



ANNUAL REPORT 2019



RICH SPORT PUBLIC COMPANY LIMITED

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

Dear Shareholders

2019 was the year in which the Thai economy still faced a slowdown due to the trade war between the United States and China and the baht appreciation, which had a major impact on the tourism and retail industries. In 2019, the company had sales revenue of 1,268 million baht, which was close to the previous year. Its net profit was 151 million baht which equals a net profit margin of 11.9 percent, a decrease from 12.4 percent in 2018. These were the results of sales promotion activities aimed to stimulate consumer spending and maintain sales volume and customer base.

In 2019, the company put a greater emphasis on online distribution channels by collaborating with Lazada and Shopee on various campaigns and improving its internal management, leading to continuous increases in sales and number of website visitors. The company continued to focus on marketing, advertisement, and public relations through these channel to strengthen its brand. Aside from that, the company has been entrusted as the sole distributor of Barrel, a South Korean brand, and Cole Haan, a US brand, products in Thailand and Cambodia. The company began selling Barrel products since May 2019 in six store branches, and there were five Cole Haan store branches. As of December 31, 2019, the company had a total of 188 owned shops and sales counters in department stores.

As for 2020 operational plan, the company is planning to expand its branches, renovate existing branches, increase online distribution channels, and organize marketing and public relations activities to promote its brands through various channels and social media, which is an effective way to reach customers. Moreover, the company is planning to introduce products of new brands to strengthen its business.



On behalf of Rich Sports Public Company Limited, I would like to thank our shareholders, business partners, suppliers, customers, executives, and employees for your good support for our business operations. I would like to express our gratitude to all our shareholders for your continued trust in the company. We are committed to conducting our business with honesty, transparency, and carefulness based on the good governance principle and social, community, and environmental engagement to ensure that all of us can steadily and sustainably grow together.

Gen. Phairat Phoubon

Chairman of the Board of Directors

Miss Papitch Wongpaitoonpiya

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 2019, the Audit Committee held four meetings. 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 2019 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 2020 with an auditor name are Mr. Chayaphol Supasetthanon, Registration No. 3972 or Mrs. Kingkarn Atsawarangsalit, Registration No. 4496, Ms. Sumana Punpongsanon, Registration No. 5872 or Miss Rasaporn Detakkhom, 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 2019 with efficient and effective to achieve the objectives assigned by the Board of Directors.

A handwritten signature in blue ink, appearing to be 'M. Nitiprateep'.

Mr. Manit Nitiprateep

Chairman of the Audit Committee

21 February 2020

Board of Directors



Gen. Phairat Phoubon

Independent Director

Chairman of The Board of Directors



Mr. Manit Nitiprateep

Independent Director

Chairman of Audit Committee



Mr. Chaisak Angkasuwan

Independent Director

Member of Audit Committee



Mr. Udom Tangmanaskul

Independent Director

Member of Audit Committee



Miss Papitch Wongpaitoonpiya

Director

Chairman of Executive Committee

Chief Executive Officer



Mr. Chertchai Prasongphonchai

Director

Member of Executive

Chief Operation Officer



Mr. 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	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.
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"> 1. Going public under the name "Rich Sport Public Company Limited" 2. Changing the par value from 100 baht per share to 1 baht per share 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.

	<p><input type="checkbox"/> 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><input type="checkbox"/> On 4 October 2017, the company was granted additional exclusive rights to solely distribute Converse products in Cambodia.</p> <p><input type="checkbox"/> 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><input type="checkbox"/> 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><input type="checkbox"/> 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><input type="checkbox"/> RAV opened two Converse retail stores: one in Siem Riep on 30 November 2018 and one in Phnom Penh on 25 December 2018.</p>
2019	<p><input type="checkbox"/> Benefit Shoes Co., Ltd., the subsidiary and the manufacturer of the Company’s products, was wound up due to the Company’s adjustment of the product procurement plan by ordering from the contractual party instead.</p> <p><input type="checkbox"/> RAV increased its registered capital for the first time previously from USD 200,000 to USD 400,000, and for the second time from USD 400,000 to USD 2,000,000. Total share value of USD 1,000,000 has been called up for payment. The Company’s shareholding proportion has still been unchanged at 51%.</p> <p><input type="checkbox"/> The Company has renewed an exclusive manufacturing and distribution agent agreement for footwear and other apparel products under ”Converse” brand in Thailand, the Kingdom of Cambodia, and the Lao People's Democratic Republic.</p> <p><input type="checkbox"/> In addition, the Company has entered into an exclusive distributorship agreement for sport wear products under “BARREL” brand from South Korea in Thailand and the Kingdom of Cambodia.</p> <p><input type="checkbox"/> Moreover, the Company has entered into an exclusive distributorship agreement for footwear and leather products under “COLE HAAN” brand from USA in Thailand.</p> <p>RAV has entered into an exclusive distributorship agreement for footwear and leather products under “ECCO” brand from Denmark in the Kingdom of Cambodia.</p>

1.3 Shareholding Structure

Shareholding structure as of 31 December 2019



2. Nature of Business

Type of Business and Operation Characteristics

Rich Sport Public Company Limited (the "**Company**") operates the retail business of footwear products and non-footwear products under many leading brands from foreign countries.

Nature of Business

1. Characteristics of Products Distributed by the Company

In 2019, the products sold by the Company Group are divided into 4 brands, including CONVERSE, PONY, BARREL and COLE HAAN, with following details:

(I) Product under 'Converse' Brand

Converse is a brand of sneakers from the United States of America with a history of more than 100 years, making Converse shoes with a 5-pointed star symbol is well-known and widely and continuously popular throughout the world for a long time, it started from general sneakers used for playing sports such as basketball, badminton and skateboarding and has then developed to be lifestyle shoes for all ages and all genders that can be worn on all occasions, with classic shape and unique design.

Converse products are divided into 2 groups as follows:

1.1 Footwear: It is a product group generating main revenues for the Company and can be divided into 2 types consisting of:

1) Basic Shoes include 3 main models including Chuck Taylor All Star, CONS Star Player, and Jack Purcell, which are available throughout the year.

2) Fashion Shoes are designed to be modern and the designs shall be changed according to the trends in each period, the Company will launch new models in each season and also launch the modified basic shoes which materials on the upper part of shoes will be changed to be different from the model of Basic shoes under the concept of modern style with basic shape of original Converse, in addition, the new shoes will be designed and the modern technology will be applied in the production of shoes in response to the fast-changing fashion trends and popularity of customer groups. The shoes will be designed by Converse's designers, by the cooperation of Converse's designers and famous designers of world-class brands, by the Company's designers.

1.2 Non-Footwear: In addition to footwear products which are the Company's main products, the Company also sells non-footwear products so that the Company's products are various, covering all types of products from head to toe. The Non-Footwear products will be updated with new designs in every season in response to the continuously changing fashion trends with original unique style of Converse, the Non-Footwear products consist of Apparel products, Bag products and Accessories such as hats, socks, etc.

(II) Products under 'PONY' Brand

PONY is a brand of sneakers from the United States of America with a long history since 1972. Initially, the shoes of this brand have designed and manufactured with special technology to be suitable for playing sports, later, it has expanded the product groups to lifestyle shoes that cover both male and female customers with striking symbol of "PONY Chevron" and with simple design that can be worn in all occasions and places.

PONY's products can be divided into 2 groups as follows:

1.1 Footwear: can be divided into 2 types consisting of

1) Basic Shoes: are designed in simple style, wearable by both men and women, consisting of 4 main models: Top Star, Shooter, Hawaii, and Light which specifically responses the needs of women. Basic Shoes are available throughout the year.

2) Fashion Shoes are designed to match the trend of each season. The shoes will be designed by PONY's designers and by the cooperation of PONY's designers and famous designers of world-class brands.

1.2 Non-Footwear: consists of clothing, bags and hats, which are unique with the symbol of "PONY Chevron" and are various with both unique design and simple style, fashion style with exotic patterns and colors based on popularity.

(III) Products under 'BARREL' Brand

BARREL is a leading brand of fashion clothing in sportswear and active styles with the No. 1 sales volume of Watersport Product in South Korea, and has BARREL GIRL, a Korean presenter selected from A-list idols who will enhance the brand's fashion, along with BARREL TEAM, a group of athletes who will add the confidence that the products are not only beautiful but also have good quality, and selected to convey in many activities such as diving, surfboarding, surfing, which is the origin of slogan "Life is Swell".

BARREL's products can be divided into 3 groups as follows:

1.1 BARREL Watersports/Swim: the main product group using fabrics as a premium grade fabrics, with neat sewing, UPF50+ protection, fast-drying, breathable property, and flexible in 4 direction movement.

1.2 BARREL Fit: this activewear product is highly demanded in the fitness market at present, it will focus on the quality and outstanding colors of Korean style which is becoming trendy among customers.

1.3 BARREL Accessories this product group will fulfill the look including hats, bags, glasses that are not only fashionable but also made of good quality materials.

(IV) Products under 'COLE HAAN' Brand

COLE HAAN is a brand from New York, United States of America, which has a long history since 1928, starting from selling leather shoes for men and women as well as clothing and other costumes covering from head to toe, with meticulousness, caring in sewing for elegant, modern and unique look. Also, the special features and technology that has been researched from the United States have been combined with the elaborate hand-sewing, leading to comfort in wearing and appropriate in every occasion. This product group is classified as high-end product with target customers with urban lifestyle and living.

COLE HAAN's products can be divided into 2 groups as follows:

1.1 Footwear: can be divided into 2 types consisting of

1) Dress shoes: products for men and women to be used in official applications in which each product model will have the technology that helps customers to wear with soft and comfortable feeling and unique elegance.

2) Sneaker shoes: the shoes that emphasize the look to suit the trend of consumers who want a sporty product that is wearable in every occasion.

1.2 Non-Footwear: includes clothing, bags and accessories that are redesigned every season to respond to the changing fashion trends.

2. Target Group

The Company's main customer groups include school students, university students, teenagers, working adults with medium to high incomes, and middle-aged customers as well as foreign tourists.

3. Distribution Channels

3.1 Retail Distribution: a sale to general retail customers, which can be divided into 3 channels as follows:

1) The Company's Mono Brand Store: it is a store selling only products under Converse Brand, with space from 80 to 100 square meters. The Company will manage all stores by itself from designing, decorating to product sales management and stock management. All of the company's retail stores are rented from lessors who are leading shopping centers and commercial buildings in the community areas.

2) Shop-in-Shop Channel: the products have been sold through counters in leading department stores in the form of consignment such as Central Department Store, Robinson Department Store, The Mall Department Store and Super Sports, including local department stores in each province.

3) Online Channel: based on today's rapidly changing business model as well as various technological advances causing consumers to change their purchasing behaviors, the Company has therefore increased its trade channels to accommodate and conveniently, rapidly and consistently respond to customer needs, the online channel is another channel that will be popular in the future.

3.2 Wholesale Distribution: the products have been wholesaled to chain stores selling clothes, shoes and sports equipment such as Active Nation Sports Dome and Outlet Mall etc. , and general stores, based on sales zones divided throughout Bangkok and regions such as Northern region, Northeast region, and Southern region.

Table showing the number of branches in retail channels during 2017-2019

Distribution Channels	2017		2018		2019	
	branches	%	branches	%	branches	%
Mono Brand Store Channel						
CONVERSE	41	20.60	43	21.50	37	19.68
Shop-in-Shop Channel						
CONVERSE	118	59.30	121	60.50	116	61.70
PONY	40	20.10	36	18.00	25	13.30
BARREL	-	-	-	-	5	2.66
COLE HAAN	-	-	-	-	5	2.66
Total	199	100.00	200	100.00	188	100.00

Note: Excluding Pop up stores with lease terms less than 6 months.

The Company Group's Income Structure

Income Structure classified by Product Type

Type of Income	2017*		2018*		2019	
	Million Baht	%	Million Baht	%	Million Baht	%
Sales Income from Footwear	1,018.67	75.10	887.86	68.14	879.97	67.59
Sales Income from Non-Footwear	329.43	24.28	385.34	29.57	388.36	29.83
Total Sales Income	1,348.10	99.38	1,273.20	97.71	1,268.33	97.42
Other Incomes	8.36	0.62	29.79	2.29	33.59	2.58
Grand Total	1,356.46	100.00	1,302.99	100.00	1,301.92	100.00

Income Structure classified by Distribution Channels

Type of Income	2017*		2018*		2019	
	Million Baht	%	Million Baht	%	Million Baht	%
Mono Brand Store Channel	260.28	19.19	266.16	20.43	321.92	24.73
Shop-in-Shop Channel	728.26	53.69	669.65	51.39	680.48	52.27
Online Retail Channel	-	-	-	-	12.65	0.97
Wholesale	359.56	26.51	315.38	24.20	253.28	19.45
OEM	-	-	22.01	1.69	-	-
Total Sales Income	1,348.10	99.38	1,273.20	97.71	1,268.33	97.42
Other Incomes **	8.36	0.62	29.79	2.29	33.59	2.58
Grand Total	1,356.46	100.00	1,302.99	100.00	1,301.92	100.00

Note *: The amount of sales revenue during 2017 - 2018 has been revised to comply with the Financial Reporting Standards No. 15 'Revenue from Contracts with Customers', which is effective in 2019.

Product Supply

The Company's product supply can be divided into 2 ways as follows:

1. Directly order with the brand owners or order with the manufacturers specified by the brand owners

The order will be directly placed to the brand owners or to the manufacturers selected and certified by the brand owners, usually for 4-6 months in advance before the season begins.

2. Original Equipment Manufacturer or OEM

Some products, such as bags, hats and socks are designed by the Company's designers and supplied by using both domestic and foreign OEMs who have been certified of standards only. However, the design of products must be approved by the brand owners before production. The Company will select the OEM by considering the costs such as product price, import tax, transportation cost, etc., and the lead time from production to transportation. At present, the Company will mainly place the orders to manufacturers in China and will plan the production plan with OEMs at least 6 months before delivery.

3. Risk Factors

Risk Management

The risk management is a critical process contributing to an achievement of objectives and goals. The Company's ability to recognize and identify risks in advance will help reduce the potential impacts. Besides, an efficient risk management is an important aided element of the decision-making which will lead to value addition for the organization, shareholders, and stakeholders.

The Board of Directors and the Audit Committee are responsible for formulating and supervising the risk management policies as well as assessing the risk management efficiency to ensure that the Company's risk management is efficiently and effectively carried out in line with the established guidelines.

