% per annum (2017: 1.6% per annum). Bills of exchange carried interest rate of 5.5% per annum and matured on 22 March 2019.

## 9. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<b><u>Trade receivables - related parties</u></b>				
Aged on the basis of due dates				
Not yet due	1,890	1,131	4,080	1,131
Total trade receivables				
- related parties	1,890	1,131	4,080	1,131
<b><u>Trade receivables - unrelated parties</u></b>				
Aged on the basis of due dates				
Not yet due	188,982	173,062	175,124	173,062
Past due				
Less than 3 months	6,522	867	6,522	867
3 - 6 months	1,261	22	1,261	22
6 - 12 months	9	-	9	-
Total trade receivables				
- unrelated parties	196,774	173,951	182,916	173,951
Total trade receivables, net	198,664	175,082	186,996	175,082
<b><u>Other receivables</u></b>				
Other receivables - related parties	18	-	921	-
Other receivables - unrelated parties	8,818	3,580	8,811	2,243
Total other receivables	8,836	3,580	9,732	2,243
Trade and other receivables, net	207,500	178,662	196,728	177,325

## 10. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories-net	
	2018	2017	2018	2017	2018	2017
Finished goods	401,293	180,200	(10,869)	(20,129)	390,424	160,071
Work in process	1,122	2,589	(87)	-	1,035	2,589
Raw materials	1,967	7,240	(1,391)	-	576	7,240
Supplies	1,349	2,750	(627)	-	722	2,750
Goods in transit	33,885	6,332	-	-	33,885	6,332
Total	<u>439,616</u>	<u>199,111</u>	<u>(12,974)</u>	<u>(20,129)</u>	<u>426,642</u>	<u>178,982</u>

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories-net	
	2018	2017	2018	2017	2018	2017
Finished goods	403,596	206,820	(10,559)	(20,129)	393,037	186,691
Supplies	537	157	-	-	537	157
Goods in transit	33,885	6,332	-	-	33,885	6,332
Total	<u>438,018</u>	<u>213,309</u>	<u>(10,559)</u>	<u>(20,129)</u>	<u>427,459</u>	<u>193,180</u>

During the current year, the Company and its subsidiaries reduced cost of inventories by Baht 2.4 million (2017: Baht 12.5 million, and the Company only Baht 12.5 million), to reflect the net realisable value. This was included in cost of sales. In addition, the Company reversed the write-down of cost of inventories by Baht 9.6 million (The Company only: Baht 9.6 million), and reduced the amount of inventories recognised as expenses during the year.

## 11. Other current assets

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Building and equipment - net	3,786	-	-	-
Intangible assets - net	1,599	-	-	-
Input tax refundables	27,072	13,408	27,072	13,408
Prepaid expenses	9,023	3,602	8,905	3,112
Others	4,337	852	3,594	557
Total other current assets	45,817	17,862	39,571	17,077

In 2019, a subsidiary sold building and equipment with the book value of Baht 3.78 million at a price of Baht 4.11 million.

## 12. Investments in subsidiaries

Details of investments in subsidiaries as presented in the separate financial statements are as follows:

Subsidiaries	Paid-up capital		Shareholding percentage		Cost		Allowance for impairment		Investments - net		Dividend received for the year	
	31	31	31	31	31	31	31	31	31	31		
	December	December	December	December	December	December	December	December	December	December		
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
			(%)	(%)								
Benefit Shoes Co., Ltd.	52,000	52,000	99.99	99.99	52,000	52,000	(16,500)	-	35,500	52,000	-	33,800
Rich Avenue Co., Ltd.	6,316	-	51.00	-	3,221	-	-	-	3,221	-	-	-
Total investments in subsidiaries - net					55,221	52,000	(16,500)	-	38,721	52,000	-	33,800

On 21 December 2017, the Company entered into the joint venture agreement with Melrose Avenue Company Limited to establish Rich Avenue Company Limited, a company incorporated in the Kingdom of Cambodia, for distribution products under trademarks of “Converse” and “Pony”. This company has registered capital of KHR 800 million (divided into 200,000 ordinary shares with a par value of 4,000 KHR each). The Company hold 51% of capital in this company or Baht 6.3 million for which the Company paid share subscription on 21 February 2018.

This subsidiary has been registered with government entity of Cambodia on 2 February 2018.



On 3 December 2018, a meeting of the Board of directors of Benefit Shoes Co., Ltd. approved the plan for dissolution of the subsidiary's business on 16 January 2019. The Company performed impairment reviews in respect of investment in this company and set up an impairment loss amounted to Baht 16.5 million in the 2018 separate financial statement.

### 13. Intangible assets

(Unit: Thousand Baht)

	Computer software	
	Consolidated financial statements	Separate financial statements
<b>Cost</b>		
1 January 2017	8,168	2,513
Additions	4,269	2,181
31 December 2017	12,437	4,694
Additions	75	-
31 December 2018	12,512	4,694
<b>Accumulated amortisation</b>		
1 January 2017	896	362
Amortisation for the year	1,270	558
31 December 2017	2,166	920
Amortisation for the year	1,417	634
31 December 2018	3,583	1,554
<b>Allowance for impairment</b>		
31 December 2017	-	-
Additions	4,120	-
31 December 2018	4,120	-
<b>Net book value</b>		
31 December 2017	10,271	3,774
31 December 2018		
- Current assets	1,599	-
- Non-current assets	3,210	3,140
<b>Amortisation included in profit or loss for the year</b>		
2017	1,270	558
2018	1,417	634

On 3 December 2018, a meeting of the Board of directors of Benefit Shoes Co., Ltd. approved the plan for dissolution of the subsidiary's business on 16 January 2019. The subsidiary performed impairment reviews in respect of software and set up an impairment loss amounted to Baht 4.1 million in 2018.

