



RICH SPORT PUBLIC COMPANY LIMITED

RICH SPORT PUBLIC COMPANY LIMITED

Annual Report 2020



COLE HAAN





Contents

	Page
Message from Chairman of the Board of Directors and Chief Executive Officer	1
Audit Committee Report	3
Board of Directors	6
1. Business Policy and Overview	7
2. Nature of Business	13
3. Risk Factors	19
4. General information and other important information	26
5. Major shareholders and securities of the company	27
6. Dividend Payment Policy	30
7. Management Structure and Board of Directors	31
8. Corporate Governance	40
9. Corporate Social Responsibilities: CSR	54
10. Internal Control and Risk Management	58
11. Connected transaction	63
Report of the Board of Directors' Responsibilities for Financial Reporting	65
12. Financial Statement Report	66
13. Analysis and Statement of Management	125
Appendix	126
Attachment 1: Details of Directors, Executives and Regulators	127

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

Dear Shareholders

The 2020 year was the year in which the worldwide economy and Thai economy were severely affected from the COVID-19 pandemic situation, causing the government sector's requirement to announce a lockdown measure bringing about the deflation of economic activities, and considerably affecting the business sector. From the government sector's commencement on a continuous lockdown alleviation measure, the gradual movement of economic activities have been started. Even though the government sector has issued remedy measures to assist and relieve the economic impact, the economic condition has not yet been able to be recovered into the normal situation in accompany with the existing limited international travel due to the severe and continuous encounter of the worldwide countries with the COVID-19 pandemic situation and Thailand's new wave of the COVID-19 pandemic occurrence in the year-end period.

From the said situations, the Company, therefore, has adjusted the business operation strategies by expanding more distribution channels of products via online channel, and adjusted the business competition strategies under the changing situations to be consistent with the situations, as well as organized sales volume promotion with department stores, sales promotion with credit cards, and privileges, publicized products via social media, and planned to reduce the Company's expenses and also continuously sought for new investment opportunities for the business security and sustainability accordingly.

For the business direction in 2021, the Company has still set its goal to step upward as the leader of international fashion product distribution by adding new product brands, and looked for the opportunity causing the Company's ability to expand and extend the business for the secure and sustainable growth. In addition, the Company has also planned to expand and improve branches to be modern, add product distribution channels to efficiently access the customer group, as well as restructure the organization to enhance the efficiency and prepare to encounter with the future contingent changes. Meanwhile, the Company has still realized on the significance of the business operation based on transparency, Corporate Governance Code, and stakeholder, social, and environment responsibilities, reviewed and improved the corporate governance policy, and disseminated the anti-corruption-related policy and practical guideline for acknowledgement of the Group's personnel and business partners.



Finally, on behalf of Rich Sport Public Company Limited, we would like to deliver our gratitude to all shareholders, supporting customers, business alliances, and the Board, executives, and employees for your good consistent support on our business operations. We are committed to conduct our business with prudence, circumspection, transparency, and good governance, and to support economic and social development of the country for on and on developing the secure and sustainable growth and generating good return to the stakeholders in all sectors.

A handwritten signature in blue ink, appearing to read 'M. Phairat'.

Gen. Phairat Phoubon

Chairman of the Board of Directors

A handwritten signature in blue ink, appearing to read 'Papitch W.'.

Miss Papitch Wongpaitoonpiya

Chief Executive Officer

Audit Committee Report

Dear Shareholders

The Audit Committee of Rich Sport Public Company Limited (“Company”) consists of three independent directors who are the experts with complete qualifications as prescribed in the Charter of the Audit Committee and consistent with the requirements and best practices of the Stock Exchange of Thailand, and the Office of the Securities and Exchange Commission. The Audit Committee consists of:

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

In 2020, the Audit Committee held four meetings in total. The substantial summary of the Audit Committee’s duty performance is as follows:

1. Review the correctness of financial report and adequacy of the information disclosure

The Audit Committee reviewed quarterly financial statements and yearly financial statements of the Company in collaboration with the management and auditor to consider the correctness and completeness of financial statements, disclosure of information, significant accounting policies, accounting estimation affecting financial statements, and consideration on the auditor’s reviewing and auditing observations on financial statements.

The Audit Committee considered and had the opinion which is consistent with the auditor that the quarterly financial statements and yearly financial statements of the Company are properly, completely, and reliably prepared according to Thai Financial Reporting Standards and adequately and appropriately disclose the information.

2. Review the internal control system

The Audit Committee considered and approved the annual internal audit plan, as well as internal audit result, and suggestions in collaboration with the management and the internal auditor hired by the

Company to audit and monitor its internal control system. Moreover, the Audit Committee reviewed the adequacy of the internal control system under the framework of internal control practical guideline according to COSO (The Committee of Sponsoring Organizations of the Treadway Commission) standard using “Internal Control System Adequacy Assessment Form” as prescribed by the Office of the Securities and Exchange Commission (SEC).

In the opinion of the Audit Committee, the Company’s internal control system is adequate and appropriate for business operations, and the internal audit is independent according to the professional practice standards.

3. Review the related party transactions or transactions that may have conflict of interests

The Audit Committee emphasized the review on the related party transactions or transactions that may have conflict of interests with the Company. The Audit Committee quarterly reviewed the information relating to the related party transactions or transactions that may have conflict of interests by taking into account the correctness and transparency of the entry into transactions, reasonableness, and adequacy of the information disclosure, and maximum benefit of the Company.

In the opinion of the Audit Committee, the considered related party transactions or transactions that may have conflict of interests have been reasonably carried out with the adequacy of information disclosure and maximum benefit of the Company.

4. Review the law compliance

The Audit Committee reviewed and supervised the Company that it must comply with the securities and exchange law, and other requirements and laws relating to the Company’s business operations.

In the opinion of the Audit Committee, the Company has properly and completely complied with the securities and exchange law, and other requirements and laws relating to the Company’s business operations.

5. Consider the selection and nomination of the auditor

The Audit Committee considered selecting the auditor by taking into account the independence, quality of the past audit achievements, skills, knowledge, competence and experiences of the auditor, as well as the appropriateness of audit fee.