Risk Management Procedures

To implement a risk management framework, the Company sets out the following main risk management procedures:

1. Risk identification

To help all organizational employees identify and cover all risks that may affect business operations, the following factors have been identified:

1. Risk of sole reliance on Converse brand
2. Risk of starting selling products of a new brand
3. Risk of inventory management
4. Risk of investment in 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 for using
7. Risk of renewing the rent contract for space
8. Risk of foreign exchange rate
9. Risk of trendy change in consumer behavior
10. Risk of business competition
11. Risk of the employee's fraud
12. Risk of having major shareholders holding more than 50 percent of total shares

2. Risk Assessment

The Company assesses the likelihood and impact of all related risks as well as the ability to manage the risks to ensure that the risk management is efficiently and effectively conducted.

The risks can be summarized as follows:

1. Risk of sole reliance on Converse brand

As most of the Company's revenue is solely generated from sales of Converse products, if the company is unable to renew its agreement with Converse or fails to comply with the guaranteed annual minimum royalty or guaranteed minimum sales volume as specified in the license agreement, causing a termination of the agreement before expiration, the Company's revenue and operating results may be significantly affected. However, the Company has continuously been able to renew the agreement for over the past 16 years whereas 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 constantly gain support and trust from Converse. Nonetheless, to reduce the said risk, the Company has procured new brands for distribution, for instance, the Company has entered into an exclusive distributorship agreement for products under "PONY" brand in Thailand, Cambodia and Laos in 2016. The Company has entered into an exclusive distributorship agreement for products under "BARREL" brand in Thailand, and the Kingdom of Cambodia; and has entered into an exclusive distributorship agreement for products under "COLE HAAN" brand in Thailand in 2019. In addition, RAV, the subsidiary, has entered into an exclusive distributorship agreement for shoe and leather products under "ECCO" brand in the Kingdom of Cambodia. This will result in the Company's more wide expansion and diversification of its target customers.

2. Risk of starting selling products of a new brand

The Company has been granted for the exclusive rights from the business partners for distribution of products under new brands, such as PONY, BARREL, and COLE HAAN. The requirement of each brand has been different, for instance, a condition on the guaranteed minimum sales volume or minimum product purchasing requirement has been prescribed in some license agreement. If the Company fails to continuously fulfill the said condition, 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 of the agreement if it fails to meet the prescribed condition. Moreover, the Company may be exposed to the risk that its sales volume

may not reach the expected number or estimate, and may not be worthwhile for its investment fund, affecting the Company's operating results. Nevertheless, since these brands have rather been new for the Thai market, a collaboration of both the Company and the brand owner has been required for brand awareness. Therefore, the number of the guaranteed minimum sales volume or purchasing volume specified in the license agreement is reasonable and the period required by the Company for advertising and publicizing the brands is taken into account. The Company's executives are confident that the Company will be able to fulfill the said condition. Even though such products are new brands which have just been commenced by the Company for distribution, but as the Group of the Company's management team members have extensive experiences and expertise in footwear and apparel industries for long time, resulting in its ability to formulate the efficient marketing strategies and the management guideline. During the initial period, the new products of the Company will be mainly distributed at sales counters in department stores to reduce investment risk due to the spending of low investment fund.

3. Risk of inventory management

The Company's products including some fashion products can become obsolete over time. Therefore, if the Company manages inventory improperly, the Company's inventory quantity may be excessive and these products may be outdated or deteriorated, resulting in the Company's requirement for establishing an allowance for obsolete inventory account. On the other hand, if the Company has too low inventory, it may not have enough products to serve its customer demand. As a result, the Company may lose an opportunity to sell the products, and the Company's operating results may be finally affected. Moreover, the Company also establishes an online inventory system that links inventory data at the main warehouses to the retail stores or sales counters to allow an effective inventory management.

4. Risk of investment in expanding the Company's retail stores and sales counters in department stores

The Company plans to continuously expand its retail distribution channels in the potential areas. As a result, the Company may be exposed to the risk of new store's underperformance below its forecast or estimate. However, since most of the mono brand stores are located in the leading shopping malls in accompany with the strength and popularity of Converse brand, the Company's mono brand stores can help attract the customers to use services of the shopping malls. Therefore, the Company has received the opportunities to acquire the 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 branch stores, therefore, the Company is confident that its branch store expansion will increase the number of accessible distribution channels to ensure a worthwhile return on investment. The investment value in each branch store is low.

5. Risk of information technology system failure

The Company applies an information technology system (IT system) to the managerial extent from procurement system, sales system, warehouse management system, accounting and finance system, and daily sales reporting from all branch stores. Thus, if the Company's IT system fails, it may disrupt the work process and affect to the Company's business operation. However, the Company has applied cloud server system of the service providers that have been internationally accredited for their standards in information safety control. The Company's IT system can be applied at 99.90 percent level, contributing to a reduction of the risk of failure of the Company's entire IT system. Moreover, the Company has never encountered with any IT system failures which may affect its business operations.

6. Risk of leasing ERP system for using

The Company has leased an Enterprise Resource Planning (ERP) System from an external service provider. If the service provider stops providing the ERP service to the Company, the Company's business operations may be significantly affected. However, as the Company is able to control and administer such program and database by itself, if the service provider stops providing the ERP services to the Company, the ERP system under the Company's application can further remain applicable. However, the additional features of the system is unable to be developed. During that time, the Company can acquire and develop another system to replace the ERP system currently applicable by the Company.

7. Risk of renewing the rent contract for space

The Company sells products to retail customers through its retail stores (Mono Brand Stores) by renting space from the shopping mall operators or the commercial building owners in the contractual term of 1-3 years. As a result, the Company may expose to the risk of its failure to renew the rent contract. However, over the past 16 years, the Company has never experienced any difficulties in its failure to renew the contract since it always completely complies with all the terms of the contract. Additionally, due to the Company's good relationships with shopping mall developers and the continual popularity of Converse

brand among the consumers for a long time, the Company's mono brand stores also help attract the customers to use services of the shopping malls. Therefore, the Company has continuously been given the opportunities to acquire potential areas from the shopping mall developers who plan to expand their branches or commercial areas on continual basis.

8. Risk of foreign exchange rate

The Company procures the finished products from overseas and pays royalty and procurement fees in US dollars, while revenue from sales of all products is in Thai Baht currency. Therefore, the fluctuation of the exchange rate in case of the appreciation in US dollars may result in an increase in the Company's product cost and the Group's operations. However, due to the Group's awareness on such risk, the Group has established a policy for pricing products by taking into account an exchange rate risk. Additionally, the finished goods ordered from abroad are mostly paid before delivery; as a result, the Company can appropriately set prices which reflect cost of goods sold. Furthermore, the Company closely monitors the news and movement of foreign exchange rate, and considers hedging the said risk by purchasing forward contracts depending on the situation and necessity.

9. Risk of trendy change in consumer behavior

The rapid change of both domestic and foreign fashion trends is a major factor affecting the Company's business 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 the basic models with classic contours and colors which are available for sales throughout the year. Other remaining products are fashion products with modern design that keep up with each season's trend. Moreover, the Company's product department team always monitors the fashion trends, allowing the Company to predict the changing trend and efficiently design and procure products that efficiently meet customer demand. Furthermore, the Company continuously procures new brands. The Company also establishes a policy to consistently set an allowance for obsolete inventory account for inventory life 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 life over one year and more, the Company will consider setting an allowance for obsolete inventory to be increased based on the product life.

10. Risk of business competition

Sportswear and apparel industry in Thailand has been highly competitive since there have been many operators, both local and global brands. Each operators have focused on differentiating their products and continuously launching new products. They have also used new production technologies to develop the lightweight and comfortable footwear and implemented the marketing strategies to attract the interest of consumers and the purchasing demand of their products. Nevertheless, as Converse is considered as a strong and widely well-known brand around the world, its variety of products completely meets the customer demand as well as footwear with the classic contour and design, and uniqueness. Therefore, Converse remains popular among the consumer group. The fashion footwear products also come with the changing trendy modern designs. Moreover, the new brands are procured to fulfil the consumer needs. In accompany with the extensive experiences of the Company's executive team in the industry for more than 19 years, this allows them to have a good understanding of the industry. Furthermore, the Company also closely and constantly emphasizes on the assessment, monitoring and analysis of the operational risk, market and competitive situation, and customer needs, resulting in the Company's ability to properly set out business operating strategies or plans and to quickly and timely respond to market changes and competitors' movement. Therefore, the Company is confident that it will only be slightly affected by such competition.

11. Risk of the employee's fraud

Since the Company's product consultant (PC) are on duty in its mono brand stores or sales counters to provide services and manage store operations, the Company may be exposed to risk of the PC's fraud which may adversely affect its operation. However, the Company has established the operating measure and practices to prevent that risk. For example, the heads of regional sales are responsible for monitoring and approving the appropriateness of the product requisition into the stores, as well as visiting the stores and sales counters to monitor the PC's operations on a regular basis. The Company conducts inventory check at every retail store and sales counters on a monthly basis. Moreover, the Company requires each branch store to transfer money from sales of products 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 responsible heads of the regional sales for further investigation and punishment in case of fraud. Apart from this, the Company requires that all PCs have an employee fidelity guarantee insurance to provide protection against losses resulting from the employee's fraud, embezzlement or theft. The Company

also requires compensation mutually liable and reimbursed by all staffs in any branch stores if there is a loss of products in the stores or sales counters. The Company believes that such measure and practices can effectively reduce risk of the employee's fraud.

12. Risk of having major shareholders holding more than 50 percent of total shares

After the initial public offering (IPO) of ordinary shares for capital increase, the Wongpaitoonpiya Group will have a shareholding of 67.61 percent of total registered and paid-up capital. As a result, the Company's minority shareholders are exposed to the risk of inability to collect votes for check and balance on the matters raised by the major shareholder at the shareholders' meeting. Nonetheless, the Company has appointed an audit committee to review, consider, and scrutinize the issues to prevent the possible conflict of interests in the future, and to ensure a transparency of the Company's operations. Furthermore, the structure of 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. The said structure of the Board will create a balance for voting in considering 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 international footwear, apparel and accessory brands in Thailand, Cambodia and Laos
	<i>Remark:</i> <i>*CONVERSE: Importer and distributor of Thailand, Cambodia and Laos</i> <i>**PONY: Importer and distributor of Thailand, Cambodia and Laos</i> <i>***BARREL: Importer and distributor of Thailand and Cambodia</i> <i>****COLE HAAN: Importer and distributor of Thailand and Cambodia</i>
Registration No.	0107560000257
Office location	116/20 Na Ranong Road, Klong Toey, Bangkok 10110 Phone 0-2249-8709 Fax 0-2249-8711 Home Page www.richsport.co.th
Registered capital	770,000,000 ordinary shares with a value of 1 baht per share
Registered Capital (Paid)	770,000,000 baht
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 193/136-137, Floor 33th, Lake Rajada Office Complex Ratchadaphisek Rd, Khlong Tan Nuea, Khlong Toei, Bangkok 10110 Phone 02-264-0909
Subsidiary	RICH AVENUE CO., LTD No. 03, Street 80, Sangkat Sra Chok, Khan DaunPenh, Phnom Penh, Cambodia

—"Investors can study the company information for issuing securities from annual registration statement (Form 56-1) shown in www.sec.or.th or the company website: 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 2019, 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 30 December 2019

List of shareholders	30 December 2019	
	Number of shares	Proportion of shareholding
1. Rich Sport Holding Company Limited ¹	191,000,000	24.81
2. Miss Papitch Wongpaitoonpiya	133,500,100	17.34
3. Mr. Pasawich Wongpaitoonpiya ²	133,100,100	17.29
4. Mr. Panuwich Wongpaitoonpiya ²	62,999,800	8.18
5. Rich Sport Public Company Limited	27,000,000	3.51
6. BBHISL NOMINEES LIMITED	22,687,700	2.95
7. CREDIT SUISSE (SWITZERLAND) LTD.	16,884,900	2.19
8. Mr. Ampon Kitjarurat	9,034,800	1.17
9. Mr. Thira Kitjarurat	8,871,400	1.15
10. Miss Yuwadee Wachirapapha	8,119,500	1.05
Top 10 shareholders	613,198,300	79.64
Total number of shares (shares)	770,000,000	100.00
Paid up capital of the company (Baht)	770,000,000	100.00

Remark:

1) List of shareholders of Rich Sports Holding Company Limited on 31 December 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 19 shareholders with number of shares at 668,341,900 shares or 86.80 %, divided into

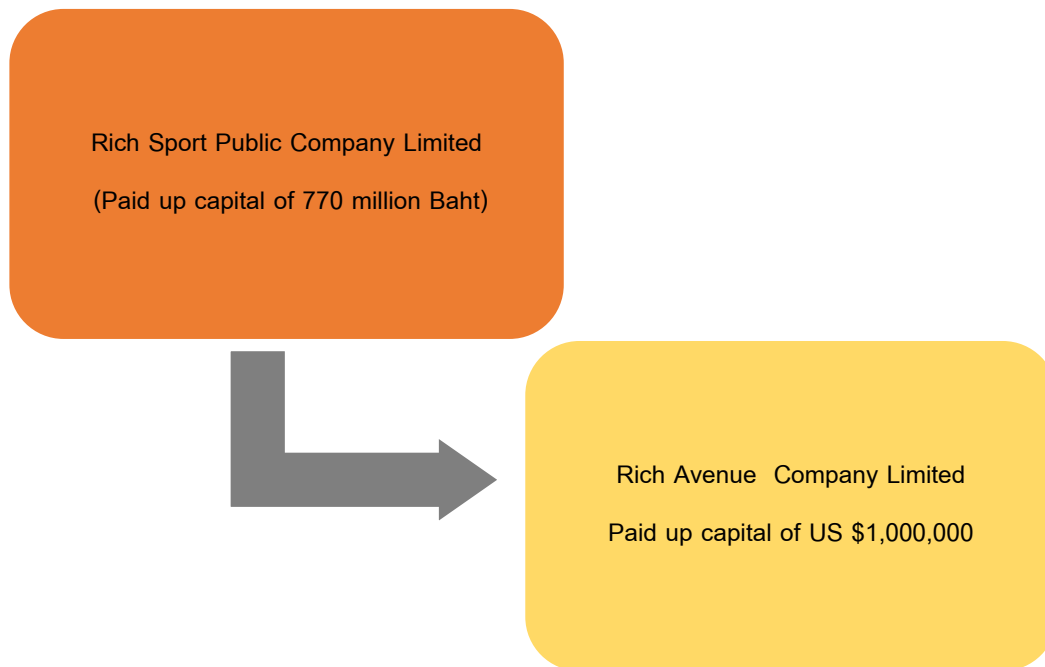
Legal entity			Natural person		
Number of shareholder	Number of shares	Percentage	Number of shareholder	Number of shares	Percentage
9	288,001,800	37.40	10	380,340,100	49.39

5.3 Issuance of other securities

-none-

Shareholding structure of the Group

Shareholding structure of the Group on 31 December 2019 is as follows:



Details of subsidiaries

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 2,000,000 or 8,000 million Riel Cambodia, divided into 10,000 ordinary shares, the Company holding with 5100 shares or 51 % of total shares.