#### 14. Investment properties

Investment properties in the separate financial statements represented land and plant for rental. The net book value of investment properties is presented below.

	(Unit: Thousand Baht)		
	Separate financial statements		
	Land for rent	Plant for rent	Total
As at 31 December 2017			
Cost	47,985	16,200	64,185
Less: Accumulated depreciation	-	(1,807)	(1,807)
Net book value	47,985	14,393	62,378
As at 31 December 2018			
Cost	47,985	16,200	64,185
Less: Accumulated depreciation	-	(2,994)	(2,994)
Net book value	47,985	13,206	61,191

A reconciliation of the net book value of investment properties for the years is presented below.

	(Unit: Thousand Baht)	
	Separate financial statements	
	2018	2017
Net book value at beginning of year	62,378	63,565
Depreciation charged	(1,187)	(1,187)
Net book value at end of year	61,191	62,378

The fair value of the investment properties as at 31 December 2018 and 2017 is stated below:

	(Unit: Thousand Baht)	
	2018	2017
Land for rent	61,182	45,320
Plant for rent	19,918	15,300

The fair values of the above investment properties have been determined based on valuations performed by an accredited independent valuer using the market approach for land and replacement approach for plant.

Rental income in the separate financial statements for the year ended 31 December 2018 amounted to Baht 1.2 million (2017: Baht 1.2 million).

## 15. Property, plant and equipment

	(Unit: Thousand Baht)						
	Consolidated financial statements						
	Land	Buildings and plant	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Total
<b>Cost:</b>							
1 January 2017	59,999	39,268	22,219	95,520	21,487	217	238,710
Additions	-	2,068	1,611	30,787	-	-	34,466
Disposals	-	-	(583)	(6,402)	-	(11)	(6,996)
31 December 2017	59,999	41,336	23,247	119,905	21,487	206	266,180
Additions	-	-	5	4,652	5,053	9,819	19,529
Disposals	-	-	(10,933)	(4,484)	(4,789)	-	(20,206)
Transfers in (out)	-	-	-	7,317	-	(7,317)	-
31 December 2018	59,999	41,336	12,319	127,390	21,751	2,708	265,503
<b>Accumulated depreciation:</b>							
1 January 2017	-	8,905	12,699	46,823	4,811	-	73,238
Depreciation for the year	-	4,605	4,036	17,242	1,554	-	27,437
Depreciation on disposals	-	-	(492)	(4,627)	-	-	(5,119)
31 December 2017	-	13,510	16,243	59,438	6,365	-	95,556
Depreciation for the year	-	4,772	1,705	19,196	1,435	-	27,108
Depreciation on disposals	-	-	(9,580)	(3,125)	(2,104)	-	(14,809)
31 December 2018	-	18,282	8,368	75,509	5,696	-	107,855
<b>Allowance for impairment:</b>							
31 December 2017	-	-	-	-	-	-	-
Additions	-	1,966	1,894	408	171	-	4,439
31 December 2018	-	1,966	1,894	408	171	-	4,439

(Unit: Thousand Baht)

## Consolidated financial statements

					Assets under installation and under construction	Total
Land	Buildings and plant	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles		

(Unit: Thousand Baht)

## Consolidated financial statements

					Assets under installation and under construction	Total
Land	Buildings and plant	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles		

**Net book value:**

31 December 2017	59,999	27,826	7,004	60,467	15,122	206	170,624
31 December 2018							
- Current assets	-	-	2,057	813	916	-	3,786
- Non-current assets	59,999	21,088	-	50,660	14,968	2,708	149,423

**Depreciation for the year**

2017 (Baht 6 million included in manufacturing cost, and the balance in selling and administrative expenses)							27,437
2018 (Baht 2 million included in manufacturing cost, and the balance in selling and administrative expenses)							27,108

(Unit: Thousand Baht)

## Separate financial statements

					Assets under installation and under construction	Total
Land	Buildings	Furniture, fixtures and office equipment	Motor vehicles			

**Cost:**

1 January 2017	12,014	19,708	91,987	17,544	217	141,470
Additions	-	856	29,113	-	-	29,969
Disposals	-	-	(6,320)	-	(11)	(6,331)
31 December 2017	12,014	20,564	114,780	17,544	206	165,108
Additions	-	-	1,755	5,053	9,819	16,627
Disposals	-	-	(4,287)	(4,789)	-	(9,076)
Transfers in (out)	-	-	7,317	-	(7,317)	-
31 December 2018	12,014	20,564	119,565	17,808	2,708	172,659

**Accumulated depreciation:**

1 January 2017	-	6,816	44,841	2,384	-	54,041
Depreciation for the year	-	2,900	16,229	1,340	-	20,469
Depreciation on disposals	-	-	(4,565)	-	-	(4,565)
31 December 2017	-	9,716	56,505	3,724	-	69,945
Depreciation for the year	-	2,966	18,015	1,220	-	22,201
Depreciation on disposals	-	-	(2,945)	(2,104)	-	(5,049)

(Unit: Thousand Baht)

	Separate financial statements				
	Land	Buildings	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction
31 December 2018	-	12,682	71,575	2,840	-
<b>Net book value:</b>					
31 December 2017	12,014	10,848	58,275	13,820	206
31 December 2018	12,014	7,882	47,990	14,968	2,708
<b>Depreciation for the period/year</b>					
2017 (included in selling and administrative expenses)					20,469
2018 (included in selling and administrative expenses)					22,201

As at 31 December 2018, the Company and the subsidiaries have vehicles with net book value of Baht 14.8 million (31 December 2017: Baht 12.7 million) which were acquired under finance lease agreements.

As at 31 December 2018, the Company and the subsidiaries have certain items of plant and equipment which were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 41.1 million (2017: Baht 39.3 million) (The Company only: Baht 30.8 million (2017: Baht 27.0 million)).