The Audit Committee considered selecting the auditor and remarked the opinion to the Board of Directors to request for approval to the Shareholders' Meeting to resolve the appointment of Mr. Chayaphol Supasetthanon, Certified Public Accountant No. 3972 and/or Mrs. Kingkarn Atsawarangsali, Certified Public Accountant No. 4496, and/or Miss Rasaporn Decharkom, Certified Public Accountant No. 5659, and/or Miss Sumana Punpongsanon, Certified Public Accountant No. 5872, from EY Office Limited, as the Company's auditor, as well as considered the remuneration of the auditor.

In overview, the Audit Committee has completely and independently performed their duties according to the Charter of the Audit Committee entrusted by the Company's Board of Directors to ensure that the Company establishes the information preparation and disclosure process according to Thai Financial Reporting Standards, and the appropriate and efficient internal control system, and complies with the related laws, as well as transparently and reasonably enters into the related party transactions or transactions that may have conflict of interests.



Mr. Manit Nitiprateep

Chairman of the Audit Committee

24 February 2021

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. Nimit Supornprasert
Director
Chief Accounting
Financial 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 strives for success in becoming a leading international distributor for world-renowned lifestyle fashion brands in various product categories by using our strengths in retail operations and networks. Our priority is to serve our customers' needs by offering variety of products. We operate with the highest level of professionalism to ensure sustainable growth in the industry.

Mission

- Professionally serve our customers' needs with high-quality and trendy fashion products
- Operate business with transparency and good governance as well as implant ethics and morality in every employee
- Promote sustainable relationship with every client in order to maintain good relationship with clients
- Develop our human resources to become more well-rounded, skillful and professional for happy environment and ultimately lead to sustainable growing path in the workplace

Business Objectives

Rich Sport Public Company Limited and subsidiaries strives to meet international standard to become a leading company in distributing lifestyle products from world-renowned brands. We wish to satisfy every related party to the company and customers by providing high-quality and trendy products with reasonable price as well as expanding retail network and point of sales for convenience and easy access to our products nationwide.

Business Goals

The company's business goal is to prioritise sustainable growth of the company with conscientious and dynamic management to be able to keep up with the fast-changing trends including:

Products

Provide variety of high-quality products to serve wide range of customer groups and strengthen brand recognition in the territory.

Sales Channels

Expand retail network and point of sales by strategically opening Mono brand stores and shop-in-shops to cover the whole country as well as expanding online sales channels to meet the customers' need instantly by anywhere at anytime. Online sales channels include Lazada, Shopee, Line Official.

Business Expansion

Actively looking for business expansion opportunities in terms of brands to expand and diversify our portfolio and also internationally to increase our business.

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

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

	<p>distribute footwear, apparels, and accessories under the brand “PONY” in Thailand, Cambodia, and Laos.</p>
2017	<ul style="list-style-type: none"> ● 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: <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. ● The company began selling PONY products through sales counters at leading department stores with its first branch at Central Westgate on 1 September 2017. ● On 4 October 2017, the company was granted additional exclusive rights to solely distribute Converse products in Cambodia. ● The company was listed on the Stock Exchange of Thailand (SET) and began selling its shares on SET on 10 November 2017.
2018	<ul style="list-style-type: none"> ● 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. ● 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. ● RAV opened two Converse retail stores: one in Siem Riep on 30 November 2018 and one in Phnom Penh on 25 December 2018.

2019	<ul style="list-style-type: none"> ● 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. ● 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%. ● 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. ● 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. ● Moreover, the Company has entered into an exclusive distributorship agreement for footwear and leather products under "COLE HAAN" brand from USA in Thailand. <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>
2020	<ul style="list-style-type: none"> ● RAV has entered into an exclusive distributorship agreement for footwear and leather products under "GEOX" brand from Italy in the Kingdom of Cambodia, began selling products in April. ● The Company has entered into exclusive distributorship agreement for footwear and fashion products under "HAWAIIANAS" brand from Brazil in Thailand, opened mono brand stores and sales counter in department stores in May.

1.3 Shareholding Structure

Shareholding structure as of 31 December 2020



2. Nature of Business

Type of Business and Operation Characteristics

Rich Sport Public Company Limited (RSP) is a leading distributor of fashion and lifestyle products from world-renowned brand. RSP currently covers fashion categories; including footwear, apparel and accessories such as bags, caps, socks and laces, to add varies of products and to serve larger customer base.

Nature of Business

1. Characteristics of Products Distributed by the Company

In 2020, the products sold by the Company are divided into 5 brands, including CONVERSE, PONY, BARREL, COLEHAAN and HAVAIANAS.

The subsidiary in the Kingdom of Cambodia distributor products under CONVERSE, PONY, BARREL as well as products under ECCO and GEOX in additional.

Brands under the Company's distribution as follow:

(I) Products 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.

Products of CONVERSE 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 CONVERSE'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.

Products of PONY 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".

Products of BARREL 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.

Products of COLE HAAN 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.

(IV) Products under ‘HAVAIANAS’ Brand



HAVAIANAS means “Hawaiians” in Portuguese; were created in Brazil in 1962 by Alpargatas S.A. Brazil. HAVAIANAS were inspired by the Japanese Zori sandal; a sandal with cloth straps and woven rice straw soles which used to wear with Kimono. HAVAIANAS replaced the straw with premium Brazilian rubber. At first, HAVAIANAS were popular among workers in Brazil and spread its popularity across teenagers who used HAVAIANAS as a political symbol. Afterwards, HAVAIANAS continued to offer various colorful products focusing on its unique selling points; 100% made of rubber, not smell, durable sole, and strap doesn’t become loose. Until 1998 World Cup it was a changing point to the brand. HAVAIANAS launched “HAVAIANAS BRAZIL” – a style with a small Brazilian flag on the strap to show support of the Brazilian team. With this popularity, HAVAIANAS quickly seized the opportunity for expansion across U.S., Spain, Europe and Asia. In Thailand, HAVAIANAS has been selling for more than 10 years.

Products of HAVAIANAS can be 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 styles include 2 main models including Slim and Closed Sandals, which are available throughout the year.