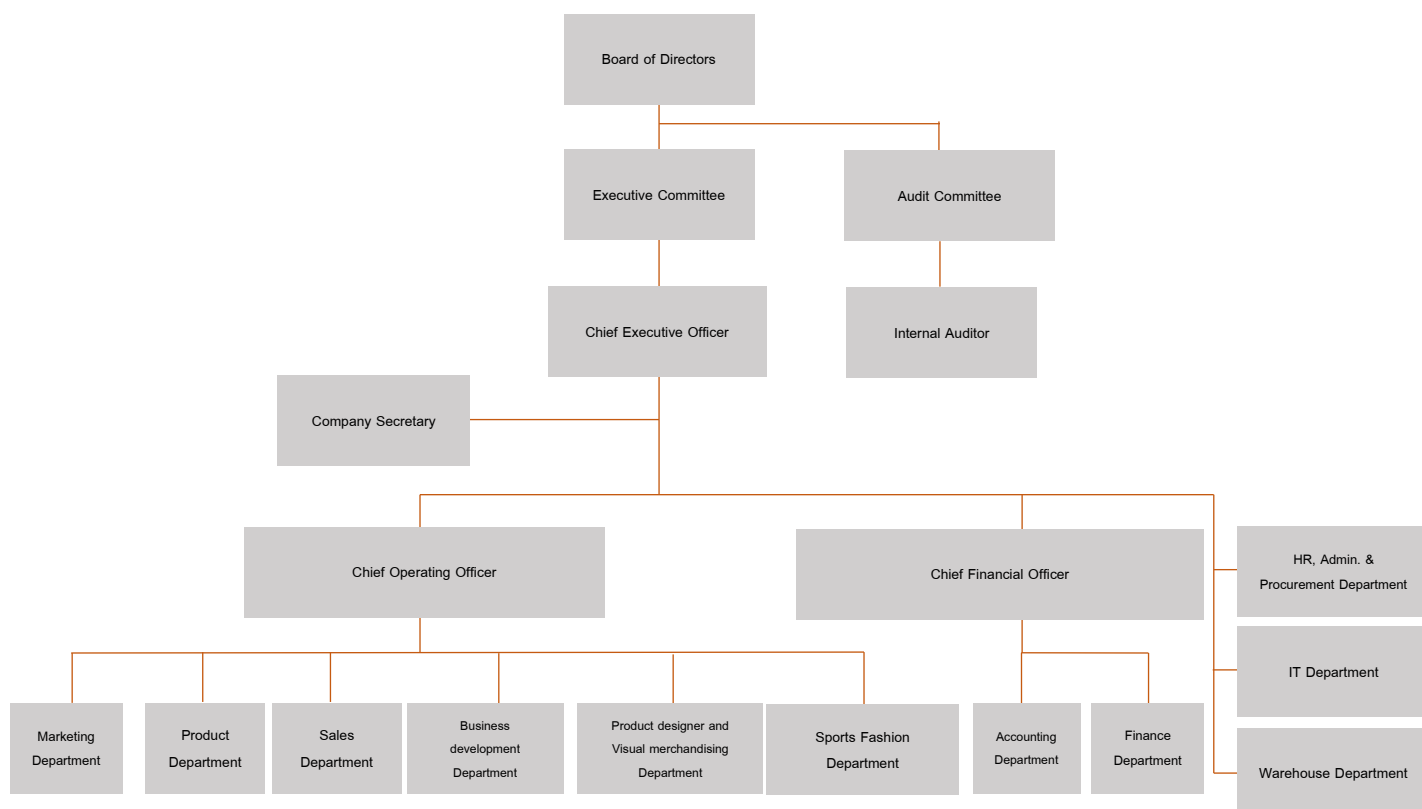


6. Dividend Payment Policy

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, 2019, 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. 5-7 were re-appointed for more term in according to the resolution of the Annual General Meeting of Shareholders for the year 2019, on 22 April 2019

Mr. Pasawich Wongpaitoonpiya was the Company secretary, 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 2017, 2018 and 2019, the Company held four Board of Directors meetings for 6, 5 and 5 times, respectively with attendance details of each director as follows.

Name –Surname	Position	Number of meetings attended / Total number of meetings (Year)		
		2017	2018	2019
1. Gen. Phairat Phoubon	Chairman of the Board of Directors and Independent Director	6/6	5/5	5/5
2. Miss Papitch Wongpaitoonpiya	Director	6/6	5/5	5/5
3. Mr. Somroj Sirisophana	Director	6/6	5/5	5/5
4. Mr. Chertchai Prasongphonchai	Director	6/6	4/5	5/5
5. Mr. Mani Nitiprateep	Chairman of the Audit Committee and Independent Director	6/6	5/5	5/5
6. Mr. Chaisak Angkasuwan	Member Audit Committee and Independent Director	6/6	5/5	4/5
7. Mr. Udom Tangmanaskul	Member Audit Committee and Independent Director	6/6	5/5	5/5

Audit Committee

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

Name –Surname	Position
1. Mr. Mani 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, 2018 and 2019, the Company held Audit Committee meetings for 5, 5 and 4 times with attendance details of each director as follows.

Name –Surname	Position	Number of meetings attended / Total number of meetings		
		Year 2017	Year 2018	Year 2019
1. Mr. Manit Nitiprateep	Chairman of the Audit Committee	5/5	5/5	4/4
2. Mr. Chaisak Angkasuwan	Member of Audit Committee	5/5	5/5	3/4
3. Mr. Udom Tangmanaskul	Member of Audit Committee	5/5	5/5	4/4

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

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 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

In year 2017, 2018 and 2019, 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	Year 2019
1. Gen. Phairat Phoubon	180,000	550,000	550,000
2. Miss Papitch Wongpaitoonpiya	-	100,000	100,000
3. Mr. Somroj Sirisophana	-	100,000	100,000
4. Mr. Chertchai Prasongphonchai	-	80,000	100,000
5. Mr. Manit Nitiprateep	245,000	600,000	600,000
6. Mr. Chaisak Angkasuwan	220,000	530,000	490,000
7. Mr. Udom Tangmanaskul	220,000	530,000	530,000
Total	865,000	2,490,000	2,470,000

The Annual General Meeting of Shareholders for the year 2019, held on 22 April 2019, has resolved to determine the directors' remuneration for 2019 as follows

1. Meeting allowance

Remuneration component	Year 2017 Meeting allowance / person / time	Year 2018 Meeting allowance / person / time	Year 2019 Meeting allowance / person / time
Chief Executive Officer	30,000	30,000	30,000
Executive Board	20,000	20,000	20,000
Chairman of the Audit Committee	25,000	25,000	25,000
Audit Committee	20,000	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 2017, 2018 and 2019, the Company paid remuneration to executives in the amount of 35.22, 29.61 and 25.57 million Baht respectively. Such remuneration includes salary, bonus, contribution to provident fund.

Year	Number of executives (person)	remuneration (Baht)
2017	7	35,222,427.00
2018	6	29,612,326.79
2019	6	25,572,973.36

Other compensation

- none -

Personnel

Number of personnel

As at December 31, 2019, the Company had total number of 487 employees (excluding 6 executives) divided by the unit as followed:

Line	Number of employee (person)
1. Administrative Office	3
2. Marketing Department	2
3. Product Division	6
4. Sales Department	363
5. Business development Department	1
6. Product designer and Visual merchandising Department	4
7. Sports Fashion Department	5
8. Accounting Department	24
9. Finance Department	3
10. HR, Admin. & Procurement Department	12
11. IT Department	4
12. Warehouse Department	60
Total	487

As at December 31, 2019, the subsidiary; Rich Avenue Company Limited has totally 31 employees

Major labor disputes within past 3 years

-none-

Employee remuneration**Monetary remuneration**

In year 2017, 2018 and 2019, the Company and its subsidiaries paid remuneration to employees (excluded the executives) with total amount was 208.76, 215.965 and 184.62 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.

In 2019, the Company has disseminated the Good Corporate Governance Policy, Code of Conduct, and other related policies, both in Thai and English version on the Company's website.

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 has a policy that all directors must comply with the Code of Best Practices in accordance with the guidelines of the Stock Exchange of Thailand and encourages the committee to understand and acknowledge their roles, duties, and responsibilities as well as to perform their duties according to the laws, objectives, and article of association of the Company along with the resolutions of the shareholders' meeting with honesty and considering the benefits of the Company and shareholders importantly. Furthermore, all directors must devote the time to perform their duties completely and sufficiently. The Company shall establish a policy that the directors have to attend the meeting not less than 75% of the total number of meetings held by the Company each year.

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 set the investment policy in its subsidiaries or associates by considering investing in businesses that have the same purpose as the main business of the Company or similar businesses or invest in the business that benefits for the Company from being able to support the main business to increase the Company's competitiveness.

In addition, the Company has the policy to supervise its subsidiaries and associates by sending the directors or executives with qualifications and experience suitable for business operations to represent the management in order to set the important policies and control the business operations of the subsidiaries and/or associates. The directors representing the Company must be responsible for overseeing the subsidiaries and/or associated companies to carry out various tasks in accordance with the policy set by the Company, including the use of discretion according to the resolution of the board of directors' meeting and/or the shareholders' meeting of the Company approved in the important matters of the subsidiaries and/or associated companies in order to maximize the benefits and sustainable growth for the Company.

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 Board of Directors has the policy to encourage each director to understand their roles and responsibilities, nature of business operations, and the related laws as well as supporting all directors to regularly receive the skills and knowledge to perform their duties by encouraging them to participate in seminars and trainings organized by various departments related to their duties and the business operations. Also, the Company has the policy to disclose training information in the annual report.

The Company has the policy to evaluate the annual performance of the board of directors, sub-committee, and individual directors. In which the results should be used for further development.

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.

In 2019, there was the evaluation of the Board of Directors and sub-committees by evaluating their performance both in the entire group and individually, then the results were reported to the Board of Directors.

Principle 4 Ensure Effective CEO and People Management

In the high-level executive selection, the Board of Directors shall consider the qualifications, characteristics, skills, knowledge, competencies, and experiences that are necessary for bringing and driving the organization to the target. The Company shall clearly specify the qualifications, powers, and duties of the Chief Executive Officer. The criteria and methods in recruiting and appointing people or approve the person nominated to be the top executive, the Chief Executive Officer shall consider the determination together with the Nomination and Remuneration Committee. Besides, there is a policy on succession planning for the chief executive officer and senior management to ensure the Company's business operations continuity.

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. Besides, maintain a working environment to be safe for life, sanitation, and property.

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.

The Board of Directors shall determine the policy, business goals, business plans, and the Company budgets, along with monitor the management to proceed in accordance with the specified policies, plans, and budgets for the most benefit of the Company and shareholders. There is a review of the business plan and budget on a regular basis in order to monitor the allocation and management of the Company resources to ensure that it's effective and sustainable conducting in accordance with the defined objectives.

According to the Board of Directors Meeting No. 1/2019, the Company considered reviewing the policy, business goals, business plans, and the annual budget to be in line with economic conditions.

The Company has the policy to set the framework for supervision and management of information technology at the organizational level in accordance with the business needs, including overseeing the use of information technology to increase business opportunities, improve operations, and risk management in order to enable the business achieving its objectives and the main goals.

In addition, the Company shall provide the information security management that has sufficient security standards for the benefit and business effectiveness of the Company.

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.

The Company has the policy to disclose information regarding transactions that may have conflicts of interest or connected transactions or inter-company transactions in accordance with the accounting standards and pursuant to the rules and regulation of the Capital Market Supervisory Board and the Stock Exchange of Thailand. The Company has disclosed the said information in the annual registration statement for the year 2019 under the heading of "Intercompany Report" and in the 2019 Annual Report.

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 shall monitor the adequacy of financial liquidity and debt serviceability by having the report of the board of directors' responsibility in the financial reports presented together with the auditor's report, analysis of management, general and important information in the annual report as well as the annual registration statement accurately and timely in accordance with the requirements of the Securities and Exchange Commission and the Stock Exchange of Thailand.

Furthermore, in approving any transaction or proposing an opinion to the shareholders' meeting for approval, the Board of Directors shall assess both external and internal risk factors to ensure that the said transaction will not affect the continuity of the business, financial liquidity or the debt serviceability.

The Board of Directors attaches importance to the financial management solutions by taking into account the rights of all stakeholders. In the event that the business tends to be unable to pay debts or have financial problems, the Board of Directors shall closely supervise to conduct the business with special care and follow up on the solutions. The management shall report the status regularly to ensure that any decision-making in solving the Company's financial problems must be reasonable, in which the financial solution plan must take into account the fairness to all stakeholders, including tracking the Company to comply with the regulations regarding the information disclosure.

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 23 (twenty three) 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 resolution and voting results shall be disclosed within the next working day through the system of the Stock Exchange of Thailand and on the Company's website for further consideration by the shareholders as well as submitting the said minutes to SET or related departments within the specified time.

At the 2020 Annual General Meeting of Shareholders, the Company has sent a notice of meeting in advance and provided the opportunity for minority shareholders to nominate a person to be elected as a director or propose an additional agenda before the shareholder meeting since 14th November 2019. During the meeting, the Company shall conduct the voting in order of the specified agenda, which shall not change



the significant information or adding the meeting agenda unnecessarily as well as allowing shareholders to have equal rights in inquiries.