On 3 December 2018, a meeting of the Board of directors of Benefit Shoes Co., Ltd. approved the plan for dissolution of the subsidiary's business on 16 January 2019. The subsidiary performed impairment reviews in respect of buildings and equipment and set up an impairment loss amounted to Baht 4.4 million in 2018.

## 16. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade payables - related parties	-	-	82	59,722
Trade payables - unrelated parties	11,785	18,734	6,912	1,144
Other payables - related parties	2,288	419	253	244
Other payables - unrelated parties	54,768	78,687	52,530	72,263

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Total trade and other payables	<u>68,841</u>	<u>97,840</u>	<u>59,777</u>	<u>133,373</u>

**17. Liabilities under finance lease agreements**

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	2018	2017
Liabilities under finance lease agreements	5,722	6,070
Less: Deferred interest expenses	(521)	(479)
Total	5,201	5,591
Less: Portion due within one year	(1,933)	(2,251)
Liabilities under finance lease agreements - net of current portion	<u>3,268</u>	<u>3,340</u>

	(Unit: Thousand Baht)	
	Separate financial statements	
	2018	2017
Liabilities under finance lease agreements	5,410	5,384
Less: Deferred interest expenses	(513)	(444)
Total	4,897	4,940
Less: Portion due within one year	(1,629)	(1,904)
Liabilities under finance lease agreements - net of current portion	3,268	3,036

The Company and the subsidiaries have entered into the finance lease agreements with leasing companies for rental of motor vehicles for use in its operation, whereby they are committed to pay rental on a monthly basis. The terms of the agreements are generally between 3 and 5 years.

Future minimum lease payments required under the finance lease agreements were as follows:

	(Unit: Thousand Baht)					
	Consolidated			Separate		
	financial statements			financial statements		
	2018					
	Less than			Less than		
	1 year	1-5 years	Total	1 year	1-5 years	Total
Future minimum lease payments	2,181	3,541	5,722	1,869	3,541	5,410
Deferred interest expenses	(248)	(273)	(521)	(240)	(273)	(513)
Present value of future minimum						
lease payments	1,933	3,268	5,201	1,629	3,268	4,897

	(Unit: Thousand Baht)					
	Consolidated			Separate		
	financial statements			financial statements		
	2017					
	Less than			Less than		
	1 year	1-5 years	Total	1 year	1-5 years	Total
Future minimum lease payments	2,508	3,562	6,070	2,134	3,250	5,384
Deferred interest expenses	(257)	(222)	(479)	(230)	(214)	(444)
Present value of future minimum						
lease payments	2,251	3,340	5,591	1,904	3,036	4,940

## 18. Provision for termination benefits and provision for long-term employee benefits

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	31 December		31 December	
	2018	2017	2018	2017
<b>Balance at beginning of year</b>	20,733	19,828	14,287	14,269
Included in profit or loss:				
Termination benefits	8,618	-	-	-
Current service cost	2,978	3,536	2,918	2,259
Interest cost	512	730	512	524
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	917	(1,157)	917	(1,157)
Financial assumptions changes	42	499	42	197
Experience adjustments	(2,254)	963	(2,254)	1,021
Benefits paid during the year	(3,988)	(3,666)	(2,989)	(2,826)
<b>Balance at end of year</b>	<b>27,558</b>	<b>20,733</b>	<b>13,433</b>	<b>14,287</b>

Line items in profit or loss under which long-term employee benefit expenses and termination benefits are recognised are as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2018	2017	2018	2017
Termination benefits	8,618	-	-	-
Cost of sales	60	908	-	-
Selling and administrative expenses	3,430	3,358	3,430	2,783
Total expenses recognised in profit or loss	12,108	4,266	3,430	2,783

The Company and its subsidiaries expect to pay Baht 15 million of long-term employee benefits during the next year (The Company only: Baht 1 million) (2017: Baht 2.5 million, The Company only: Baht 1.6 million).

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefit is 14 years (The Company only: 14 years) (2017: 15 years, The Company only: 15 years).



Significant actuarial assumptions are summarised below:

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
	(%)	(%)	(%)	(%)
Discount rates	3.02	3.46 - 3.56	3.02	3.46
Salary increase rates	2.00 - 5.00	0.00 - 5.00	2.00 - 5.00	3.00 - 5.00
Turnover rates	0.00 - 25.00	0.00 - 50.00	0.00 - 25.00	0.00 - 30.00

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2018 and 2017 are summarised below:

	As at 31 December 2018			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase/ Decrease	Impact on reserve	Increase / Decrease	Impact on reserve
	(%)	(Million Baht)	(%)	(Million Baht)
Discount rates	1.0	(1.1) / 1.3	1.0	(1.1) / 1.3
Salary increase rates	1.0	1.2 / (1.0)	1.0	1.2 / (1.0)
Turnover rates	10.0	(0.4) / 0.4	10.0	(0.4) / 0.4

	As at 31 December 2017			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase/ Decrease	Impact on reserve	Increase / Decrease	Impact on reserve
	(%)	(Million Baht)	(%)	(Million Baht)
Discount rates	0.5	(1.0) / 1.2	0.5	(0.6) / 0.7
Salary increase rates	0.5	1.2 / (1.0)	0.5	0.7 / (0.6)
Turnover rates	0.5	(0.6) / 0.7	0.5	(0.4) / 0.4

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation at a rate of not less than that of the last 400 days. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional liabilities for long-term employee benefits of Baht 3.2 million (The Company only: Baht 3.2 million). The Company and its subsidiaries will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective.