2) Fashion styles 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 style which materials will be changed to be different. 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 HAVAIANAS’s designers, by the cooperation of HAVAIANAS’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 HAVAIANAS and to serve customer need

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 offline retail channels during 2018-2020

Distribution Channels	2018		2019		2020	
	branches	%	branches	%	branches	%
Mono Brand Store Channel						
<u>Thailand</u>						
CONVERSE	45	100	44	100	42	87
HAVAIANAS	-	-	-	-	-	-
<u>Cambodia</u>						
CONVERSE	2	100	2	100	2	100
ECCO	-	-	-	-	-	-
GEOX	-	-	-	-	-	-
Shop-in-Shop Channel						
<u>Thailand</u>						
CONVERSE	156	95.77	150	94.75	179	88.97
PONY	51	4.23	80	4.23	65	3.07
BARREL	-	-	15	0.84	20	2.54
COLE HAAN	-	-	9	0.18	20	1.13
HAVAIANAS	-	-	-	-	33	4.29
TOTAL	207	100	254	100	317	100
<u>Cambodia</u>						
CONVERSE	1	100	2	86.54	2	80.88
PONY	-	-	2	11.74	2	19.12
BARREL	-	-	2	1.72	-	-
ECCO	-	-	-	-	-	-
GEOX	-	-	-	-	-	-
TOTAL	1	100	6	100	4	100

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	2018*		2019*		2020	
	Million Baht	%	Million Baht	%	Million Baht	%
Sales Income from Footwear	887.86	68.14	879.97	67.59	705.70	72.94
Sales Income from Non-Footwear	385.34	29.57	388.36	29.83	243.27	25.15
Total Sales Income	1,273.20	97.71	1,268.33	97.42	948.97	98.09
Other Incomes	29.79	2.29	33.59	2.58	18.50	1.91
Grand Total	1,302.99	100.00	1,301.92	100.00	967.47	100.00

Income Structure classified by Distribution Channels

Type of Income	2018*		2019*		2020*	
	Million Baht	%	Million Baht	%	Million Baht	%
Mono Brand Store Channel	266.16	20.43	321.92	24.73	477.53	49.36
Shop-in-Shop Channel	669.65	51.39	680.48	52.27	232.34	24.02
Online Retail Channel	-	-	12.65	0.97	31.85	3.29
Wholesale	315.38	24.20	253.28	19.45	207.25	21.42
OEM	22.01	1.69	-	-	-	-
Total Sales Income	1,273.20	97.71	1,268.33	97.42	948.97	98.09
Other Incomes **	29.79	2.29	33.59	2.58	18.50	1.91
Grand Total	1,302.99	100.00	1,301.92	100.00	967.47	100.00

Note *: The amount of sales revenue during 2018 - 2019 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

As of 30 December 2020, the Wongpaitoonpiya Group has a shareholding of 67.62 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> <ul style="list-style-type: none">• CONVERSE: Importer and distributor of Thailand, Cambodia and Laos• PONY: Importer and distributor of Thailand, Cambodia and Laos• BARREL: Importer and distributor of Thailand and Cambodia• COLE HAAN: Importer and distributor of Thailand and Cambodia• HAWAIIANAS: Importer and distributor of Thailand
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 2020, 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 2020

List of shareholders	30 December 2020	
	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. Mr. Thira Kitjarurat	25,263,900	3.28
7. CREDIT SUISSE (SWITZERLAND) LTD.	16,884,900	2.19
8. Mr.Sompong Chonkadeedumrongkul	14,414,200	1.87
9. Mr. Taweesil Chinapattanawong	7,212,700	0.94
10. Ms. Kittichai Chuarattanapong	7,100,000	0.92
Top 10 shareholders	618,475,700	80.32
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 2020

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 16 shareholders with number of shares at 648,549,000 shares or 84.32 %, divided into

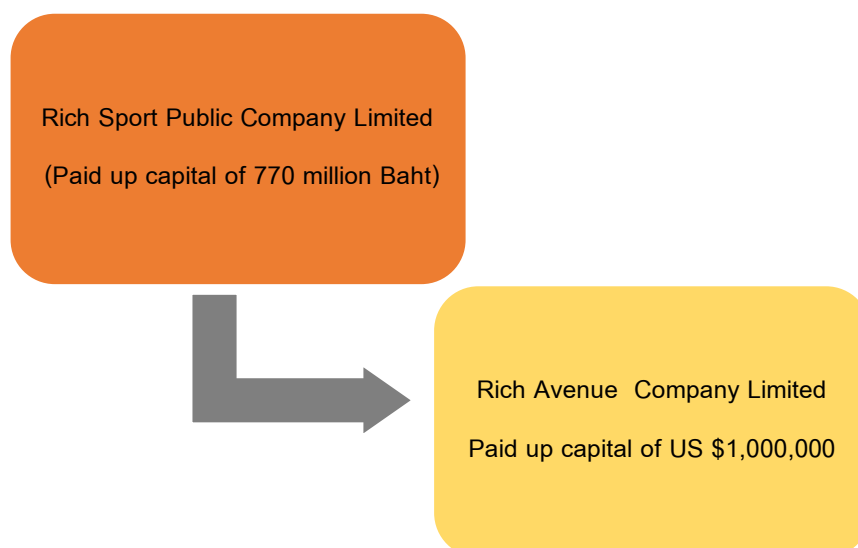
Legal entity			Natural person		
Number of shareholder	Number of shares	Percentage	Number of shareholder	Number of shares	Percentage
5	246,836,400	32.06	11	401,712,600	52.17

5.3 Issuance of other securities

-none-

Shareholding structure of the Group

Shareholding structure of the Group on 31 December 2020 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.