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 assessed the adequacy of the Company's internal control system by questioning the information from the management and made conclusions on the five aspects from the said assessment including:

1. Control Environment
2. Risk Assessment
3. Control Activities
4. Information & Communication
5. Monitoring Activities

In the opinion of the Board of Directors, the Company's internal control system has been adequate and appropriate. The Company has provided a sufficient personnel to operate the said system efficiently, allowing for a business conduct which is transparent in accordance with the good corporate governance principle. Apart from this, the Company has established a system to monitor its operations to ensure that its properties are protected from the possible misconduct or encroach of the directors or executives. The Company has also had a monitoring system for the transactions entered with the person who may have conflict of interests or the connected party.

Implementation of internal control system

The Audit Committee of the Company is responsible for reviewing the appropriateness and effectiveness of the internal control system of the Company and its subsidiaries, and the compliance of the Group's operations with the securities and exchange law, the regulations of the Stock Exchange of Thailand, and other laws related to its business operations. The Audit Committee convened the meetings at least every quarter to consider and execute to have a correct financial reports, and disclose the complete and adequate information, as well as consider the related party transactions or the transactions which might have conflict of interests in accordance with laws and the regulations of the Capital Market Supervisory Board and the Stock Exchange of Thailand. The auditor also attended the Audit Committee's Meetings to remark the audit of the Company.

Head of Internal Audit of the Company

The Company has hired Dharmniti Internal Audit Co., Ltd., which is a company with the generally accepted experience, knowledge and competence, to perform its duty in auditing the Company's internal control system for 2019. Dharmniti Internal Audit Co., Ltd. has assigned Mr. Nutchapol Yainaknaen, in the position of the Director of Internal Audit Department, to be the Head of Internal Audit. The qualifications of the person who holds the Head of Internal Audit office are in the following details:

Internal auditor Dharmniti Internal Audit Co., Ltd.

Miss Lapassarada Lerdpanuroj

Vice Chairman of the Executive Committee Position

Educational background - Bachelor's degree, Business Administration Faculty in Accounting

Rajamangala Institute of Technology Center, Rajamangala University of Technology Thanyaburi

-Master's degree, Faculty of Commerce and Accountancy, Master of Science Program in Corporate Governance, Chulalongkorn University

Work experience

2018 – Present Dharmniti Internal Audit Co., Ltd.

Vice Chairman of the Executive Committee

2017 Dharmniti Internal Audit Co., Ltd.

Executive Director and Manager of Internal Audit Department 3

2012 – 2016 President Bakery Pcl.

Procurement Department Manager

Secretary of the Risk Management Committee

Secretary of the Anti-Corruption Committee

2009 - 2011 President Bakery Pcl.

Internal Audit Section Manager

Secretary of the Audit Committee

Secretary of the Risk Management Committee

2005 - 2009	<p>The Government Savings Bank, Internal Audit, Audit Group at Head Office, and Internal Audit Strategy and Development</p> <p>Internal Audit Officer, Level 4</p>
2012 - 2017	<p>Advisor of the Internal Control and Internal Audit</p> <p>Energy Earth Public Company Limited, Energy Perfect Company Limited</p> <p>Exotic Food Public Company Limited, Takerng Pineapple Industrial Company Limited, Daiwa Industry Company Limited, Jmart Group, De Lamai Company Limited, Blue Stacks Company Limited, Mukdahan International Hospital, Dr. Hann Hospital Group, Glow Group, Bangkok Chain Hospital Pcl., Jorakay Corporation Co., Ltd., Dhanarak Asset Development Co., Ltd., HRI Entech Co., Ltd., Earth Tech Environment Co., Ltd., A.P.K. Green Energy Co., Ltd., Alucon Pcl., Dacon Inspection Technologies Co., Ltd., Union Insurance Pcl.</p>
2017 - Present	<p>Special Lecturer of Dharmniti Seminar and Training Co., Ltd. / CG Training Specialist Team / Bangkokthonburi University, Dhurakij Pundit University, Pathumthani University, Siam University, Mahidol University, Rajamangala University of Technology Thanyaburi, Mahasarakham University</p>
Trainings	<ul style="list-style-type: none"> - Internal Audit Operation Course 1 (The Institute of Internal Auditors of Thailand) - Internal Audit Operation Course 2 (The Institute of Internal Auditors of Thailand) - Company Secretary Program (100/2019) - Internal Auditor under ISO 9001:2015 Course - Internal Audit Certification Training, CPIAT - Self-Assessment on Anti-Corruption Measure Form - Leadership Skills for Auditors Course - Value-Added Business Control The Right Course - Internal Audit Quality System Course - GMP/HACCP Course - KPIs Determination Course

- Leadership Course
- Corporate Governance Code Course, the Stock Exchange of Thailand
- Asian Confederation of Institutes of Internal Auditors (ACIIA) Conference 2016

The appointment of Head of Internal Audit must be considered and approved by the Audit Committee from the Audit Committee's Meeting No. 1/2019 on 21 February 2019.

The said internal auditor has prepared the assessment and audit reports of the Company's and its subsidiaries' internal control system, and directly presented the said reports to the Audit Committee on a quarterly basis. The Company and its subsidiaries have improved their operational system in all departments as recommended by the internal auditor all the time.

After the Company's initial public offering of shares for capital increase and listing on the Stock Exchange of Thailand, the Group has established a policy to continuously outsource its internal auditor to ensure an efficient internal audit system of the Company.

Opinion of Internal Auditor on Internal Audit

In the period from January to December, 2019, the internal auditor audited and monitored the Company's management system in the main aspects consisting of the following.

1. Sales process and collection process (off-line sales, online sales, and general sales)
2. Sales and collection (sales on consignment)
3. Purchasing/procurement and payment process
4. Account closing process

The internal auditor provided recommendations for the Company to correct and improve for developing the operational quality and internal control system to ensure good corporate governance system. The Company shall correct the issues recommended by the internal auditor.

Remarks of the Auditor on Internal Control

EY Office Co., Ltd. has reviewed the general control of the information system relating to the accounting information processing during 22-26 July 2019. Its review covers ERP system and POS and it remarked about the development, procurement, and maintenance of the system, control on the system and data access, data backup, data retrieval, and priority, and problem management of the information system.

The Company has been under improvement and correction as per the said recommendations.

11. Related Party Transactions

11.1 Details of the related party transactions

In 2019, the Company and its subsidiaries entered in to the transactions with the persons who may have conflict of interests as per the details of the following transactions.

Group	Persons who may have conflict of interests	Nature of relationship	Nature of transaction	Transaction Value (Unit: Baht)	Necessity and reasonableness of the transaction	Opinion of the Audit Committee
1. Executive	Miss Papitch Wongpaitoonpiya	Serving as Chief of Executive Officer (CEO) office and holding shares in the Company for 133,500,100 shares or 17.34 percent of total sold shares on March 29, 2019	Sale of products	45,495.33	It is a welfare provided by the Company to all employees under different conditions that Miss Papitch Wongpaitoonpiya received with the same condition that all employees received. In addition, the Company has established a clear written regulations regarding to the employee welfare.	The sale of products to Miss Papitch Wongpaitoonpiya is appropriate since such sale of products is a welfare provided by the Company to all employees under different conditions that the executive received with the same condition that all employees received.
			<u>Guarantee on the hire-purchase contract of the Company</u> -Guarantee limit under the contract -Outstanding debt at the end	7,103,068.40 1,735,723.29	The Company has entered into a hire-purchase contract for purchasing cars to be used in the Company's business. The said hire-purchase contract is guaranteed by Miss Papitch Wongpaitoonpiya in accordance with the conditions specified by the leasing company at free of charge on guarantee fee for the hire-purchase contract from the Company.	The guarantee of Miss Papitch Wongpaitoonpiya has been occurred due to a necessity for the Company's benefit in entering into the hire-purchase contract for cars to be used in the Company's business.
	Mrs. Sukanda Kutitikon	Serving as Managing Director of Benefit Shoes Co., Ltd. which is subsidiary of the Company	<u>Guarantee on the hire-purchase contract of the subsidiary</u> -Guarantee limit under the contract -Outstanding debt at the end of the period		Benefit Shoes Co., Ltd. (the subsidiary of the Company) has entered into the hire-purchase contract for purchasing cars to be used in the subsidiary's business. The said hire-purchase contract is guaranteed by Mrs. Sukanda Kutitikon in accordance with the conditions specified by the leasing company at free of charge on guarantee fee for the hire-purchase contract from the subsidiary.	The guarantee of Mrs. Sukanda Kutitikon has been occurred due to a necessity for the Company's benefit in entering into the hire-purchase contract for cars to be used in the subsidiary's business.
	Mr. Somroj Sirisophana	Serving as the director	Sale of products	11,780.37	It is a welfare provided by the Company to all employees under different conditions that the executives received with the same condition that all employees received. In addition, the Company has established a clear written regulations regarding to the employee welfare.	The sale of products to the said executives is appropriate since such sale of products is a welfare provided by the Company to all Employees under different conditions that the executives received with the same condition that all employees received.
	Mr. Chertchai Prasongphonchai	Serving as Chief Operating Officer	Sale of products	9,336.45		
	Mr. Nimit Supomprasert	Serving as Chief Finance and Accounting Officer	Sale of products			
	Mr. Pasawich Wongpaitoonpiya	Serving as Director of Business Development and holding shares in the Company for 133,100,100 shares or 17.29 percent of total sold shares on March 29, 2019	Sale of products	21,584.11		
	Mrs. Siripom Niyomvetch	Serving as Accounting Manager	Sale of products	322.43		
2. Family members and relatives	Carnival Supply Co., Ltd.	Mr. Anupong Kutatikon, the son of Mrs. Sukanda Kutatikon, Managing Director of Benefit Shoes Co., Ltd. (the subsidiary of the Company) serves as director and shareholder in Carnival Supply Co., Ltd. for 5,999 shares or 59.99 percent of total sold shares.	Sale of products Trade accounts receivable	2,709,743.95	The Company sold footwear products to Carnival Supply Co., Ltd. at selling price which is a discount price equaling to the discount given to other credit customers, including commercial terms same as other credit customers of the Company.	The transaction of such sale of products is in the nature of ordinary trade of the Company and is reasonable.
	Mr. Suthep Wongpaitoonpiya	Father of Miss Papitch Wongpaitoonpiya, Chief Executive Officer of Rich Sport PLC.	Wage	300,000.00	The Company hired Mr. Suthep Wongpaitoonpiya as a consultant of the business operation under a clear hire contract entered by the Company.	Such hire is appropriate since Mr. Suthep Wongpaitoonpiya is experienced and expert in this business for long time, and has good relationship with the Principal.

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.

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 2019 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 2019



12. Financial Statement Report

Rich Sport Public Company Limited and its subsidiaries

Report and consolidated financial statements

31 December 2019

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 subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2019, 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 subsidiary and of Rich Sport Public Company Limited as at 31 December 2019, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants 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. 11, 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 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 2020

Rich Sport Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2019

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
Assets					
Current assets					
Cash and cash equivalents	8	461,896,669	556,860,146	455,586,033	522,196,437
Current investments	9	698,657,951	475,939,150	698,657,951	475,939,150
Trade and other receivables	7, 10	147,933,305	207,500,392	148,487,305	196,728,454
Inventories	11	297,533,962	426,641,941	299,107,442	427,459,326
Advance payments for inventories		61,268,127	66,708,144	61,268,127	66,708,144
Other current assets	12	24,029,273	45,816,868	22,372,737	39,571,151
Total current assets		1,691,319,287	1,779,466,641	1,685,479,595	1,728,602,662
Non-current assets					
Restricted bank deposits	8	12,550,771	11,344,843	12,550,771	11,344,843
Investments in subsidiaries	13	-	-	15,713,708	38,720,960
Long-term investments	14	15,068,563	-	15,068,563	-
Intangible assets	15	3,957,294	3,210,307	3,929,528	3,139,760
Investment properties	16	-	-	-	61,190,856
Property, plant and equipment	17	150,118,137	149,423,332	144,262,214	85,562,163
Deferred tax assets	25	6,821,768	6,273,724	6,821,768	9,573,724
Deposits for rental		32,461,161	29,473,061	31,032,977	29,473,061
Other non-current assets		225,950	802,758	225,950	331,425
Total non-current assets		221,203,644	200,528,025	229,605,479	239,336,792
Total assets		1,912,522,931	1,979,994,666	1,915,085,074	1,967,939,454

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



นางสาวพาพิชญ์ วงศ์ไพฑูรย์ปิยะ
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กรรมการ

Rich Sport Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2019

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
Liabilities and shareholder's equity					
Current liabilities					
Trade and other payables	7, 18	60,989,027	68,841,498	60,475,623	59,777,480
Current portion of liabilities under finance lease agreements	19	1,952,328	1,933,037	1,952,328	1,629,035
Income tax payable		15,077,566	24,433,235	15,069,244	24,433,235
Provision for termination benefits	20	-	14,124,564	-	-
Other current liabilities		1,139,557	1,576,443	1,046,361	1,015,187
Total current liabilities		79,158,478	110,908,777	78,543,556	86,854,937
Non-current liabilities					
Liabilities under finance lease agreements					
- net of current portion	19	2,830,031	3,267,565	2,830,031	3,267,565
Provision for long-term employee benefits	20	19,141,192	13,433,371	19,141,192	13,433,371
Other non-current liabilities		14,553,278	13,049,749	14,467,025	12,988,043
Total non-current liabilities		36,524,501	29,750,685	36,438,248	29,688,979
Total liabilities		115,682,979	140,659,462	114,981,804	116,543,916

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



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Rich Sport Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2019

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
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	-	-
Retained earnings					
Appropriated - statutory reserve	21	61,687,697	54,305,368	61,687,697	54,305,368
Appropriated - other reserve	22	121,500,000	-	121,500,000	-
Unappropriated		40,380,442	43,901,347	50,790,282	109,064,879
Treasury stock	22	(121,900,000)	-	(121,900,000)	-
Other components of shareholders' equity		(606,030)	(160,226)	-	-
Equity attributable to owners of the Company		1,789,087,400	1,836,426,907	1,800,103,270	1,851,395,538
Non-controlling interest of the subsidiary		7,752,552	2,908,297	-	-
Total shareholders' equity		1,796,839,952	1,839,335,204	1,800,103,270	1,851,395,538
Total liabilities and shareholders' equity		1,912,522,931	1,979,994,666	1,915,085,074	1,967,939,454