## 19. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

## 20. Expenses by nature

Significant expenses classified by nature are as follows:

	Consolidated		(Unit: Thousand Baht)	
			Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Salaries and wages and other employee benefits	207,519	252,517	177,038	173,993
Termination benefits	8,618	-	-	-
Depreciation and amortisation	28,525	30,320	24,022	23,829
Raw materials and consumables used	24,598	68,346	-	-
Changes in finished goods and work in progress	(228,799)	(8,843)	(206,346)	(11,803)
Advertising expenses	53,077	35,317	52,086	35,317
Rental and service expenses	63,018	56,561	62,051	55,459
Loss on impairment of assets	11,041	-	-	-
Loss on impairment of investment in subsidiary	-	-	16,500	-

## 21. Income tax

### 21.1 Deferred tax assets

The components of deferred tax assets and liabilities are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<b>Deferred tax assets</b>				
Allowance for diminution in value of inventories	2,112	4,026	2,112	4,026
Impairment loss of investment	-	-	3,300	-
Others	4,162	6,474	4,162	5,185
<b>Total</b>	<b>6,274</b>	<b>10,500</b>	<b>9,574</b>	<b>9,211</b>
<b>Deferred tax liabilities</b>				
Property, plant and equipment	-	(1,101)	-	(1,101)
Others	-	-	-	-
<b>Total</b>	<b>-</b>	<b>(1,101)</b>	<b>-</b>	<b>(1,101)</b>
<b>Deferred tax assets - net</b>	<b>6,274</b>	<b>9,399</b>	<b>9,574</b>	<b>8,110</b>

### 21.2 Income tax expense

Income tax expense for the years ended 31 December 2018 and 2017 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<b>Current income tax:</b>				
Current income tax charge	(48,888)	(48,627)	(45,288)	(46,753)
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	734	2,865	1,723	2,736
<b>Income tax expense reported in the statements of comprehensive income</b>	<b>(48,154)</b>	<b>(45,762)</b>	<b>(43,565)</b>	<b>(44,017)</b>

### 21.3 The amounts of income tax relating to each component of other comprehensive income

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Deferred tax relating to gains (losses) on actuarial	(259)	61	(259)	12

### 21.4 The reconciliation between accounting profit and income tax expense

The reconciliation between accounting profit and income tax expense is shown below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Accounting profit before tax	205,742	271,822	209,615	295,943
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	(41,148)	(54,364)	(41,923)	(59,189)
Effects of:				
Non-deductible expenses	(13,359)	(4,894)	(5,450)	(4,288)
Additional expense deductions allowed	2,221	10,450	1,987	9,964
Tax exempted revenue	98	6,760	98	6,760
Temporary differences changes	734	2,865	1,723	2,736
Effect of the eliminate from the consolidated financial statements	3,300	(6,579)	-	-
Total	(7,006)	8,602	(1,642)	15,172
Income tax expense reported in the statements of comprehensive income	(48,154)	(45,762)	(43,565)	(44,017)

## 22. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average of ordinary shares in issue during the year.

## 23. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as the Company's Board of Directors.

The Company and its subsidiaries are principally engaged in the manufacture and selling shoes, clothes, caps and bags. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain exclusively to the aforementioned reportable operating segment and geographical area.

### Geographic information

Revenue from external customers is based on locations of the customers and presented as follow:

	Consolidated		(Unit: Million Baht)	
	financial statements		Separate	
	2018	2017	2018	2017
In the country	1,113	1,184	1,090	1,221
Abroad	6	-	8	-
Total	1,119	1,184	1,098	1,221

### Major customers

For the year ended 31 December 2018, the Company and its subsidiaries have revenue from 6 major customers in amount of Baht 677 million (2017: 6 major customers in amount of Baht 640 million).

## 24. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company and employees contribute to the fund monthly at the rate of 3 percent of basic salary. The funds, which is managed by an asset management company, will be paid to employees upon termination in accordance with the fund rules. The Company recognised contributions for the year ended 31 December 2018 amounting to Baht 1.6 million (2017: Baht 1.9 million).

## 25. Dividends paid

			(Unit: Baht)
Dividends	Approved by	Total dividends	Dividend per share
Dividend from the net profit for 2016	Annual General Meeting of shareholder on 7 April 2017	252,000,000	0.72*
Interim dividends for 2017	The Board of Directors Meeting on 11 August 2017	102,600,000	0.18
Total dividend for 2017		354,600,000	0.90
* Calculation is based on 350 million ordinary shares, assuming the par value of the shares is Baht 1 each.			
Dividend from the net profit for 2017	Annual General Meeting of shareholder on 23 April 2018	115,500,000	0.15
Interim dividend for 2018	The Board of Directors Meeting on 10 August 2018	77,000,000	0.10
Total dividend for 2018		192,500,000	0.25

## 26. Commitments and contingent liabilities

### 26.1 Operating lease commitments

The Company and its subsidiary have entered into lease agreements with department stores, retail shops, warehouses and commercial buildings. The terms of the agreements are between 1 and 5 years.

Future minimum lease payments required under these non-cancellable contracts were as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<u>Payable within:</u>				
Within 1 year	58	51	57	50
1 year to 5 years	67	28	63	26

## 26.2 Commitments related to license and products procurement service agreements

### License agreements

The Company entered into a license agreement for the right to produce shoes, clothing and other apparel under the brand of the licensor and to use the brand. Compensation is payable under the agreement, which terminated on 31 December 2018, and the Company is obliged to comply with conditions specified in the agreement.

On 4 October 2017, the licensor notified its intention to extend the agreement and it is in the process of being extended.

The Company entered into a license agreement granting it the right to design, manufacture and use another brand. Compensation is payable under the agreement, which terminates on 31 December 2021, and the Company is obliged to comply with conditions specified in the agreement.

### Products procurement service agreement

The Company entered into a products procurement service agreement with a service provider, related to the procurement of goods and coordination with manufacturers and distributors. Compensation is payable under the agreement, which terminated on 31 December 2018, and the Company is obliged to comply with conditions specified in the agreement. The agreement is in the process of being extended.