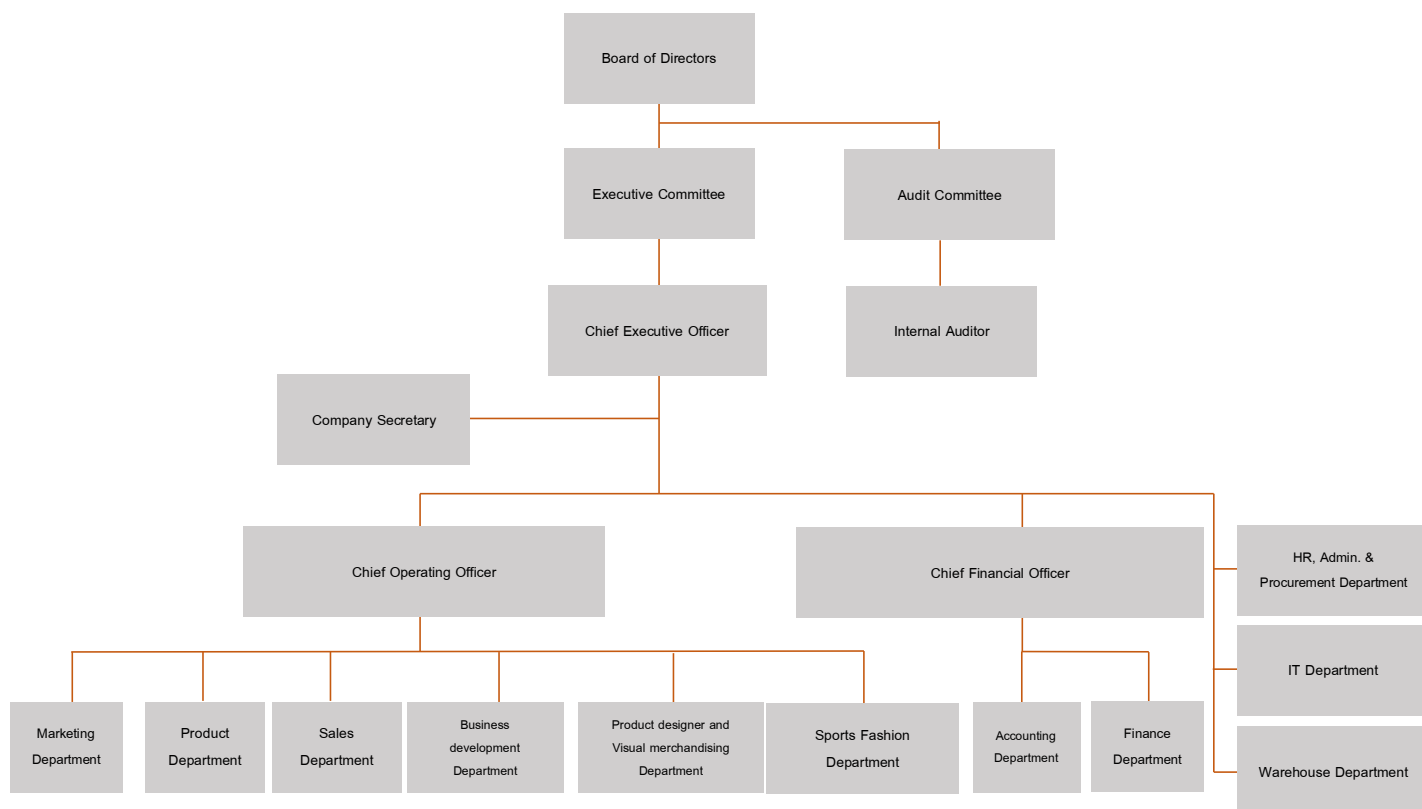


6. Dividend Payment Policy

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 Company hired Dharmniti 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, 2020, 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. Nimit Supornprasert	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. 1-3 were re-appointed for more term in according to the resolution of the Annual General Meeting of Shareholders for the year 2020, on 30 June 2020.

• Directors No. 4 was appointed as the director (in replacement of Mr. Chertchai Prasongphonchai who resigned from the Company director) by the Board of Directors No.1/2020, held on 21 February 2020.

Ms. Napaphas Sarutithipharom was the Company secretary in replacement of Mr. Pasawich Wongpaitoonpiya, who has been appointed by the Board of Directors Meeting No. 6/2020 on 10 November 2020.

Authorized director

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

Board of Directors Meeting

Name –Surname	Position	Number of meetings attended / Total number of meetings (Year)		
		2018	2019	2020
1. Gen. Phairat Phoubon	Chairman of the Board of Directors and Independent Director	5/5	5/5	6/6
2. Miss Papitch Wongpaitoonpiya	Director	5/5	5/5	6/6
3. Mr. Somroj Sirisophana	Director	5/5	5/5	6/6
4. Mr. Nimit Supornprasert	Director	-	-	6/6
5. Mr. Manit Nitiprateep	Chairman of the Audit Committee and Independent Director	5/5	5/5	6/6
6. Mr. Chaisak Angkasuwan	Member Audit Committee and Independent Director	5/5	4/5	6/6
7. Mr. Udom Tangmanaskul	Member Audit Committee and Independent Director	5/5	5/5	6/6

Note: Mr. Nimit Supornprasert was appointed as the director (in replacement of Mr. Chertchai Prasongphonchai who resigned from the Company director) by the Board of Directors No.1/2020, held on 21 February 2020.

Audit Committee

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

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

Mr. Udom Tangmanaskul is an audit committee. He has sufficient knowledge and experience to be able to perform the duty of reviewing the reliability of financial statements. Mr. Udom Tangmanaskul held a bachelor's degree in accounting from the Rangsit University. He is also worked as the managing

director of Pro- Act Services Company Limited which is an auditing company (See more details in Attachment 1, details about committee, executives, authorized director and company secretary).

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

Audit Committee Meeting

Name –Surname	Position	Number of meetings attended / Total number of meetings		
		Year 2018	Year 2019	Year 2020
1. Mr. Manit Nitiprateep	Chairman of the Audit Committee	5/5	4/4	4/4
2. Mr. Chaisak Angkasuwan	Member of Audit Committee	5/5	3/4	3/4
3. Mr. Udom Tangmanaskul	Member of Audit Committee	5/5	4/4	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. Nimit Supornprasert	Executive Committee
4. Mr. Pasawich Wongpaitoonpiya	Executive Committee

Note: Mr. Pasawich Wongpaitoonpiyawas was appointed as the executive Committee (in replacement of Mr. ChertchaiPrasongphonchai who resigned from the executive Committee) by the Board of Directors No.1/2020, held on 21 February 2020.

Executive Committee

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

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

Note: Ms. Kanjana Prommasakul served as Chief Operating Officer (in replacement of Mr. Chertchai Prasongphonchai retirement) on 17 April 2020.

Company Secretary

In the Board of Directors' Meeting No. 6/2020 on 10 November 2020, the Board had resolution to appoint Ms. Natpapahs Sarutithipharom to be the Company secretary (in replacement of Mr. Pasawich Wongpaitoonpiya), 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 2018, 2019 and 2020, the Company paid meeting allowance and bonus to the Board of Directors and the Audit Committee as detailed below

(Unit : Baht)

Name –Surname	Year 2018	Year 2019	Year 2020
1. Gen. Phairat Phoubon	550,000	550,000	550,000
2. Miss Papitch Wongpaitoonpiya	100,000	100,000	100,000
3. Mr. Somroj Sirisophana	100,000	100,000	100,000
4. Mr. Nimit Supornprasert	-	-	100,000
5. Mr. Manit Nitiprateep	600,000	600,000	600,000
6. Mr. Chaisak Angkasuwan	530,000	490,000	490,000
7. Mr. Udom Tangmanaskul	530,000	530,000	530,000
Total	2,410,000	2,370,000	2,510,000

The Annual General Meeting of Shareholders for the year 2020, held on 30 June 2020, has resolved to determine the directors' remuneration for the year 2020 as follows

1. Meeting allowance

Remuneration component	Year 2018 Meeting allowance / person / time	Year 2019 Meeting allowance / person / time	Year 2020 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.