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

Directors



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

R/W.
นางสาวพาพิชญ์ วงศ์ไพฑูรย์ปิยะ
กรรมการ

สมโรจน์ ศิริโสภณา
นายสมโรจน์ ศิริโสภณา
กรรมการ

Rich Sport Public Company Limited and its subsidiaries
Statement of comprehensive income
For the year ended 31 December 2019

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
			(Restated)		(Restated)
Profit or loss:					
Revenues					
Sales	24	1,268,328,913	1,273,204,855	1,257,761,036	1,250,489,130
Other income		33,587,049	29,790,764	31,048,744	29,233,172
Total revenue		1,301,915,962	1,302,995,619	1,288,809,780	1,279,722,302
Expenses					
Cost of sales		567,280,095	546,885,999	565,343,201	540,605,289
Selling and distribution expenses		441,694,936	412,188,114	434,529,143	408,889,845
Administrative expenses		107,122,279	118,262,774	103,091,591	103,883,078
Termination benefits	20	-	8,618,859	-	-
Loss on impairment of assets	11, 12	-	11,040,935	-	-
Loss on impairment of investment in subsidiary	13	-	-	-	16,500,000
Total expenses		1,116,097,310	1,096,996,681	1,102,963,935	1,069,878,212
Profit before finance cost and income tax expense		185,818,652	205,998,938	185,845,845	209,844,090
Finance cost		(255,541)	(256,556)	(251,133)	(229,430)
Profit before income tax expense		185,563,111	205,742,382	185,594,712	209,614,660
Income tax expense	25	(34,804,272)	(48,154,024)	(37,987,330)	(43,564,905)
Profit for the year		150,758,839	157,588,358	147,607,382	166,049,755
Other comprehensive income:					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of financial statements in foreign currency (no income tax effect)		(793,572)	(76,056)	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods		(793,572)	(76,056)	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Actuarial gain	20	-	1,294,721	-	1,294,721
Less: Income tax effect	25	-	(258,944)	-	(258,944)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		-	1,035,777	-	1,035,777
Other comprehensive income for the year		(793,572)	959,721	-	1,035,777
Total comprehensive income for the year		149,965,267	158,548,079	147,607,382	167,085,532

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



Rich W.
นางสาวพาพิชญ์ วงศ์ไพฑูรย์ปิยะ
กรรมการ

สมิทธิ์ สมิทธิ์
นายสมโรจน์ ศิริโสภณ
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Rich Sport Public Company Limited and its subsidiaries
Statement of comprehensive income (continued)
For the year ended 31 December 2019

(Unit: Baht)

Note	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Profit attributable to:				
Equity holders of the Company	152,005,947	157,859,071	147,607,382	166,049,755
Non-controlling interest of the subsidiary	(1,247,108)	(270,713)		
	<u>150,758,839</u>	<u>157,588,358</u>		
Total comprehensive income attributable to:				
Equity holders of the Company	151,560,143	158,734,622	147,607,382	167,085,532
Non-controlling interest of the subsidiary	(1,594,876)	(186,543)		
	<u>149,965,267</u>	<u>158,548,079</u>		
Earnings per share	26			
Basic earnings per share				
Profit attributable to equity holders of the Company	0.20	0.20	0.19	0.22
Weighted average number of ordinary shares (shares)	<u>766,745,250</u>	<u>770,000,000</u>	<u>766,745,250</u>	<u>770,000,000</u>

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



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Rich Sport Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity
For the year ended 31 December 2019

(Unit: Baht)

Consolidated financial statements										
	Equity attributable to owners of the Company						Other components of shareholders' equity			
	Issued and fully paid share capital		Premium on ordinary shares	Surplus arising from business combination under common control		Retained earnings		Treasury stock	Other comprehensive income	
				Statutory reserve	Other reserve	Unappropriated			Exchange differences on translation of financial statements in foreign currency	
Balance as at 1 January 2018	770,000,000	918,025,291	50,355,127	45,002,880	-	85,807,887	-	1,870,191,185	-	1,870,191,185
Profit for the year	-	-	-	-	-	157,859,071	-	157,859,071	-	157,859,071
Other comprehensive income for the year	-	-	-	-	-	1,035,777	-	875,551	(160,226)	84,170
Total comprehensive income for the year	-	-	-	-	-	158,894,848	-	158,734,622	(160,226)	157,588,358
Dividends paid (Note 29)	-	-	-	-	-	(192,498,900)	-	(192,498,900)	-	959,721
Proceed from share subscription from non-controlling interest of subsidiary	-	-	-	-	-	-	-	-	-	(186,543)
Appropriated to statutory reserve (Note 21)	-	-	-	8,302,488	-	(8,302,488)	-	-	-	3,094,840
Balance as at 31 December 2018	770,000,000	918,025,291	50,355,127	54,305,368	-	43,901,347	-	1,836,426,907	(160,226)	1,839,335,204
Balance as at 1 January 2019	770,000,000	918,025,291	50,355,127	54,305,368	-	43,901,347	-	1,836,426,907	(160,226)	1,839,335,204
Profit for the year	-	-	-	-	-	152,005,947	-	152,005,947	-	150,758,839
Other comprehensive income for the year	-	-	-	-	-	-	-	(445,804)	(445,804)	(793,572)
Total comprehensive income for the year	-	-	-	-	-	152,005,947	-	151,560,143	(445,804)	149,965,267
Dividends paid (Note 29)	-	-	-	-	-	(76,999,650)	-	(76,999,650)	-	(76,999,650)
Proceed from share subscription from non-controlling interest of subsidiary	-	-	-	-	-	-	-	-	-	6,439,131
Adjust surplus arising from business combination under common control due to the dissolution of a subsidiary	-	-	(50,355,127)	-	-	50,355,127	-	(121,900,000)	-	-
Treasury stock (Note 22)	-	-	-	-	-	-	-	(121,900,000)	-	(121,900,000)
Appropriated to other reserve (Note 22)	-	-	-	-	121,500,000	(121,500,000)	-	-	-	-
Appropriated to statutory reserve (Note 21)	-	-	-	7,382,329	-	(7,382,329)	-	-	-	-
Balance as at 31 December 2019	770,000,000	918,025,291	-	61,687,697	121,500,000	40,380,442	(121,900,000)	1,789,087,400	(606,030)	1,796,839,952



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Rich Sport Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2019

(Unit: Baht)

Separate financial statements

	Issued and fully paid share capital	Premium on ordinary shares	Statutory reserve	Retained earnings Other reserve	Unappropriated	Treasury stock	Total shareholders' equity
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 29)	-	-	-	-	(192,498,900)	-	(192,498,900)
Appropriated to statutory reserve (Note 21)	-	-	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
Balance as at 1 January 2019	770,000,000	918,025,291	54,305,368	-	109,064,879	-	1,851,395,538
Profit for the year	-	-	-	-	147,607,382	-	147,607,382
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	147,607,382	-	147,607,382
Dividends paid (Note 29)	-	-	-	-	(76,999,650)	-	(76,999,650)
Treasury stock (Note 22)	-	-	-	-	-	(121,900,000)	(121,900,000)
Appropriated to other reserve (Note 22)	-	-	-	121,500,000	(121,500,000)	-	-
Appropriated to statutory reserve (Note 21)	-	-	7,382,329	-	(7,382,329)	-	-
Balance as at 31 December 2019	770,000,000	918,025,291	61,687,697	121,500,000	50,790,282	(121,900,000)	1,800,103,270



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

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นางสาวพพิชญ์ วงศ์ไพฑูรย์ปิยะ

กรรมการ

สมศักดิ์ สวัสดิ์

นายสมโรจน์ ศิริโสภณา

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

Rich Sport Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from operating activities				
Profit before tax	185,563,111	205,742,382	185,594,712	209,614,660
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	25,659,914	28,525,136	24,871,711	24,022,438
Doubtful accounts	164,168	-	164,168	-
Reversal of inventories to net realisable value	-	(9,569,613)	-	(9,569,613)
Loss (gain) on disposal of equipment	(1,845,793)	1,777,652	438,072	1,491,580
Loss on write-off of equipment	-	56,697	-	-
Inventories returned	531,876	41,321	531,876	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	6,744,846	12,108,339	6,744,846	3,429,883
Realised gain on disposal of current investment	(6,906,721)	-	(6,906,721)	-
Unrealised loss (gain) on exchange	5,061	(24,261)	5,061	(24,261)
Loss (gain) on change in fair value of trading securities	(2,333,866)	160,907	(2,333,866)	160,907
Surplus from return of capital of a subsidiary	-	-	(459,167)	-
Interest income	(17,535,586)	(13,481,702)	(17,559,558)	(13,422,441)
Interest expense	255,541	256,556	251,133	229,430
Profit from operating activities before changes in operating assets and liabilities	190,302,551	236,634,350	191,342,267	232,473,904
Operating assets (increase) decrease				
Trade and other receivables	51,924,070	(20,348,834)	40,598,133	(10,914,085)
Inventories	129,107,978	(240,506,047)	128,351,884	(224,709,460)
Advance payments for inventories	5,440,017	(52,115,876)	5,440,017	(52,115,876)
Other current assets	16,402,234	(22,636,629)	17,198,414	(22,494,438)
Restricted bank deposits	(1,205,928)	(3,325,749)	(1,205,928)	(3,325,749)
Other non-current assets	(2,411,292)	(2,476,393)	(1,454,441)	(2,712,944)
Operating liabilities increase (decrease)				
Trade and other payables	(7,858,140)	(28,974,153)	511,094	(73,571,230)
Other current liabilities	(436,687)	(505,146)	31,174	(190,467)
Other non-current liabilities	446,453	(310,278)	422,106	(310,276)
Payments of long-term employee benefits and termination benefits	(15,161,590)	(3,988,561)	(1,037,025)	(2,989,076)
Cash flows from (used in) operating activities	366,549,666	(138,553,316)	380,197,695	(160,859,697)
Cash received from interest income	25,014,434	4,992,496	25,038,406	4,933,234
Cash paid for corporate income tax	(44,707,984)	(39,122,945)	(44,599,365)	(37,621,035)
Net cash flows from (used in) operating activities	346,856,116	(172,683,765)	360,636,736	(193,547,498)

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 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from investing activities				
Cash paid for short-term investments	(1,147,796,718)	(176,050,057)	(1,147,796,718)	(176,050,057)
Cash paid for long-term investment	(15,085,801)	-	(15,085,801)	-
Proceeds from disposal of short-term investment	934,335,742	-	934,335,742	-
Cash paid for acquisitions of equipment	(22,322,050)	(18,708,436)	(21,402,818)	(15,866,883)
Cash paid for acquisitions of intangible assets	(90,000)	(74,635)	(1,680,928)	-
Proceeds from disposals of equipment	3,067,108	3,563,222	-	2,535,327
Cash paid for share subscription in a subsidiary	-	-	(12,310,560)	(3,221,160)
Cash received from return of capital of subsidiary	-	-	35,958,967	-
Net cash flows used in investing activities	(247,891,719)	(191,269,906)	(227,982,116)	(192,602,773)
Cash flows from financing activities				
Proceed from share subscription from				
a non-controlling interest	6,439,131	3,094,840	-	-
Cash paid for payments of liabilities under				
finance lease agreements	(418,242)	(390,147)	(114,241)	(43,218)
Cash paid for treasury stock	(121,900,000)	-	(121,900,000)	-
Dividends paid	(76,999,650)	(192,498,900)	(76,999,650)	(192,498,900)
Interest paid	(255,541)	(256,556)	(251,133)	(229,430)
Net cash flows used in financing activities	(193,134,302)	(190,050,763)	(199,265,024)	(192,771,548)
Differences on translation of financial statements	(793,572)	(76,056)	-	-
Net decrease in cash and				
cash equivalents	(94,963,477)	(554,080,490)	(66,610,404)	(578,921,819)
Cash and cash equivalents at beginning				
of the year	556,860,146	1,110,940,636	522,196,437	1,101,118,256
Cash and cash equivalents at end of the year (Note 8)	461,896,669	556,860,146	455,586,033	522,196,437

Supplemental cash flows information:

Non-cash items

Purchases of vehicles under finance lease liabilities	1,499,299	5,200,602	1,499,299	4,896,600
Actuarial gain - net of income tax	-	1,035,777	-	1,035,777

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



RICH SPORT PUBLIC COMPANY LIMITED
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Rich Sport Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2019

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 2019, the Company has 40 branches (2018: 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.

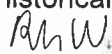
On 18 March 2019, the Extraordinary General Meeting of shareholders of this subsidiary approved its dissolution. The subsidiary registered the dissolution with the Ministry of Commerce on 21 March 2019. The liquidator of the subsidiary approved to return the capital to the shareholders at the rate of Baht 69.15 per share, totaling Baht 35.96 million. The return of capital was received on 31 May 2019.


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.


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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 2019	31 December 2018
			(Percent)	(Percent)
Benefit Shoes Company Limited	Manufacturing of shoes	Thailand	-	99.99
Rich Avenue Company Limited	Selling shoes, clothes, caps and bags	Cambodia	51.00	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 subsidiaries 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.




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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 (revised 2018) and new financial reporting standards and interpretations 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 adoption of these financial reporting standards does not have any significant impact on the Company's and its subsidiaries' financial statements. However, the new standard involves changes to key principles, which are 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 Company and its subsidiaries adopted TFRS 15 using the full retrospective method of adoption.

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

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

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

Financial reporting standards related to financial instruments

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

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.



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The management of the Company and its subsidiary expects the adoption of these accounting standards to result in recognition of credit losses. The Company and its subsidiaries are to recognise an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Company and its subsidiary apply the simplified approach to consider impairment of trade receivables.

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

TFRS 16 Leases

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

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

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

The management of the Company and its subsidiary expects the effect of the adoption of this accounting standard to the statement of financial position as at 1 January 2020 to be to increase the Company and its subsidiary's assets by approximately Baht 188 million (the Company only: approximately Baht 185 million) and the Company and its subsidiary's liabilities by approximately Baht 200 million (the Company only: approximately Baht 197 million).

4. Cumulative effects of changes in accounting policy due to the adoption of new financial reporting standard

The Company and its subsidiary have adopted TFRS 15 using the full retrospective method of adoption.



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The amounts of the adjustments affecting the statement of comprehensive income were summarised below:

	(Unit: Million Baht)	
	For the year ended 31 December 2018	
	Consolidated	Separate
	financial statements	financial statements
Statement of comprehensive income		
Profit or loss:		
Revenue from sales - Increase	154.2	152.8
Selling and distribution expenses - Increase	154.2	152.8

The adjustments represent gross margin from consignment. The Company and its subsidiary have determined that gross margin from consignment should be presented as selling and distribution expenses. Previously, gross margin from consignment was deducted against sales.