## 26.3 Bank guarantees

As at 31 December 2018, the Company had outstanding bank guarantees of Baht 6.5 million (2017: Baht 6.5 million) issued by the banks on behalf of the Company to guarantee credit facilities granted by financial institutions.

## 27. Fair value hierarchy

As at 31 December 2018 and 2017, the Company and its subsidiaries had the assets that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	31 December 2018			
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Investments in Open-end Fund	-	50	-	50
Investments in debt instruments -				
mature within 1 year	-	25	-	25

(Unit: Million Baht)

	Separate financial statements			
	31 December 2018			
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Investments in Open-end Fund	-	50	-	50
Investments in debt instruments -				
mature within 1 year	-	25	-	25
<b>Financial assets disclosed at fair value</b>				
Investment properties	-	61	20	81



(Unit: Million Baht)

	Consolidated/Separate financial statements			
	31 December 2017			
	Level 1	Level 2	Level 3	Total
<b>Financial assets disclosed at fair value</b>				
Investment properties	-	45	15	60

## 28. Financial instruments

### 28.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, current investments, trade and other receivables, trade and other payables, and liabilities under finance lease agreements. The financial risks associated with these financial instruments and how they are managed is described below.

#### ***Credit risk***

The Company is exposed to credit risk primarily with respect to trade and other receivables, and bills of exchange. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company does not have high concentrations of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables and bills of exchange as stated in the statement of financial position.

#### ***Interest rate risk***

The Company and its subsidiaries' exposure to interest rate risk relates primarily to their cash at banks, bills of exchange and liabilities under finance lease agreement. Most of the Company and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2018 and 2017, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

## Consolidated financial statements

As at 31 December 2018

	Fixed interest rates					Non-interest bearing	Interest rate (% per annum)
	At call	Within 1 year	1-5 years	Over 5 years	Floating interest rate		
<u>Financial assets</u>							
Cash and cash equivalent	-	250.0	-	-	304.5	2.3	0.25% - 1.75%
Current investments	-	100.8	300.0	-	75.1	-	1.3% - 5.5%
Trade and other receivables	-	-	-	-	-	209.7	-
	-	350.8	300.0	-	379.6	212.0	
<u>Financial liabilities</u>							
Trade and other payables	-	-	-	-	-	66.9	-
Liabilities under finance lease agreements	-	1.9	3.3	-	-	-	2.9% - 6.5%
	-	1.9	3.3	-	-	66.9	

(Unit: Million Baht)

## Separate financial statements

As at 31 December 2018

	Fixed interest rates					Non-interest bearing	Interest rate (% per annum)
	At call	Within 1 year	1-5 years	Over 5 years	Floating interest rate		
<u>Financial assets</u>							
Cash and cash equivalent	-	250.0	-	-	270.0	2.2	0.55% - 1.75%
Current investments	-	100.8	300.0	-	75.1	-	1.3% - 5.5%
Trade and other receivables	-	-	-	-	-	198.9	-
	-	350.8	300.0	-	345.1	201.1	
<u>Financial liabilities</u>							
Trade and other payables	-	-	-	-	-	59.8	-
Liabilities under finance lease agreements	-	1.6	3.3	-	-	-	2.9% - 6.5%
	-	1.6	3.3	-	-	59.8	

(Unit: Million Baht)

## Consolidated financial statements

As at 31 December 2017

	Fixed interest rates				Floating interest rate	Non-interest bearing	Interest rate (% per annum)
	At call	Within 1 year	1-5 years	Over 5 years			
<u>Financial assets</u>							
Cash and cash equivalent	-	-	-	-	1,108.2	2.8	0.25% - 0.625%
Current investments	-	300.1	-	-	-	-	1.6%
Trade and other receivables	-	-	-	-	-	178.7	-
	-	300.1	-	-	1,108.2	181.5	
<u>Financial liabilities</u>							
Trade and other payables	-	-	-	-	-	97.8	-
Liabilities under finance lease agreements	-	2.2	3.3	-	-	-	2.9% - 6.5%
	-	2.2	3.3	-	-	97.8	

(Unit: Million Baht)

## Separate financial statements

As at 31 December 2017

	Fixed interest rates				Floating interest rate	Non-interest bearing	Interest rate (% per annum)
	At call	Within 1 year	1-5 years	Over 5 years			
<u>Financial assets</u>							
Cash and cash equivalent	-	-	-	-	1,098.4	2.7	0.25% - 0.625%
Current investments	-	300.1	-	-	-	-	1.6%
Trade and other receivables	-	-	-	-	-	177.3	-
	-	300.1	-	-	1,098.4	180.0	
<u>Financial liabilities</u>							
Trade and other payables	-	-	-	-	-	73.7	-
Liabilities under finance lease agreements	-	1.9	3.0	-	-	-	2.9% - 6.5%
	-	1.9	3.0	-	-	73.7	

**Foreign currency risk**

The Company exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. The Company seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

As at 31 December 2018 and 2017, the balances of financial liabilities denominated in foreign currency of the Company is summarised below.

Foreign currency	Financial liabilities		Average exchange rate	
	2018	2017	2018	2017
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	1.2	1.3	32.61	33.15

As at 31 December 2018 and 2017, the Company has forward exchange contracts outstanding as summarised below.

As at 31 December 2018			
Foreign currency	Bought amount	Contractual exchange rate	Contractual maturity date
	(Million)		
US dollar	1.36	33.18 Baht per 1 US dollar	25 January 2019
US dollar	1.00	32.58 Baht per 1 US dollar	20 June 2019

As at 31 December 2017			
Foreign currency	Bought amount	Contractual exchange rate	Contractual maturity date
	(Million)		
US dollar	0.27	32.55 Baht per 1 US dollar	15 June 2018

## 28.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' financial assets and liabilities which comprise deposits at financial institutions, trade and other receivables, bills of exchange, trade and other payables, liabilities under finance lease agreement are short-term in nature or bear floating interest rates, their fair values are not expected to be materially different from the amounts presented in the statements of financial position.