Note: 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 2018, 2019 and 2020, the Company paid remuneration to executives in the amount of 29.61, 25.57 and 20.24 million Baht respectively. Such remuneration includes salary, bonus, contribution to provident fund.

Year	Number of executives (person)	remuneration (Baht)
2018	6	29,612,326.79
2019	6	25,572,973.36
2020	6	20,410,710.86

Other compensation

- none –

Personnel

Number of personnel

As at December 31, 2020, the Company had total number of 469 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 Department (CONVERSE)	7
4. Product Department (HAVAIANAS)	4
5. Sports Fashion Department	4
6. Sales Department	347
7. Business development Department	1
8. Online Department	1
9. Product designer and Visual merchandising Department	4
10. Accounting Department	24
11. Finance Department	2
12. HR, Admin. & Procurement Department	14
13. IT Department	3
14. Warehouse Department	53
Total	469

As at December 31, 2020, the subsidiary; Rich Avenue Company Limited has totally 40 employees

Major labor disputes within past 3 years

-none-

Employee remuneration**Monetary remuneration**

In year 2018, 2019 and 2020, the Company and its subsidiaries paid remuneration to employees (excluded the executives) with total amount was 215.965, 184.62 and 153.39 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 pays attention to good corporate governance because it is considered an essential mechanism in leading to effective, transparent, and auditable management systems, which will help build confidence in shareholders, investors, stakeholders, and all parties involved. Good corporate governance is a tool to add value, create competitiveness, and promote the Company's long-term sustainable growth. Therefore, the Board of Directors agreed that the good corporate governance policy should be reviewed to cover the principles and practices of good corporate governance for listed companies in 2017 to serve as a guideline for organizational management for operational efficiency and long-term sustainability in addition to building confidence for all stakeholders as follows:

Principle 1: Recognize the roles and responsibilities of the Board of Directors as the corporate leader that creates sustainable value for the business.

Principle 1.1

The Board must understand its role and recognize the responsibilities as a leader who must oversee the organization's good management, which covers:

- 1) Define strategies, objectives, and goals.
- 2) Establish operational policy and the allocation of important resources to achieve objectives and goals.
- 3) Monitor, evaluate, and supervise the performance report.

Practices

To enable the Board of Directors to understand their roles and responsibilities as the organization's leaders, the Company has set the roles, powers, duties, and responsibilities of the Board clearly defined in addition to legal duties and responsibilities. The Board of Directors has the power and duty to manage the Company following the law, objectives, the Company's article of association, and the resolution of the shareholders' meeting with responsibility, caution, and honesty. The Board of Directors has to oversee the organization's good management, set objectives and goals, establish the strategy and operating policies of the Company and allocate key resources to achieve intents and purposes and monitors, evaluates, and oversees the reporting of the Company's various performances.

Principle 1.2

In creating sustainable business value, the Board is responsible for corporate governance to lead to governance outcome at least as follows:

- 1) Competitiveness and performance with long-term perspective
- 2) Ethical and responsible business
- 3) Good corporate citizenship
- 4) Corporate resilience

Practices

The Company realizes the importance of creating sustainable value for the business by establishing a Code of Conduct and other policies. The principles and operating guidelines are written to be guidelines for directors, executives, and employees to ensure that communication is made for everyone to understand. There are sufficient mechanisms to facilitate the implementation of the policy, follow up the performance, review the procedure, and practice regularly. The Company has disseminated the policy of good corporate governance, Code of Conduct, and various policies on corporate governance, both Thai and English, on the Company's website, including communication and dissemination for the orientation of new directors, executives, and employees.

Principle 1.3

The Board of Directors is responsible for ensuring that all directors and executives perform their duties with the duty of care and duty of loyalty towards the organization and ensure that their operations follow the laws, regulations, and resolutions of the shareholders' meeting.

Practices

The Company has appointed the Audit Committee to supervise the compliance with laws, regulations, and resolutions of relevant meetings. There is a mechanism for receiving complaints and taking action in the event of corruption, etc. There is also a process for approving essential operations, such as investment, transactions having a material impact on the business, related transactions, acquisition, or disposition of assets. It is for the Company's best interest, including building credibility in business operations to enable the Company to grow sustainably.

Principle 1.4

The Board must understand the scope of duties and responsibilities of the committee clearly and define the scope of assignment of duties and responsibilities to the Chief Executive Officer and the Management, including monitoring and supervising the Chief Executive Officer and the Management to perform the assigned duties. **Practices**

For the committee to have an understanding of the scope of duties and responsibilities, the Board of Directors' Meeting No.3/2017, held on June 23, 2017, passed a resolution approving the determination of the Charter for the Board of Directors, Sub-Committees, which defines the scope of powers, duties, and responsibilities of the Board of Directors, Sub-committees, and clearly defines the scope of powers and duties of the Chief Executive Officer. Manage for the Board of Directors and Sub-Committees to know about the Charter mentioned above, including monitoring and supervising the performance of duties as assigned. The Charter is also required to review annually at least once a year which will be revised in order to be compatible with the Company's direction.

➤ The Board of Directors Meeting no. 1/2021 held on 24 February 2021 reviewed the Charter of the Board of Directors and Sub-Committees, Code of Conduct, and corporate governance policies. It is of the view that the specified scope of duties and responsibilities is sufficient to supervise and manage the operations under good corporate governance principles.

Principle 2: Define the business objectives and main goals for sustainability.

Principle 2.1

The Board is required to define or supervise the main objectives of the enterprise for sustainability. It is an objective and goal that is consistent with creating value for businesses, customers, stakeholders, and society as a whole.

Practices

The Board defines a clear vision, mission, and policies that are appropriate for the organization to communicate to all stakeholders, understand the organization's objectives and main goals to enable personnel at all levels to adhere to the principles of performing their duties to achieve the objectives and goals set. Besides, the Board of Directors shall consider the competence, expertise, and competitiveness of the business, environment, and various factors changing, including implementing innovation and technology for sustainability. In this regard, the Board of Directors has appointed the executive committee consisting of 4 members to assist the Board of directors in managing it according to the strategies, policies, work plans, objectives, and primary goals set under the framework assigned by the Board of Directors.