5. Significant accounting policies

5.1 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.

5.2 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.

5.3 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.



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5.4 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.

5.5 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).
- c) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.

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.

5.6 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.

5.7 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.

5.8 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:

Useful lives

Computer software	3, 5 and 10 years
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5.9 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.

5.10 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.

5.11 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.



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5.12 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.

5.13 Employee benefits

Short-term employee benefits

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



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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.

5.14 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.



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5.15 Treasury stock

Treasury stock is stated at cost and presented as a deduction from shareholders' equity in the statement of financial position. Gains on disposal of treasury stock are determined by reference to its carrying amount and are taken to premium on treasury stock, losses on disposal of treasury stock are determined by reference to its carrying amount and are taken to premium on treasury stock and retained earnings, consecutively.

The weighted average method is used for computation of the unit cost of treasury stock.

5.16 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.

5.17 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.

5.18 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its 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.



RTH SPORT PUBLIC COMPANY LIMITED
บริษัท รีธ สปอร์ต จำกัด (มหาชน)


นางสาวพาพิชญ์ วงศ์ไพฑูรย์ปิยะ
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6. 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.




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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.


7. Related party transactions

The relationships between the Company and its related parties that have significant business transactions during the years 2019 and 2018 are summarised below.

Name of related parties	Country of incorporation	Nature of relationships
Benefit Shoes Company Limited	Thailand	Subsidiary company (ceased since June 2019)
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 (cease of relationship due to this subsidiary has been terminated since June 2019)
Melrose Avenue Company Limited	Cambodia	Non-controlling interest of subsidiary




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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
Purchase of equipment and intangible assets	Close to market price
Consulting fee	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.

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2019	2018	2019	2018
<u>Transactions with subsidiaries</u>				
(Eliminated from the consolidated financial statements)				
Sales	-	-	4,255	8,326
Purchase of goods	-	-	3,712	42,556
Purchase of equipment and intangible assets	-	-	4,471	-
Other income	-	-	24	1,260
<u>Transactions with related parties</u>				
Sales	2,728	6,553	2,710	5,427
Consulting fees	300	300	300	300



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The balances of the accounts as at 31 December 2019 and 2018 between the Company and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<u>Trade and other receivables - related parties (Note 10)</u>				
Subsidiaries	-	-	1,146	3,111
Related parties	-	1,908	-	1,890
Total trade and other receivables -				
related parties	-	1,908	1,146	5,001
<u>Trade and other payables - related parties (Note 18)</u>				
Subsidiaries	-	-	182	82
Related parties	19	2,035	-	-
Directors	80	227	80	227
Management	19	26	19	26
Total trade and other payables -				
related parties	118	2,288	281	335

Directors and management's benefits

During the years ended 31 December 2019 and 2018, 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	
	2019	2018	2019	2018
Short-term benefits	23,543	27,562	23,486	25,765
Post-employment benefits	2,030	1,885	2,030	1,885
Termination benefits	-	165	-	-
Total	25,573	29,612	25,516	27,650

Guarantee with related parties

The directors of the Company had guaranteed liabilities under finance leases agreements of the Company.

8. Cash and cash equivalents/Restricted bank deposits

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Cash	1,849	2,299	1,810	2,233
Bank deposits	460,048	554,561	453,776	519,963
Total	461,897	556,860	455,586	522,196

As at 31 December 2019, bank deposits in saving accounts and fixed deposits carried interests between 0.10 to 1.20 percent per annum (2018: 0.25 to 1.75 percent per annum).

Restricted bank deposits represent deposits pledged with financial institutions as collateral to secure credit facilities consisting of forward exchange contracts, guarantee, credit limit for foreign transactions and bank overdraft (with credit facility of Baht 20 million) as well as deposits received from employees as working guarantee, which will be returned upon the end of employment contract.

9. Current investments

	(Unit: Thousand Baht)			
	Interest rates		Consolidated and Separate	
	(% per annum)		financial statements	
	2019	2018	2019	2018
Fixed deposits	1.25	1.25 - 1.75	52	100,845
Bills of exchange	-	5.50	-	300,000
Investment in trading securities				
Debentures	2.27 - 4.62	-	88,919	-
Bonds	1.41	-	5,998	-
Investment in open-end fund			300,000	50,000
Marketable securities			54,563	-
Total			449,480	50,000
Less: Unrealised loss on				
change in value of investments			(874)	(161)
Investments in trading securities - net			448,606	49,839
Investments in debt instruments				
- mature within 1 year	1.90	2.34	250,000	25,255
Total current investments			698,658	475,939

10. Trade and other receivables

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2019	2018	2019	2018
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	-	1,890	335	4,080
Total trade receivables				
- related parties	-	1,890	335	4,080
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	144,168	188,982	143,576	175,124
Past due				
Less than 3 months	1,067	6,522	1,067	6,522
3 - 6 months	25	1,261	25	1,261
6 - 12 months	95	9	95	9
More than 12 months	70	-	70	-
Total trade receivables				
- unrelated parties	145,425	196,774	144,833	182,916
Less: Allowance for doubtful debts	(165)	-	(165)	-
Total trade receivables				
- unrelated parties, net	145,260	196,774	144,668	182,916
Total trade receivables, net	145,260	198,664	145,003	186,996
<u>Other receivables</u>				
Other receivables - related parties	-	18	811	921
Other receivables - unrelated parties	2,673	8,818	2,673	8,811
Total other receivables	2,673	8,836	3,484	9,732
Trade and other receivables, net	147,933	207,500	148,487	196,728

11. Inventories

	(Unit: Thousand Baht)					
	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2019	2018	2019	2018	2019	2018
Finished goods	304,598	401,293	(10,559)	(10,869)	294,039	390,424
Work in process	-	1,122	-	(87)	-	1,035
Raw materials	-	1,967	-	(1,391)	-	576
Supplies	710	1,349	-	(627)	710	722
Goods in transit	2,785	33,885	-	-	2,785	33,885
Total	308,093	439,616	(10,559)	(12,974)	279,534	426,642



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(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories-net	
	2019	2018	2019	2018	2019	2018
Finished goods	306,171	403,596	(10,559)	(10,559)	295,612	393,037
Supplies	710	537	-	-	710	537
Goods in transit	2,785	33,885	-	-	2,785	33,885
Total	309,666	438,018	(10,559)	(10,559)	299,107	427,459

During 2019, the subsidiary reversed the write - down of cost of inventories by Baht 2.4 million, and reduced the amount of inventories recognised as expenses during the year.

During 2018, the Company and its subsidiaries reduced cost of inventories by Baht 2.4 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.

12. Other current assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Building and equipment - net	-	3,786	-	-
Intangible assets - net	-	1,599	-	-
Input tax refundables	12,658	27,072	12,658	27,072
Prepaid expenses	8,179	9,023	7,934	8,905
Others	3,192	4,337	1,781	3,594
Total other current assets	24,029	45,817	22,373	39,571

In 2019, a subsidiary sold building and equipment with the book value of Baht 3.79 million at a price of Baht 5.93 million.



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13. Investments in subsidiaries

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

(Unit: Thousand Baht)

Subsidiaries	Paid-up capital		Shareholding percentage		Cost		Allowance for impairment		Investments - net	
	31	31	31	31	31	31	31	31	31	31
	December	December	December	December	December	December	December	December	December	December
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
			(%)	(%)						
Benefit Shoes Co., Ltd.		52,000								
		Thousand								
		Baht		99.99		52,000		(16,500)		35,500
Rich Avenue Co., Ltd.	4,000	800	51.00	51.00	15,714	3,221			15,714	3,221
	million	million								
	Khmer riel	Khmer riel								
Total investments in subsidiaries - net					15,714	55,221		(16,500)	15,714	38,721

In 2019 and 2018, no dividend payment declared by its subsidiaries.

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.

On 21 February 2019, a meeting of the Board of Directors of the Company passed a resolution to approve an additional investment of Khmer Riel 408 million (Baht 3 million) pursuant to a capital increase of Rich Avenue Company Limited. The Company paid share subscription in full on 15 March 2019. On 14 November 2019, a meeting of the Board of Directors of the Company approved an investment of Khmer Riel 3,264 million for an increase in ordinary shares in subsidiary, by called up an additional payment of Khmer Riel 1,224 million (Baht 9 million) in which percentage of shareholding in this subsidiary remain unchanged.

As at December 2019, the Company has commitment to pay uncalled portion of share of the subsidiary amounting to Khmer Riel 2,040 million (or Baht 15 million).



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14. Long-term investments

As at 31 December 2019, long-term investments are debentures with held-to-maturity carried interest rate at 2.65 percent per annum in amount of Baht 5 million and at rate of 2.88 percent per annum in amount of Baht 10 million and mature in full in 2022.

15. Intangible assets

(Unit: Thousand Baht)

	Computer software	
	Consolidated financial statements	Separate financial statements
Cost		
1 January 2018	12,437	4,694
Additions	75	-
31 December 2018	12,512	4,694
Additions	1,703	1,681
Disposals/write - off	(7,810)	-
31 December 2019	6,405	6,375
Accumulated amortisation		
1 January 2018	2,166	920
Amortisation for the year	1,417	634
31 December 2018	3,583	1,554
Amortisation for the year	934	891
Amortisation on disposals/write - off	(2,069)	-
31 December 2019	2,448	2,445
Allowance for impairment		
31 December 2018	4,120	-
Decreases during the year	(4,120)	-
31 December 2019	-	-
Net book value		
31 December 2018		
- Current assets	1,599	-
- Non-current assets	3,210	3,140
31 December 2019		
- Non-current assets	3,957	3,930
Amortisation included in profit or loss for the year		
2018	1,417	634
2019	934	891



In 2018, Benefit Shoes Co., Ltd. performed impairment reviews in respect of software and set up an impairment loss amounted to Baht 4.1 million. In 2019, it sold computer software with the book value of Baht 1.6 million at book value.

16. Investment properties

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

(Unit: Thousand Baht)

	Separate financial statements		
	Land for rent	Plant for rent	Total
As at 31 December 2018	47,985	16,200	64,185
Less: Accumulated depreciation	-	(2,994)	(2,994)
Net book value	47,985	13,206	61,191
Transfer to property, plant and equipment	(47,985)	(13,206)	(61,191)
As at 31 December 2019	-	-	-
At fair value			
As at 31 December 2018	61,182	19,918	81,100

The fair values of the above investment properties were 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 (2019: Nil).



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17. 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
Cost:							
1 January 2018	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
Additions	-	1,279	-	6,446	3,220	14,793	25,738
Disposals	-	(4,572)	(12,319)	(9,133)	(3,943)	-	(29,967)
Transfers in (out)	-	37	-	15,197	-	(15,234)	-
31 December 2019	59,999	38,080	-	139,900	21,028	2,267	261,274
Accumulated depreciation:							
1 January 2018	-	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
Depreciation for the year	-	3,564	48	19,517	1,596	-	24,725
Depreciation on disposals	-	(2,632)	(8,416)	(7,509)	(2,867)	-	(21,424)
31 December 2019	-	19,214	-	87,517	4,425	-	111,156
Allowance for impairment:							
31 December 2018	-	1,966	1,894	408	171	-	4,439
Decrease during the year	-	(1,966)	(1,894)	(408)	(171)	-	(4,439)
31 December 2019	-	-	-	-	-	-	-
Net book value:							
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
31 December 2019							
- Current assets	-	-	-	-	-	-	-
- Non-current assets	59,999	18,866	-	52,383	16,603	2,267	150,118
Depreciation for the year							
2018 (Baht 2 million included in manufacturing cost, and the balance in selling and administrative expenses)							27,108
2019 (Baht 0.07 million included in manufacturing cost, and the balance in selling and administrative expenses)							24,725



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(Unit: Thousand Baht)

Separate financial statements

	Land	Buildings	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Total
Cost:						
1 January 2018	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
Additions	-	1,279	4,696	3,220	12,731	21,926
Disposals	-	-	(4,205)	-	-	(4,205)
Transfers in (out)	-	37	15,197	-	(15,234)	-
Transfers from investment properties	47,985	16,200	-	-	-	64,185
31 December 2019	59,999	38,080	135,253	21,028	205	254,565
Accumulated depreciation:						
1 January 2018	-	9,716	56,505	3,724	-	69,945
Depreciation for the year	-	2,966	18,014	1,220	-	22,200
Depreciation on disposals	-	-	(2,945)	(2,104)	-	(5,049)
31 December 2018	-	12,682	71,574	2,840	-	87,096
Depreciation for the year	-	3,539	18,857	1,584	-	23,980
Transfers from investment properties	-	2,994	-	-	-	2,994
Depreciation on disposals	-	-	(3,767)	-	-	(3,767)
31 December 2019	-	19,215	86,664	4,424	-	110,303
Net book value:						
31 December 2018	12,014	7,882	47,991	14,968	2,708	85,562
31 December 2019	59,999	18,865	48,589	16,604	205	144,262
Depreciation for the year						
2018 (included in selling and administrative expenses)						22,201
2019 (included in selling and administrative expenses)						23,980

As at 31 December 2019, the Company and the subsidiary have vehicles with net book value of Baht 14.7 million (31 December 2018: Baht 14.8 million) which were acquired under finance lease agreements.

As at 31 December 2019, the Company and the subsidiary 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 45.42 million (2018: Baht 41.1 million) (The Company only: Baht 45.42 million (2018: Baht 30.8 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.