The fair value of investments in unit trusts has been determined from their net asset value as announced by Asset Management Company.

The fair value of debt instruments is determined based on yield rates quoted by the Thai Bond Market Association.

During the current year, there were no transfers within the fair value hierarchy.

## 29. Capital management

The primary objective of the Company and its subsidiaries' capital management is to ensure that they have appropriate capital structure in order to support their business and maximise shareholder value. As at 31 December 2018, the Group's debt-to-equity ratio was 0.08:1 (2017: 0.08:1) and the Company's was 0.06:1 (2017: 0.10:1).

**30. Event after the reporting period**

On 21 February 2019, a meeting of the Board of Directors of the Company approved the payment of an annual dividend from net profit for the year 2018 of Baht 0.10 per share, totaling Baht 77 million. Payment of dividend will be made on 21 May 2019.

**31. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 21 February 2019.

### **13. Analysis and Statement of Management**

#### **Overall of company performance**

Although in the year 2018 the economic conditions of Thailand had been recovered and continuously improved as many parties have anticipated. The recovery of such economy, there was argument that the recovery concentrated in only large businesses, but did not spread to various groups around the country. In addition, there are events that affect the tourism of Thailand which greatly affects the retail industry which became more depressed than ever. There was the reduction of product prices, which never been happened before in large department stores. Even though new products still need to reduce its price continuously to drain the existing stock. Moreover, the government measures at the end of year did not affect the retail industry due to it related to a specific product which the government wants to promote only. Therefore, it can be considered a challenge for the Company for another year.

In year 2018, the Company had total sales revenue at 1,118.97 million baht which decreased by 4.74% from the year 2017. The Company still has a proportion of footwear sales revenue at 70% and clothing and apparel sales revenue at 30% of total revenue.

For distribution channels in year 2018, The Group had total 200 distribution channels, divided into 164 stores for Converse products, 43 company stores and 121 counters in department stores; and 36 points of sales for PONY products, all of mentioned points of sales were located in the department stores.

The gross profit of the Company was 572.08 million baht or 51.13 % due to the Company had organized promotional activities continuously in this year to stimulate the spending and reduce inventory levels.

The Company has total selling cost and distribution expenses at 257.95 million baht which increased 13.34 % from year 2017 due to the increasing in marketing activities to promote both Converse and PONY brands.

The total administrative cost of the Company was 118.26 million baht which slight decreased or 2.28 % from year 2017. The subsidiary company was liquidated and resulted in the need to record the expenses incurred at one time with total 19.66 million baht, which is divided into compensation for termination of employment at 8.62 million baht and loss from impairment of assets at 11.04 million baht.

Other income was totaled at 29.79 million baht which increased at 234.69% from year 2017, mainly were interest and foreign exchange gains.

The total net profit for year 2018 was at 157.59 million baht which was 14.08 % as a result of marketing activities and expenses incurred from the dissolution of subsidiaries

## **Financial position analysis**

### **Asset**

As at December 31, 2018, the Company had total assets of 1,979.99 million baht, decreased from the end of 2017 by 47.21 million baht due to the decreasing in cash and cash equivalents at 554.08 million baht, increase of temporary fund at 175.89 million baht, increase in trade accounts receivable at 28.84 million baht, increase in inventories at 247.66 million baht, increase in product deposit at 52.12 million baht, increase in inventories at 27.96 million baht, increase in bank deposits with guarantee obligation at 3.32 million baht, decrease in intangible assets at 7.06 million baht, decrease in property such as land, buildings and equipments value at 21.20 million baht, decrease in amortization at 3.13 million baht, and increased in rental deposit and other non-current assets at 2.47 million baht.

### **Liabilities**

As at December 31, 2018, the Company had total liabilities at 140.66 million baht which decreased from the end of 2017 in the amount of 16.35 million baht mainly due to decrease in trade and other accounts payable at 29.00 million baht, increase of unpaid income tax at 6.16 million baht, increase in the reserve for termination of employment at 14.12 million baht, decrease in other current assets at 0.50 million baht, decrease in liabilities under financial lease agreement at 0.39 million baht, decrease of reserve for long-term employee benefits at 7.30 million baht and other non-current liabilities of 0.55 million baht.

### **Shareholders' equity**

As at December 31, 2018, the Company had total shareholders' equity at 1,839.34 million baht which decreased from the end of the year 2017 for 30.85 million baht. The main factor was the dividend payment at 192.50 million baht, increased in comprehensive income at 158.55 million baht, as well as the receipt of shares from joint venture companies in the Kingdom of Cambodia at 3.09 million baht.



## **Liquidity and financial ratio**

### **Cash flow**

In year 2018, cash and equivalents cash decreased by 544.08 million baht as resulted of

- Cash flows from operational activities by 172.68 million baht resulted from the purchasing of products and payment of deposit for goods.
- Cash flow used in the investment by 191.27 million baht due to investment in temporary fund and purchased assets used in normal business operations
- Cash flow used from financing which valued by 190.05 million baht from dividend payment and pay for liabilities under finance lease agreement includeing with interest.