Principle 2.2

The Board must monitor and supervise to ensure that objectives, goals, and a medium-term strategy and/or the annual strategy are consistent with the achievement of the business's objectives and main goals with innovation and technology being used appropriately and safely.

Practices

The Board reviews and sets strategies and annual work plans that are consistent with the business's main objectives and goals. The analysis of the environment, various factors, and risks may affect the stakeholder involved based on social and environmental responsibility. It is also aware of the risks of setting goals that could lead to illegal behavior or lack of ethics. Besides, the Board of Directors has continuously monitored the implementation of the strategy and annual work plan to supervise the allocation of appropriate resources and control operations according to the plan.

➤ In 2020, the Board of Directors Meeting no. 1/2020 held on 21 February 2020 had reviewed the strategic plan and annual work plan to align with the current economic and business conditions and determine the budget for the year 2020 following the Company's business plan. The Board of Directors also believes that the vision, mission, and policy set are suitable for the Company's business practice, and personnel understands the Company's goals, leading to good operating results.

Principle 3: Build the effective Board

Principle 3.1

The Board is responsible for defining and reviewing the board structure in terms of size, composition, the proportion of independent directors appropriate and necessary to lead the organization to its objectives and the main goal set.

Practices

The Board of Directors sets and reviews the Board structure in terms of composition, size, and proportion of independent directors appropriately and considers a wide range of qualifications in terms of gender, skill, experience, and competence that are useful and sufficient to perform their duties effectively. The Board of Directors' current structure consists of 7 people, divided into 3 executive directors and 4 independent directors. Besides, the Board of Directors comprises independent directors of at least one-third of the total number of directors.

Principle 3.2

The Board must select an appropriate person to be the chairman of the Board and ensure that the Board's composition and operations are conducive to independent judgment exercise.

Practices

The Company assigns the Chairman of the Board to be an independent director. The Chairman and the Chief Executive Officer have different duties and responsibilities. The Board of Directors has clearly

defined the powers and responsibilities of the Chairman of the Board and the Chief Executive Officer so that no one has unlimited power. The Company, therefore, has a policy that the Chairman of the Board and the Chief Executive Officer are not the same person, and the scope of authority is clearly defined in the authority table. The Company also has a policy for independent directors to continuously hold their positions for not more than nine years from their first appointment as an independent director. If an independent director is to be appointed to continue the office, the Board of Directors shall reasonably consider such necessity.

The Company requires a subcommittee's appointment to consider specific issues, scrutinize information, and suggest guidelines for consideration before proposing to the Board for further approval. The Company has disclosed the roles and duties of the Board of Directors and sub-committees, the number of meetings and attendance of each director in the past year, and report on all sub-committees performance.

Principle 3.3

The Board supervises the recruitment and selection of directors to have a transparent and clear process to obtain a qualified Board with the specified components.

Practices

Since the Company has not yet appointed the Nomination and Remuneration Committee, the Board of Directors is responsible for selecting and nominating the Company's directors and determining their remuneration to seek approval from the shareholders' meeting.

The Company discloses information of directors and executives such as age, educational background, experience, shareholding proportion, and years in the position, including details of advisors in the event of an advisor's appointment in the annual report and Form 56-1.

Principle 3.4

In proposing the remuneration to the shareholders for approval, the Board must consider that the structure and remuneration are suitable for their responsibilities and motivate them to lead the organization to achieve both short-term and long-term goals.

Practices

The Board of Directors is responsible for determining the remuneration of the Board of Directors to propose for approval from the shareholders' meeting by taking into account the following criteria:

- 3.4.1 Appropriateness and be consistent with the scope of duties and responsibilities of each director.

- 3.4.2 Remuneration is at an incentive level, able to retain knowledgeable, capable, and qualified directors to perform their organization's duties.
- 3.4.3 Remuneration components are clear, transparent, and easy to understand both monetary and non-monetary forms.
- 3.4.4 The rate is comparable to the remuneration of directors in the same or similar industries.

Besides, the executive compensation is under the principles and policies set by the Board of Directors in connection with the Company's performance and each executive's performance for consideration. Since the Company does not have the Nomination and Remuneration Committee, the Board of Directors shall assess the performance of top management, Chief Executive Officer, Deputy Chief Operating Officer, and Deputy Chief Executive Officer, Accounting and Finance annually by using assessment criteria linked to strategic plans and annual work plans according to the goals set to determine appropriate compensation and incentives. The Chief Executive Officer shall assess the performance and determine executives' remuneration lower than the Deputy Chief Executive Officer, respectively.

Principle 3.5

The Board shall ensure that all directors are responsible for the performance of their duties and allocate sufficient time.

Practices

The Company has a policy that all directors must follow the Code of Best Practices for listed company directors under the Stock Exchange of Thailand guidelines. Encourage every director to understand and know their roles, duties, and responsibilities and perform duties following the law, objectives, and the Company's Articles of Association and the resolutions of the shareholders' meeting with integrity and consider the benefits of the Company and shareholders are essential. Besides, all Company directors are required to devote enough time to perform their duties per their responsibilities. The Company has set a policy for each director to attend not less than 75% of the total number of Board meetings held each year. Each director can hold a position in other listed companies for a total of not exceeding 5 companies.

Principle 3.6

The Board of Directors shall ensure a framework and mechanism for governing the policies and operations of subsidiaries and other entities in which the Company has significantly invested at the

appropriate level for each business. The companies and other businesses that the Company invested in have the same understanding as well.

Practices

The Company has established a policy to invest in subsidiaries and associates. The Company will consider investing in businesses with the same business objectives as the Company's core business or businesses with similar characteristics or invest in businesses that benefit the Company. It can support the Company's core business operation to be more complete to increase competitiveness.

The Company has the policy to supervise subsidiaries and associated companies by sending directors or executives who have qualifications and experience suitable for business operations to represent the management of the subsidiary and associated companies to formulate important policies and control the business operations of subsidiaries and/or such associated companies. In addition, the directors representing the Company are required to supervise the subsidiaries and/or associated companies to manage or perform various tasks according to the policy set by the Company. Use discretion following the resolution of the Board of Directors meeting and/or the shareholders' meeting of the Company that approves essential matters of the subsidiary and/or associated companies to maximize the Company's benefits and the Company's sustainable growth.