18. Trade and other payables

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Trade payables - related parties	-	-	-	82
Trade payables - unrelated parties	7,254	11,785	7,254	6,912
Other payables - related parties	118	2,288	281	253
Other payables - unrelated parties	53,617	54,768	52,941	52,530
Total trade and other payables	60,989	68,841	60,476	59,777

19. Liabilities under finance lease agreements

			(Unit: Thousand Baht)	
	Consolidated			
	financial statements			
	2019	2018		
Liabilities under finance lease agreements	5,134	5,722		
Less: Deferred interest expenses	(352)	(521)		
Total	4,782	5,201		
Less: Portion due within one year	(1,952)	(1,933)		
Liabilities under finance lease agreements - net of current portion	2,830	3,268		

			(Unit: Thousand Baht)	
	Separate			
	financial statements			
	2019	2018		
Liabilities under finance lease agreements	5,134	5,410		
Less: Deferred interest expenses	(352)	(513)		
Total	4,782	4,897		
Less: Portion due within one year	(1,952)	(1,629)		
Liabilities under finance lease agreements - net of current portion	2,830	3,268		



HIGH SPORT PUBLIC COMPANY LIMITED
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The Company and its subsidiaries have entered into the finance lease agreements with leasing companies for rental of motor vehicles for use in its operation, whereby they commit 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)

	2019					
	Consolidated			Separate		
	financial statements			financial statements		
	Less than			Less than		
	1 year	1-5 years	Total	1 year	1-5 years	Total
Future minimum lease payments	2,135	2,999	5,134	2,135	2,999	5,134
Deferred interest expenses	(183)	(169)	(352)	(183)	(169)	(352)
Present value of future minimum lease payments	1,952	2,830	4,782	1,952	2,830	4,782

(Unit: Thousand Baht)

	2018					
	Consolidated			Separate		
	financial statements			financial statements		
	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



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20. Provision for termination benefits and provision for long-term employee benefits

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Balance at beginning of year	27,558	20,733	13,433	14,287
Included in profit or loss:				
Termination benefits	-	8,618	-	-
Current service cost	3,298	2,978	3,298	2,918
Past service cost	2,978	-	2,978	-
Interest cost	469	512	469	512
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	-	917	-	917
Financial assumptions changes	-	42	-	42
Experience adjustments	-	(2,254)	-	(2,254)
Benefits paid during the year	(15,162)	(3,988)	(1,037)	(2,989)
Balance at end of year	19,141	27,558	19,141	13,433

The Company and its subsidiary, and the Company expect to pay Baht 1.6 million of long-term employee benefits during the next year (2018: Baht 14 million).

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefit is 14 years (The Company only: 14 years) (2018: 14 years, The Company only: 14 years).

Significant actuarial assumptions are summarised below:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(%)	(%)	(%)	(%)
Discount rate	3.02	3.02	3.02	3.02
Salary increase rates	2.00 - 5.00	2.00 - 5.00	2.00 - 5.00	2.00 - 5.00
Turnover rates	0.00 - 25.00	0.00 - 25.00	0.00 - 25.00	0.00 - 25.00



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The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2019 and 2018 are summarised below:


As at 31 December 2019				
	Consolidated		Separate	
	financial statements		financial statements	
	Increase/ Decrease	Impact on reserve	Increase / Decrease	Impact on reserve
	(%)	(Million Baht)	(%)	(Million Baht)
Discount rate	1.0	(1.6) / 1.9	1.0	(1.6) / 1.9
Salary increase rate	1.0	2.0 / (1.7)	1.0	2.0 / (1.7)
Turnover rate	10.0	(0.6) / 0.6	10.0	(0.6) / 0.6

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 rate	1.0	(1.1) / 1.3	1.0	(1.1) / 1.3
Salary increase rate	1.0	1.2 / (1.0)	1.0	1.2 / (1.0)
Turnover rate	10.0	(0.4) / 0.4	10.0	(0.4) / 0.4

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Company and its subsidiary have additional long-term employee benefit liabilities of Baht 2.98 million (The Company only: Baht 2.98 million). The Company and its subsidiary reflected the effect of the change by recognising past service costs as expenses in the statement of comprehensive income.




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21. 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.

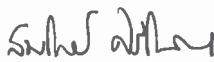
22. Treasury stock

On 4 October 2019, a meeting of the Board of Directors of the Company (No.4/2019) approved a share repurchase program for financial management purposes, with a maximum budget of Baht 121.50 million, whereby 27 million shares would be repurchased, or equal to 3.51% of the Company's paid-up share capital. The repurchase is to be made through a general offer at Baht 4.50 per share and the repurchase period will be from 5 November 2019 to 14 November 2019. In November 2019, The Company purchased 27 million shares treasury stock at a total purchase price of Baht 121.50 million and cost of repurchase program of Baht 0.4 million, was presented as a deduction in shareholders' equity. The Company may resell the repurchased shares through the Stock Exchange of Thailand between 1 June 2020 and 5 June 2020.

The Company set aside an amount from retained earnings equal to the cost of the treasury shares to a separate reserve account with such reserve to remain outstanding until either the shares are sold or paid-up capital is reduced by the cancellation of any remaining unsold shares. As at 31 December 2019, the Company has set aside Baht 121.50 million, and presented such amount as "Appropriated - other reserve" in the statement of financial position.




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23. Expenses by nature

Significant expenses classified by nature are as follows:

	Consolidated		(Unit: Thousand Baht)	
			Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Salaries and wages and other employee benefits	184,622	207,519	179,906	177,038
Termination benefits	-	8,618	-	-
Depreciation and amortisation	25,659	28,525	24,871	24,022
Raw materials and consumables used	(589)	24,598	173	380
Changes in finished goods and work in progress	97,420	(228,799)	97,425	(206,346)
Advertising expenses	71,703	53,077	71,023	52,086
Rental and service expenses	69,146	63,018	67,553	62,051
Loss on impairment of assets	-	11,041	-	-
Loss on impairment of investment in subsidiary	-	-	-	16,500

24. Revenue from contracts with customers

(Unit: Thousand Baht)

	For the year ended 31 December			
	Consolidated financial		Separate financial	
	statements		statements	
	2019	2018	2019	2018
	(Restated)		(Restated)	
Timing of revenue recognition:				
Revenue recognised at a point in time	1,268,329	1,273,205	1,257,761	1,250,489

25. Deferred tax assets/income tax expense

The components of deferred tax assets are as follows:

	Consolidated		(Unit: Thousand Baht)	
			Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Deferred tax assets				
Allowance for diminution in value of inventories	2,112	2,112	2,112	2,112
Impairment loss of investment in subsidiary	-	-	-	3,300
Provision for long-term employee benefits	3,828	2,687	3,828	2,687
Others	1,750	1,475	1,750	1,475
Total	7,690	6,274	7,690	9,574



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	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
	2019	2018
Deferred tax liabilities		
Gain on change in value of trading securities	(868)	-
Total	(868)	-
Deferred tax assets - net	6,822	6,274

Income tax expense for the years ended 31 December 2019 and 2018 are made up as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
	2019	2018
Current income tax:		
Current income tax charge	(35,352)	(48,888)
Deferred tax:		
Relating to origination and reversal of temporary differences	548	734
Income tax expense reported in the statements of comprehensive income	(34,804)	(48,154)

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2019 and 2018 are as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
	2019	2018
Deferred tax relating to gains on actuarial	-	(259)



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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Accounting profit before tax	185,563	205,742	185,595	209,615
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	(37,113)	(41,148)	(37,119)	(41,923)
Effects of:				
Non-deductible expenses	(4,144)	(13,359)	(4,144)	(5,450)
Additional expense deductions allowed	5,978	2,221	5,978	1,987
Tax exempted revenue	50	98	50	98
Temporary differences changes	548	734	(2,752)	1,723
Effect of the eliminate from the consolidated financial statements	(3,300)	3,300	-	-
Other	3,177	-	-	-
Total	2,309	(7,006)	(868)	(1,642)
Income tax expense reported in the statements of comprehensive income	(34,804)	(48,154)	(37,987)	(43,565)

26. 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 net from treasury stocks hold by the Company as described in Note 22.

27. 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	
	2019	2018	2019	2018
		(Revised)		(Revised)
In the country	1,254	1,267	1,254	1,242
Abroad	14	6	4	8
Total	1,268	1,273	1,258	1,250

Major customers

For the year ended 31 December 2019, the Company and its subsidiary have revenue from 6 major customers in amount of Baht 578 million (2018: 6 major customers in amount of Baht 677 million).

28. 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. In 2019, The Company contributed Baht 1.5 million to the fund (2018: Baht 1.6 million).

29. Dividends paid

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Dividend from the net profit for 2017	Annual General Meeting of shareholder on 23 April 2018	115,500	0.15
Interim dividend for 2018	The Board of Directors Meeting on 10 August 2018	77,000	0.10
Total dividend for 2018		192,500	0.25



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Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Dividend from the net profit for 2018	Annual General Meeting of shareholder on 22 April 2019	77,000	0.10
Total dividend for 2019		77,000	0.10

30. Commitments

30.1 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 3 years.

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

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<u>Payable within:</u>				
Within 1 year	57	58	56	57
1 year to 3 years	51	67	48	63

30.2 Commitments related to license and products procurement service agreements

License agreements and products procurement service agreement

The Company entered into license agreements for the right to design, produce clothing and other apparel, to distribute the products under the brand of the licensor and to use the trademark of the licensor. The agreements, end on 31 December 2021 and 2023, and the Company commits to pay compensations and to comply with conditions specified in the agreements.

The Company entered into an agreement with an oversea company in relation to the procurement of goods and coordination with manufacturers and distributors. The agreement ends on 31 December 2021, and the Company commits to pay compensation and to comply with conditions specified in the agreement.



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The Company entered into another agreement for distribute the products under the brand of licensor and to use the trademark of the licensor. The agreement ends on 31 December 2023, and the Company commits to pay compensation and to comply with condition specified in the agreement.

31. Fair value hierarchy

As at 31 December 2019 and 2018, 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/Separate financial statements			
	31 December 2019			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Investment in trading securities				
Debentures	-	88	-	88
Bonds	-	6	-	6
Investment in Open-end Fund	-	300	-	300
Marketable securities	55	-	-	55

(Unit: Million Baht)

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



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32. Financial instruments

32.1 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 2019 and 2018, 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 2019							
	Fixed interest rates				Floating interest rate	Non- interest bearing	Interest rates (% per annum)
	At call	Within 1 year	1-5 years	Over 5 years			
Financial assets							
Cash and cash equivalent	-	-	-	-	460.0	1.8	0.1% - 1.2%
Current investments	250	0.1	-	-	448.6	-	1.25% - 5.50%
Long-term investments	-	-	15.1	-	-	-	2.65% - 2.88%
Trade and other receivables	-	-	-	-	-	147.9	-
	250	0.1	15.1	-	908.6	149.7	
Financial liabilities							
Trade and other payables	-	-	-	-	-	61.0	-
Liabilities under finance lease agreements	-	1.9	2.8	-	-	-	2.9% - 6.5%
	-	1.9	2.8	-	-	61.0	



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(Unit: Million Baht)

Separate financial statements

As at 31 December 2019

	Fixed interest rates				Floating interest rate	Non- interest bearing	Interest rates (% per annum)
	At call	Within 1 year	1-5 years	Over 5 years			
Financial assets							
Cash and cash equivalent	-	-	-	-	453.8	1.8	0.1% - 1.2%
Current investments	250	0.1	-	-	448.6	-	1.25% - 5.50%
Long-term investments	-	-	15.1	-	-	-	2.65% - 2.88%
Trade and other receivables	-	-	-	-	-	148.5	-
	250	0.1	15.1	-	902.4	150.3	
Financial liabilities							
Trade and other payables	-	-	-	-	-	60.5	-
Liabilities under finance lease agreements	-	1.9	2.8	-	-	-	2.9% - 6.5%
	-	1.9	2.8	-	-	60.5	

(Unit: Million Baht)

Consolidated financial statements

As at 31 December 2018

	Fixed interest rates				Floating interest rate	Non- interest bearing	Interest rates (% per annum)
	At call	Within 1 year	1-5 years	Over 5 years			
Financial assets							
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	
Financial liabilities							
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	



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(Unit: Million Baht)

Separate financial statements						
As at 31 December 2018						
Fixed interest rates						
At call	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non- interest bearing	Interest rates (% per annum)
Financial assets						
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	
Financial liabilities						
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	

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 2019 and 2018, the balances of financial liabilities denominated in foreign currency of the Company is summarised below.

Foreign currency	Financial liabilities		Average exchange rate	
	2019	2018	2019	2018
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	1.0	1.2	31.10	32.61

As at 31 December 2019 and 2018, the Company has forward exchange contracts outstanding as summarised below.

As at 31 December 2019			
Foreign currency	Bought amount	Contractual exchange rate	Contractual maturity date
	(Million)		
US dollar	0.37	30.96 Baht per 1 US dollar	24 June 2020



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As at 31 December 2018

Foreign currency	Bought amount (Million)	Contractual exchange rate	Contractual maturity date
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

32.2 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.

33. Capital management

The primary objective of the Group's 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 2019, the Group's debt-to-equity ratio was 0.06:1 (2018: 0.08:1) and the Company's was 0.06:1 (2017: 0.06:1).

34. Event after the reporting period


On 21 February 2020, a meeting of the Board of Directors of the Company approved the payment of an annual dividend from net profit for the year 2019 of Baht 0.05 per share, totaling Baht 38.5 million. Payment of dividend will be made on 18 May 2020.

35. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 21 February 2020.




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13. Management Discussion and Analysis

Overall of the Company's performance

The 2019 year has been the year of which Thai economic condition has still been in continuous deflation condition due to the impact from trade war, decelerating world economic condition, as well as COVID-19 outbreak, increasingly affecting Thai economic condition despite of the Government's measures for coping with the said conditions. The said measures have included a cost of living reduction measure for the low income earners, "State Welfare Card", a domestic tourism promotion measure on "Taste, Shop, Spend" Scheme, an assistance measure for small agriculturalist and agriculturalist who encounters drought, a domestic investment promotion tax measure, as well as access to SMEs' source of investment funds but the economic situation has still been severely affected, resulting in the substantial decrease in purchasing power of the consumers who are the middle-to-low income earners. The significant decrease in number of tourists have also severely affected the tourism industry, other industries, as well as retail industry.

In 2019, the Company's sales revenue at 1,268 million baht was similar to sales volume of the previous year whereas the distribution channel which is online sales was added. As at December 31, 2019, the Company's total number of stores and sales counters inside department stores was 188 places.

The Company's gross profit amounted to 701 million baht or total gross profit margin at 55.3 %, decreasing from 57 % in 2018 from organizing the continuous sales promotion activities to stimulate the consumer spending to maintain sales volume and customers, as well as ensure the substantial reduction of inventory levels.

Selling and administrative expenses at 549 million baht was similar to the previous year and different on the increase in marketing expense. However, the expense in part of compensation upon termination of employment and loss from impairment of asset decreased.

Total net profit for 2019 was at 151 million baht or total net profit margin at 11.9 %, decreasing from 12.4 % in 2018 as the result of organizing the aforesaid sales promotion activities.