## Financial Ratio

Financial Ratio	2018	2017	2016
<b>Liquidity Ratio</b>			
Liquidity ratio (times)	16.04	14.95	3.73
Quick Liquidity ratio (times)	11.18	13.20	2.44
Cash Flow (times)	(1.49)	1.56	1.28
Accounts Receivable Turnover (times)	5.98	5.90	6.74
Average collection period (days)	60.17	60.98	53.40
Inventory turnover ratio (times)	1.88	3.36	4.62
Average sales period (days)	191.39	107.14	77.95
Creditors turnover ratio (times)	35.84	18.64	19.56
Payment period (days)	10.05	19.32	18.4
Cash Cycle (days)	41.52	148.81	112.94
<b>Profitability Ratio</b>			
Gross profit margin (%)	51.13	52.09	53.16
Operating profit margin (%)	15.75	22.42	27.56
EBITDA (%)	18.3	24.86	29.70
Cash to Profit Ratio (%)	(98)	88.29	63.78
Net profit margin (%)	13.72	19.10	21.90
Return on equity ratio (%)	8.52	17.86	51.37
<b>Efficiency Ratio</b>			
Return on total assets (%)	7.87	15.59	37.33
Return on fixed assets (%)	115.42	150.85	256.48
<b>Financial Policy Ratio</b>			
Debt to equity ratio (times)	0.08	0.08	0.32
Interest coverage ratio (times)	(519.59)	819.40	1,096.44
Commitment of payment ability ratio (times)	(0.82)	0.59	0.71
Dividend payout ratio (%)	46.37	86.57	115.72

## APPENDIX

## Attachment 1

### 1. Details of Directors, Executives and Regulators

Name-Surname/Position	Age (Year)	Education Qualifications	Shareholding in the Company (28/12/18) %	Family Relationship with Executive	Working Experience in the Past 5 Years			
					Duration	Position	Company's Name	Type of Business
Gen. Phairat Phoubon Chairman of the Board and Independent Director	62	Bachelor of Engineering Survey School, Royal Thai Survey Department  Course of Directors Accreditation Program (DAP) batch 123/2016.	0.09	-	2016 - Present	Chairman of the Board and Independent Director	Rich Sport PLC.	Production, supply and distribution of footwear Clothing and other apparels
					2016 - Present	Independent Director	2S Metal PCL.	Manufacturing and distribution services to integrated steel products
					2018 – Present	President of Working Group	National Broadcasting and Telecommunications Commission	Government agency
							Defence Technology Institute	Public organization
					2018 – Present	Strategic Screening Subcommittee	CAT Telecom PLC. The War Veterans Organization of Thailand Under Royal Patronage of His majesty the King	Telecommunication business Government agency
					2017 - Present	Advisor to the Chairman	Savings and Credit Cooperative, Royal Thai	Government agency
					2017 - Present	Committee	Survey Department	Government agency
					2017 - Present	Honorary Advisor	Savings and Credit Cooperative, Royal Thai Armed Forces Headquarters	Government agency
					2016 - 2017			Government agency

					2015 - 2016 2013- 2015 2009 - 2013	Special Advisory (Police General Level) Director of Joint Communications Special Advisory  (Police Lieutenant General Level)	Royal Thai Armed Forces Headquarters Royal Thai Armed Forces Headquarters Royal Thai Armed Forces Headquarters Royal Thai Armed Forces Headquarters	Government agency  Government agency  Government agency
Miss Papitch Wongpaitoonpiya Committee, President of the Executive Board and Chief Executive Officer  (Authorized signatory of the company)	32	Master of Business Administration, Babson College, USA  Bachelor of Commerce and Accountancy, Finance, Thammasat University  Course of Directors Accreditation Program (DAP) Batch 123/2016	39.55	Ssiter of Mr. Pasawich Wongpaitoonpiya	2016- Present  2016- Present 2015 - Present 2014 - 2016  2012 - 2014	Committee, President of the Executive Board and Chief Executive Officer  Committee Committee Director and President  Director and Executive Vice President	Rich Sport PLC.  Benfit Shoes Co., Ltd. Rich Sport Holding PLC. Rich Sport PLC.  Rich Sport PLC.	Production, supply and distribution of footwear Clothing and other apparels Footwear Manufacturing Holding Production, supply and distribution of footwear Clothing and other apparels Production, supply and distribution of footwear Clothing and other apparels
Mr. Somroj Sirisophana Committee and Executive Vice President  (Authorized signatory of the company)	60	Bachelor of Accountancy, Dhurakij Pundit University  Course of Directors Accreditation Program (DAP) Batch 123/2016	0.06	-	2016- Present  2016- Present 2011- Present  2009- Present  2001- Present	Committee and Executive Vice President  Committee Accounting and financial advisor Accounting and financial advisor  Accounting and financial advisor	Rich Sport PLC.  Benfit Shoes Co., Ltd. Team Sti-Vidual Cobra Freight Trade Wind International Co., Ltd MacroPhar Co.,Ltd.	Production, supply and distribution of footwear Clothing and other apparels Footwear Manufacturing Sea Transport Transport  Medicine Manufacturing

Mr. Chertchai Prasongphonchai Committee and Executive Vice President Operations  (Authorized signatory of the company)	60	Bachelor of Commerce and Accountancy, Marketing, Thammasart University  Course of Directors Accreditation Program (DAP) Batch 130/2016	-	-	2016- Present  2015 - 2016  2554 - 2558	Committee and Executive Vice President Operations  Executive Vice President Operations  Director of Marketing	Rich Sport PLC.  Rich Sport PLC.  Rich Sport PLC.	Production, supply and distribution of footwear Clothing and other apparels Production, supply and distribution of footwear Clothing and other apparels Production, supply and distribution of footwear Clothing and other apparels
Mr. Manit Nitiprateep Chairman of the Audit Committee and Independent Director	63	Master of Industrial Economics/Economic Development, NIDA Bachelor of Economics, Economic Theory, Ramkhamhaeng university  Course of Directors Certification Program (DCP) Batch 225/2016  Course of Directors Accreditation Program (DAP) Batch 126/2016	0.06	-	2016- Present  Jun 2017 - Present  2015 - 2017  2014 - Present 2015 - 2016 2013 - 2016  2014 - 2015 2012 - 2015  2011 - 2013	Chairman of the Audit Committee  Chairman of the Audit Committee Audit Committee  Audit Committee Committee Committee  Strategic and Tax Advisor Committee  Deputy Director	Rich Sport PLC.  Ama Marine PLC.  Bangpakong Terminal PLC. Airports of Thailand PLC. PTG Energy PLC. NEP Properties and Industry PLC. Revenue Department Marketing Organization for Farmers Revenue Department	Production, supply and distribution of footwear Clothing and other apparels Liquid cargo ship international Harbor Airport Retail and wholesale fuel Production and sale of plastic packaging Government agency State enterprise Government agency
Mr. Chaisak Angkasuwan Audit Committee and Independent Director	69	Master of Public Administration, Management Public and Private Sectors, NIDA	0.06	-	2016- Present	Audit Committee and Independent Director	Rich Sport PLC.	Production, supply and distribution of footwear Clothing and other apparels