Principle 3.7

The Board must organize an annual performance assessment of the committee, sub-committees, and individual directors. The assessment results must also be used for further development of their duties.

Practices

The Company assesses the Board of Directors' performance and sub-committees both as a group and individually at least once a year to jointly consider the work and problem for further improvement. Set a norm to be used to compare with the performance of the criteria. The evaluation results of the committee will be used to determine the suitability of the committee composition. The Company has disclosed the requirements, procedures, and overall assessment results in the annual report.

Principle 3.8

The Board shall ensure that the Board and each member have a thorough knowledge of their roles and responsibilities, nature of the business, and laws relating to business operation and support all directors are given skills and knowledge enhancement for the regular performance of director duties.

Practices

The Board has the policy to encourage directors to attend seminars and training organized by various departments concerning their duties and business operation. The Company will disclose different training information in the annual report.

Principle 3.9

The Board shall ensure that its operations are carried out in an orderly manner, access the necessary information, and has the Company Secretary who has the knowledge and experience required and appropriate to support the Board's operations.

Practices

The Board of Directors schedules meetings at least four times in advance per year and special meetings may be held as necessary. Each meeting has a clear agenda for the meeting, and the invitation letter with details will be sent seven days in advance of the Board of Directors' meeting. It allows the Board of Directors to have sufficient time to study information prior to the meeting. There is a written record of the meeting's minutes, keeping the minutes of the meeting certified by the Board of Directors and keeping the minutes for the Board of Directors and relevant persons to be examined.

Besides, the Company has appointed the Company Secretary to supervise and advise directors and executives on their compliance with laws, regulations, rules, and the Company's article of association. Monitor and take care that there is a correct and consistent action and is responsible for organizing the Board of Directors' meetings and shareholders' meetings, including supervising and coordinating the implementation of the said meeting's resolutions and any other duties as required by law.

➤ In 2020, the Board of Directors' meeting reviewed the Board of Directors' current structure and viewed that the size, composition, and proportion of independent directors are suitable for the Company's business size. In selecting a person to take a position as a director of the Company, the Board of Directors has proposed appropriate persons for the shareholders' meeting to consider and approve. The Board of Directors has considered the Board of Directors' structure and the qualifications of directors in various areas individually and believes that it is beneficial to the Company during the past period. The person proposed for an appointment does not have any prohibited qualifications and does not operate any business or hold shares in any industry that competes with the Company's operations. In determining the remuneration of directors, the Board of Directors has considered the responsibilities and performance of the Board of Directors and comparative data with other companies in the same industry with a similar size and nature of the business, including the survey results of the remuneration of directors of the Thai Institute of Directors Association (IOD). Then it has been proposed to the shareholders' meeting for approval.

➤ In 2020, each director attended 100 percent of the total number of the Meetings on average. At present, all Company directors hold directorships in other companies not more than 4 companies.

Principle 4: Recruitment and development of top executives and personnel management

Principle 4.1

The Board shall ensure that the Chief Executive Officer and senior management are recruited and developed with the knowledge, skills, experience, and characteristics necessary to drive the organization towards its goals.

Practices

The Company has clearly defined the qualifications, powers, and duties of senior management. The Board shall consider the criteria and methods for recruiting and appointing people or agreeing to a person being proposed to be senior management. The Company has also established a succession policy for preparing for succession to the position of Chief Executive Officer and senior management to ensure the continuity of the Company's business.

Principle 4.2

The Board shall supervise that a compensation structure and appropriate evaluation structure are established.

Practices

The Board of Directors shall conduct the compensation structure and appropriate evaluation structure concerning the principle of fairness, which can refer to companies in the same industry of similar size. It is compensation that can retain the executives who have the qualifications required by the Company and create incentives for the performance of good quality and standard suitable for the duties and responsibilities assigned. It is considered from the operating results of the Company and the performance and competence of each executive.

Principle 4.3

The Board must understand the structure and relationship of shareholders that may affect the business's management and operation.

Practices

The Board of Directors considers and understands the structure and relationship of shareholders that may affect the Company's management and operation. Supervise the structure and relationship so that

it does not interfere with the Board's performance of duties. Besides, the Company has the policy to disclose information according to various agreements affecting the business's control.

Principle 4.4

The Board must monitor personnel management and development to have an appropriate amount of knowledge, skills, experience, and motivation.

Practices

The Board of Directors constantly monitors the administration to ensure personnel development in terms of knowledge, skills, experience, and appropriate motivation. The compensation structure is established that is consistent with the knowledge, capability, and job responsibilities. There is an appropriate system for wages, compensation, and employee benefits. Provide good rights and welfare Suitable for the Company's status and following the labor law to its executives and employees. Maintain a working environment that is safe for life, hygiene, and property. Provide a communication channel between employees and supervisors. Support the development process and increase the skills and knowledge by providing training according to job positions both inside and outside the Company as necessary and appropriate to develop and strengthen the employees' knowledge and capability continuously and regularly.

➤ The Board of Directors has evaluated the Chief Executive Officer's performance for 2020 to be used as information for determining the remuneration in line with the performance and responsibilities of the Chief Executive Officer.

Principle 5: Promote innovation and responsible business conduct

Principle 5.1

The Board must focus on and support innovation that creates business value while creating benefits for customers or stakeholders, including having social and environmental responsibility.

Practices

The Board of Directors realizes and values creating an organizational culture that promotes innovation creation to add value to the business according to the constantly changing environment, covering business model determination, ways of thinking, design and development perspectives, research operations, and process improvement. The Company has taken into account the development of quality, human resource development, environmental considerations, and social responsibility. It is to create a balance between business profits and social return.

Principle 5.2

The Board must monitor and supervise the management to conduct business with social and environmental responsibility and reflected in the operational plan to ensure all the organization's parties have acted following the business's objectives, primary goals, and strategies.

Practices

The Board of Directors is aware of all groups of stakeholders' rights, whether they are internal or external stakeholders. It is to create a better understanding and cooperation between the Company and stakeholders, which will benefit business operations and build confidence and increase the Company's long-term competitiveness. The Company has set a policy and practices as follows

- **Shareholders**

The Company is committed to conduct its business transparently, focus on developing the organization for sustainable and continuous growth to create appropriate returns to shareholders and add value to the Company and result in the shareholders receiving the highest return. The directors, executives, and employees are required to perform their duties with responsibility, prudence, and honesty and avoid any action that will lead to a conflict of interest.