Financial position analysis

Assets

As at December 31, 2019, the Company's total assets amounted to 1,913 million baht, decreasing from the end of 2018 by 67 million baht. The main cause of the said decrease was due to the decrease in investment transactions at 238 million baht, the decrease in cash and cash equivalents at 95 million baht, the decrease in trade and other accounts receivables at 60 million baht, the decrease in inventories at 130 million baht, and the decrease in other current assets at 22 million baht.

Liabilities

As at December 31, 2019, the Company's total liabilities amounted to 116 million baht, decreasing from the end of 2018 by 25 million baht. The main cause of the said decrease was due to the decrease in trade and other accounts payables at 8 million baht, the increase of accrued income tax at 9 million baht, the increase in the reserve for compensation upon termination of employment at 14 million baht, and the increase in employee benefit reserve at 6 million baht.

Shareholders' equity

As at December 31, 2019, the Company's total shareholders' equity amounted to 1,797 million baht, decreasing from the end of 2018 by 42 million baht. The main factor was the increase in total comprehensive profit at 150 million baht, the receipt of the share value payment from the non-dominant shareholder at 6 million baht, the decrease as the result of dividend at 77 million baht, and the payment for buying ordinary shares back at 121 million baht.

Liquidity and financial ratio

Cash flow

In 2019, the Company's cash and cash equivalents decreased by 95 million baht as a result of:

- Net cash flows provided from operational activities at 347 million baht, resulting from the normal business operation.



- Cash flow used in the investment at 248 million baht mainly due to the investment in net temporary investment and long-term investment at 229 million baht, the purchase of assets used in the business operation at 22 million baht, and the receipt of money from sales of equipment of 3 million baht.
- Cash flow used in financing at 194 million baht due to the dividend payment at 77 million baht, the payment for buying ordinary shares back of 121 million baht, and the receipt of share value payment from non-dominant shareholder of 6 million baht.

Financial Ratio

Financial Ratio	2019	2018
Liquidity Ratio		
Liquidity ratio (times)	21.37	16.00
Quick liquidity ratio (times)	16.53	11.18
Cash flow ratio (times)	2.34	1.86
Accounts receivable turnover (times)	7.13	6.59
Average collection period (days)	51.17	55.35
Inventory turnover ratio (times)	1.52	1.71
Average sales period (days)	240.55	213.15
Creditors turnover ratio (times)	8.74	15.87
Payment period (days)	41.77	23.01
Cash cycle (days)	249.95	245.49
Profitability Ratio		
Gross profit margin (%)	55.17	57.05
Operating profit margin (%)	12.00	13.84
Profitability Ratio		
EBITDA (%)	16.68	18.31
Cash to profit ratio (%)	121.90	116.76
Net profit margin (%)	11.89	12.38
Return on equity ratio (%)	8.43	8.58
Efficiency Ratio		
Return on total assets (%)	7.88	7.96
Return on fixed assets (%)	116.92	122.67
Financial Policy Ratio		
Debt to equity ratio (times)	0.06	0.08
Interest coverage ratio (times)	590.96	615.25
Commitment coverage ratio (times)	0.25	0.45
Dividend payout ratio (%)	26	49



APPENDIX

Attachment 1

1. Details of Directors, Executives and Regulators

Name-Surname/ Position	Age (Year)	Education Qualifications	Shareholding in the Company (30/12/19) %	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 of Directors and Independent Director	63	Bachelor of Engineering, Survey School, Royal Thai Survey Department Course of Directors Accreditation (DAP) batch 123/2016	0.09	-	2016-Present	Chairman of the Board and Indeocendent Director	Rich Sport PCL.	Production, supply and distribution of footwear, clothing and other apparels
					2016-Present	Indepent Director	2S Metal PCL.	Manufacturing and distribution service to integrated steel products
					2018-Present	President of Working Group	The National Broadcasting and Telecommunications Commission	Government agency
					2018-Present	Strategic Screening Subcommittee	Defence Technology	Public Organization
					2017-Present	Advisor to the Chairman	CAT Telecom PCL.	Telecommunication
					2017-Present	Director	The War Veterans Organization of Thailand Under Royal Patronage of His Majesty The King	Government agency



Name-Surname/ Position	Age (Year)	Education Qualifications	Shareholding in the Company (30/12/19) %	Family Relationship with Executive	Working Experience in the Past 5 Years			
					Duration	Position	Company's Name	Type of Business
					2017-2019	Honorary Advisor	Savings and Credit Royal Thai Survey	Government agency
					2016-2018	Honorary Advisor	Savings and Credit Royal Thai Armed Forces Headquarters	Government agency
					2015-2016	Special Advisory (Police General Level)	Royal Thai Armed Forces Headquarters	Government agency
					2013-2015	Director of Joint Communications	Royal Thai Armed Forces Headquarters	Government agency
					2009-2013	Special Advisory (Police Lieutenant General Level)	Royal Thai Armed Forces Headquarters	Government agency

Name-Surname/ Position	Age (Year)	Education Qualifications	Shareholding in the Company (30/12/19) %	Family Relationship with Executive	Working Experience in the Past 5 Years			
					Duration	Position	Company's Name	Type of Business
Miss Papitch Wongpaitoonpiya Director Chairman of Executive Committee and Chief Executive Officer (Authorized signatory of the company)	33	Master of Business Administration, Babson College, USA	42.15	Sister of Mr. Pasawich Wongpaitoonpiya	2016-Present	Director, Chairman of Executive Committee and Chief Executive Officer	Rich Sport PCL.	Production, supply and distribution of footwear, clothing and other apparels
		Bachelor of Commerce and Accountancy, Finance, Thammasart			2016-2018	Director	Benefit Shoes Co., Ltd.	Footwear Manufacturing
		Course of Directors Accreditation (DAP) batch 123/2016			2015-Present	Director	Rich Sport Holding Co., Ltd.	Holding
					2014-2016	Director and Managing Director	Rich Sport PCL.	Production, supply and distribution of footwear, clothing and other apparels
					2012-2014	Director and Assistant Managing Director	Rich Sport PCL.	Production, supply and distribution of footwear, clothing and other apparels

Name-Surname/ Position	Age (Year)	Education Qualifications	Shareholding in the Company (30/12/19) %	Family Relationship with Executive	Working Experience in the Past 5 Years			
					Duration	Position	Company's Name	Type of Business
Mr. Somroj Sirisophana Director and Vice Chairman of Executive Committee (Authorized signatory of the company)	61	Bachelor of Accountancy, Dhurakij Pundit University Course of Directors Accreditation (DAP) batch 123/2016	0.06	-	2016-Present	Director and Vice Chairman of Executive Committee	Rich Sport PCL.	Production, supply and distribution of footwear, clothing and other apparels
					2016-2018	Director	Benefit Shoes Co., Ltd.	Footwear Manufacturing
					2011-Present	Accounting and financial advisor	Team Stevedore Co., Ltd	Marine Transportation
					2009-Present	Accounting and financial advisor	Cobra Freight Trade Wind International Co., Ltd.	Transportation
					2001-Present	Accounting and financial advisor	MacroPhar Co., Ltd.	Medicine Manufacturing
Mr. Chertchai Prasongphonchai Director and Chief Operation (Authorized signatory of the company)	61	Bachelor of Commerce and Accountancy, Marketing, Thammasart Course of Directors Accreditation (DAP) batch 130/2016	-	-	2016-2019	Director and Chief Operation Officer	Rich Sport PCL.	Production, supply and distribution of footwear, clothing and other apparels
					2015-2016	Chief Operation Officer	Rich Sport PCL.	Production, supply and distribution of footwear, clothing and other apparels
					2011-2015	Marketing Director	Rich Sport PCL.	Production, supply and distribution of footwear, clothing and other apparels

Name-Surname/ Position	Age (Year)	Education Qualifications	Shareholding in the Company (30/12/19) %	Family Relationship with Executive	Working Experience in the Past 5 Years			
					Duration	Position	Company's Name	Type of Business
Mr. Manit Nitiprateep Chairman of Audit Committee and Independent Director	64	Master of Industrial; Economics/ Economic Development, NIDA	0.06	-	2016-Present	Chairman of Audit Committee and Independent	Rich Sport PCL.	Production, supply and distribution of footwear, clothing and other apparels
		Bachelor of Economics, Economic Theory, Ramkhamhaeng University			JUN2017-Present	Chairman of Audit	AMA Marine PCL.	Maritime transport service
		Course of Directors Certification Program (DCP) Batch 225/2016			2014-Present	Audit Committee	Airports of Thailand PCL.	Airport
		Course of Directors Accreditation Program (DAP0) Batch 126/2016			2015-2017	Audit Committee	Bangpakong Terminal PCL.	Harbor
					2015-2016	Director	PTG Energy PCL.	Fuel distributor
					2013-2016	Director	NEP Realty and Industry PCL.	Manufacturer and distributor of plastic product
					2014-2015	Principal Advisor on Strategic Tax Administration	The Revenue Department	Government Agency
					2012-2015	Director	Marketing Organization for farmers	State enterprise
					2011-2013	Deputy Permanent Secretary	The Revenue Department	Government Agency

Name-Surname/ Position	Age (Year)	Education Qualifications	Shareholding in the Company (30/12/19) %	Family Relationship with Executive	Working Experience in the Past 5 Years			
					Duration	Position	Company's Name	Type of Business
Mr. Chaisak Angkasuwan Audit Committee and Independent Director	70	Master of Public Administration, Management Public and Private Sectors, NIDA	0.06	-	2016-Present	Audit Committee and Independent Director	Rich Sport PCL.	Production, supply and distribution of footwear, clothing and other apparels
		Bachelor of Laws, Thammasart			2014-Present	Audit Committee	SNC FORMER PCL.	Services in automobile industry, air conditioner, electric appliances and electronic device
		Course of Directors Certification Program (DAP) Batch 129/2010			2013-Present	Vice Chariman and Audit Committee	One To One Contacts PCL.	Outsourced Contact Center Services
		Course of Directors Accreditation Program (DAP) Batch 51/2006						
Mr. Udom Tangmanaskul Audit Committee and Independent Director	48	Course of The Role of Chairman (RCP) Batch 13/2006	-	-	2016-Present	Audit Committee and Independent Director	Rich Sport PCL.	Production, supply and distribution of footwear, clothing and other apparels
		Bachelor of Accountancy, Rangsit University			2001-Present	Managing Director	Pro-Act Services Co., Ltd.	Auditing activities
		Course of Directors Accreditation Program (DAP) Batch 128/2016						

Name-Surname/ Position	Age (Year)	Education Qualifications	Shareholding in the Company (30/12/19) %	Family Relationship with Executive	Working Experience in the Past 5 Years			
					Duration	Position	Company's Name	Type of Business
Mr. Nimit Supornprasert Chief Operating Officer	47	Master of Commerce and Accountancy Strategic Management, Bachelor of Business, Accountancy, Rajamangala University of Course of Directors Accreditation Program (DAP) Batch 123/2016	-	-	2015-Present	Executive Committee and Chief Operating Officer	Rich Sport PCL.	Production, supply and distribution of footwear, clothing and other apparels
					2014-2015	Accounting Director	SF Corporation PCL.	Cinema
					2013-2014	Accounting Director	PAE (Thailand)	Solution provider in in the oil & gas industry
					2001-2013	Accounting Manage	Peppo Fashions Group	Apparel retail
Mr. Pasawich Wongpaitoonpiya Business Development Director	30	Bachelor of Chemical Engineering, University College London, UK Course of Directors Accreditation Program (DAP) Batch 154/2018	42.1	Brother of Miss Papitch Wongpaitoonpiya	2015-Present	Business Development	Rich Sport PCL.	Production, supply and distribution of footwear, clothing and other apparels
					2018-Present	Company Secretary	Rich Sport PCL.	Production, supply and distribution of footwear, clothing and other apparels
					2015-Present	Director	Rich Sport Holding Co., Ltd.	Holding
					2012-2015	Project Manager	Kara Tama Co., LTd.	Import of raw foods and restaurant



Name-Surname/ Position	Age (Year)	Education Qualifications	Shareholding in the Company (30/12/19) %	Family Relationship with Executive	Working Experience in the Past 5 Years			
					Duration	Position	Company's Name	Type of Business
Mrs. Siriporn Niyomvetch Accounting Manage	53	Bachelor of Business, Accounting, Ramkhamhaeng University	-	-	2018-Present	Accounting Manage	Rich Sport PCL.	Production, supply and distribution of footwear, clothing and other apparels
					2014-2017	Accounting Manage	Royal Ceramic Industry PCL.	Manufacturer and distributor of floor and wall tiles

2. Details of Company Secretary

Name-Surname/ Position	Age (Year)	Education Qualifications	Shareholding in the Company (30/12/19) %	Family Relationship with Executive	Working Experience in the Past 5 Years			
					Duration	Position	Company's Name	Type of Business
Mr. Pasawich Business Development Director	30	Bachelor of Chemical Engineering, University College London, UK Course of Directors Accreditation Program (DAP) Batch 154/2018	42.1	Brother of Miss Papitch Wongpaitoonpiya	2018-Present	Company Secretary	Rich Sport PCL.	Production, supply and distribution of footwear, clothing and other apparels

3. Details of the Positions of Executives and regulators of the Company in Related Companies as of 31 December 2019

Name	Position in Company	Position in Related Company								
		Rich Avenue Company Limited	Rich Sport Holding Co., Ltd.	2S Metal PCL.	AMA Marine PCL.	Airports of Thailand PCL.	Bangpakong Terminal PCL.	SNC FORMER PCL.	One To One Contacts	Pro-Act Services Co., Ltd.
Gen. Phairat Phoubon	C, /			____/						
Miss Papitch Wongpaitoonpiya	____/, //, M	____/	____/							
Mr. Somroj Sirisophana	____/, //									
Mr. Chertchai Prasongphonchai	____/, //, M									
Mr. Manit Nitiprateep	____/, AC				____/, AC	____/, AC	____/, AC			
Mr. Chaisak Angkasuwan	____/, AC							____/, AC	____/, AC	
Mr. Udom Tangmanaskul	____/, AC									____/
Mr. Nimit Supornprasert	____//, M									
Mr. Pasawich Wongpaitoonpiya	M	____/	____/							
Mrs. Siriporn Niyomvetch	M									

Remark: C = Chairman of the Board

/ = Committee

AC = Audit Committee

// = Executive Director

M = Executive



RICH SPORT PUBLIC COMPANY LIMITED

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