		<p>Bachelor of Laws, Thammasat University</p> <p>Course of Directors Certification Program (DCP) Batch 129/2010</p> <p>Course of Directors Accreditation Program (DAP) Batch 51/2006</p> <p>Course of The Role of Chairman (RCP) Batch 13/2006</p>			<p>2014- Present</p> <p>2013- Present</p>	<p>Audit Committee</p> <p>Vice President and Audit Committee</p>	<p>SNC Former PLC.</p> <p>One to One Contacts PLC.</p>	<p>Production and sales of parts for air conditioning and refrigeration</p> <p>Full Service management and customer relationship</p>
Mr. Udom Tangmanaskul Audit Committee and Independent Director	47	<p>Bachelor of Accountancy, Rangsit University</p> <p>Course of Directors Accreditation Program (DAP) Batch 128/2016</p>	-	-	<p>2016- Present</p> <p>2001- Present</p>	<p>Audit Committee and Independent Director</p> <p>Director and President</p>	<p>Rich Sport PLC.</p> <p>Pro - Act Services Co. Ltd.</p>	<p>Production, supply and distribution of footwear Clothing and other apparels</p> <p>Auditing services</p>
Mr. Nimit Supornprasert Executive Vice President, Chief Account and Financial Officer	46	<p>Master of Commerce and Accountancy, Strategic Management, Thammasat University</p> <p>Bachelor of Business, Accountancy, Rajamangala Institute of Technology</p> <p>Course of Directors Accreditation Program (DAP) Batch 123/2016</p>	-	-	<p>2015- Present</p> <p>2014- 2015</p> <p>2013 - 2014</p> <p>2001 - 2013</p>	<p>Executive Vice President, Chief Account and Financial Officer</p> <p>Account Director</p> <p>Account Director</p> <p>Account Director</p>	<p>Rich Sport PLC.</p> <p>SF Corporation PLC.</p> <p>PAE (Thailand) PLC.</p> <p>Peppo Fashion Group Co., Ltd.</p>	<p>Production, supply and distribution of footwear Clothing and other apparels</p> <p>Cinema</p> <p>Engineering services in the oil and natural gas</p> <p>Retail Apparel</p>
Mr. Pasawich Wongpaitoonpiya Business Development Director	29	Bachelor of Chemical Engineering, University College London, UK	39.49	Younger Brother of Miss Papitch Wongpaitoonpiya	<p>2015- Present</p> <p>2018- Present</p>	<p>Business Development Director</p> <p>Company Secretary</p>	<p>Rich Sport PLC.</p> <p>Rich Sport PLC.</p>	<p>Production, supply and distribution of footwear Clothing and other apparels</p> <p>Production, supply and distribution of footwear Clothing and other apparels</p>

		Course of Directors Accreditation Program (DAP) Batch 154/2018			2015- Present 2012- 2015	Committee Project Manager	Rich Sport Holding Co., LTd. Kara Tama Co., LTd.	Holding Imported raw food and restaurant.
Mrs. Siriporn Niyomvetch Accounting Manager	52	Bachelor of Business, Accounting, Ramkhamhaeng university	-	-	2018- Present 2014- P2017	Accounting Manager Accounting Manager	Rich Sport PLC. The Royal Ceramic Industry PLC.	Production, supply and distribution of footwear Clothing and other apparels Manufacturing, import and distribution of floor and wall tiles



## 2. Details of Company Secretary

Name-Surname/Position	Age (Year)	Education Qualifications	Shareholding in the Company (28/12/18)	Family Relationship with Executive	Working Experience in the Past 5 Years			
					Duration	Position	Company Name	Type of Business
Mr. Pasawich Wongpaitoonpiya Company Secretary	29	Bachelor of Chemical Engineering, University College London, UK  Course of Directors Accreditation Program (DAP) Batch 154/2018	39.49	Younger Brother of Miss Papitch Wongpaitoonpiya	2018- Present	Company Secretary	Rich Sport PLC.	Production, supply and distribution of footwear Clothing and other apparels

## Responsibilities of Company Secretary

1. To concern and advise directors and executives to comply with laws, regulations, rules and regulations of the company and follow up to ensure the correct and consistent practice
2. To responsible for holding the meeting of the Board of Directors and Shareholders as well as coordinating for the implementation of the resolutions of the meeting
3. To provide the disclosure of information and reports in the responsible areas according to the rules and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission as well as related laws
4. Prepare and keep the following documents;
  - 4.1 Committee Registration
  - 4.2 Notice of the Board Directors' Meeting and Minutes of Board of Directors' Meeting
  - 4.3 Notice of the Shareholders' Meeting and Minutes of Shareholders' Meeting
  - 4.4 Annual report
  - 4.5 Report of Interest of Directors and Executives





RICH SPORT PUBLIC COMPANY LIMITED

## บริษัท ริช สปอร์ต จำกัด (มหาชน)

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