- **Employees**

The Company realizes the importance of all employees who will drive the Company to develop its business operations in the future. The Company focuses on developing the employees' potential, knowledge, and abilities continuously, including cultivating a good attitude and consciousness and considering the appropriate remuneration according to each employee's expertise and capability, which can be comparable with companies operating the same business. The Company treats all employees fairly and equitably and gives fair compensation according to each employee's knowledge and abilities and appropriate welfare.

- **Business Partners and/or Creditors**

The Company has treated business partners and creditors fairly, equitably, and honestly in conducting business. Do not take advantage and maintain benefits with business partners and creditors, including having a code of business conduct. Comply with the commercial conditions and/or strictly a contractual agreement to develop a win-win business relationship for both parties.

- **Customers**

The Company cares and is responsible for its customers by emphasizing product sourcing and/or producing standard quality products and can fully meet customers' needs. Besides, the Company

attaches importance to determining the selling price and the appropriate conditions for its customers equally. The Company also has an agency or person to take care of the relationship with customers.

- **Competitors**

The Company obeys the rules of fair competition and established laws. Maintain norms of code of conduct in the competition. Do not seek the confidential information of its competitors through dishonest means or not suitable. Do not destroy the reputation of its commercial competitors by making malicious accusations.

- **Community and Society**

The Company continually emphasizes community and social responsibility in the Company, including supporting activities that benefit the public and society and not doing anything contrary to or illegal.

- **Environment**

The Company has strictly complied with various environmental laws and regulations and continued to control environmental impacts. The Company has the policy to support activities that enhance the quality, occupational health, and environment and maintain a safe working environment for the life and assets of the employees at all times.

Principle 5.3

The Board must monitor and supervise the management to allocate and manage resources efficiently and effectively by considering the impact and development of resources throughout the value chain to achieve sustainable objectives and primary goals.

Practices

The Board of Directors shall determine the policy, business goals, business plans, and the Company's budgets. Monitor and supervise the management to act following the policy plans and budgets set for the Company and shareholders' best interest as a whole. There will be a review of the business plan and such budget regularly to monitor and supervise the allocation and management of the Company's resources to be efficient and effective. It is sustainable according to the objectives and main goals set.

Principle 5.4

The Board shall establish an organizational framework for governance and management of information technology corresponding to the business's needs. Ensuring that information technology is used to increase business opportunities, improve operations, and manage risks to achieve its objectives and the business's primary goal.

Practices

The Board of Directors supervises the organization's risk management, covering information technology risk management. Provide security management of information systems with adequate security standards for the Company's benefit and business effectiveness.

- The Company uses Smart Xcellence ERP in the counting of inventories and checking sales.

Principle 6: Supervising to ensure of the appropriate risk management and internal control system.**Principle 6.1**

The Board must ensure that the Company has a system of risk management and internal control to achieve its objectives effectively and practice following the relevant laws and standards.

Practices

The Board of Directors is responsible for determining the risk management policy to cover the entire organization. Ensuring that there is a risk management system or process with appropriate measures to support and control methods to reduce the Company's business impact.

The Company pays attention to the internal control system for both management and operational levels. Therefore, the scopes of duties and operating powers have been clearly defined in writing. There are control and supervision of the property's use to be most beneficial. There is a separation of duties and responsibilities for approval, accounting records, information recording, and keeping the property apart to create an appropriate balance and check. There is also internal control over the financial system. The Company provides a financial reporting system to present to the responsible line executives. Although the Company will not have its internal audit department, the Company hired independent internal auditors from outside to audit the Company's internal control system and report the audit results directly to the Audit Committee.

The Company has a clear business goal, and the performance can be measured. The management and administration will compare the actual performance with the target set monthly. There will be an assessment of both external and internal risk factors found in the operations. Analyze the causative factors and establish measures to monitor the events that cause the risk factors and measures to reduce risks, including assigning relevant departments to monitor such risks continually and report progress to the Board of Directors.

The Company's Executive Committee has appointed the Risk Management Subcommittee consisting of 6 members to perform their duties in considering problems or risk factors that may arise with the Company's business operations and find ways to mitigate the risks manage the risk as low as possible.

It will be reported to the Executive Committee, Audit Committee, the Board of Directors, regularly acknowledges.

Principle 6.2

The Board must establish the Audit Committee capable of performing duties efficiently and independently.

Practices

The Board of Directors has appointed the Audit Committee, consisting of at least three independent directors who have qualifications according to the rules and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand. The Audit Committee has primary duties and responsibilities in reviewing the Company's financial reporting process with accuracy and adequate disclosure and appropriate and effective internal control and internal audit system. Give independent opinions on transactions that may have conflicts of interest and have duties specified in the Audit Committee Charter. The Company has one audit committee member who has sufficient knowledge and experience in accounting to review the reliability of the Company's financial statements.

Principle 6.3

The Board must monitor and manage any conflicts of interest that may arise between the Company and the management, the Board of Directors, or the shareholders. Prevent improper use of the Company's assets, information and opportunities, and improper transactions with those connected to the Company.

Practices

The Company requires the stakeholders to do not have the right to make decisions on such transactions. The Company has established measures for making connected transactions and the policies in connection with preventing conflicts of interest, which defines the rules on related transactions and conflicts of interest as prescribed by the Capital Market Supervisory Board and the Stock Exchange of Thailand. It is used as a guideline to action when there are related party transactions and conflicts of interest. Besides, the Company has provided a review of the related transactions. The internal audit department must report to the Audit Committee and establish measures to control, inspect, and supervise that the transactions are randomly reviewed to ensure they follow the agreement or policy or conditions specified.

The Company has the policy to disclose information on transactions that may have conflicts of interest or connected transactions, or related party transactions according to the accounting standard criteria and rules set by the Capital Market Supervisory Board and Stock Exchange of Thailand. It is disclosed in the annual registration statement and the annual report.

Principle 6.4

The Board must ensure a clear anti-corruption policy and practice guideline and communicate at all levels of the organization and to outsiders to achieve practical implementation.

Practices

The Company has prepared a handbook of fraud risk management, which sets clear anti-corruption measures and practices to communicate at all levels of the organization and to external parties can practice.

Principle 6.5

The Board must supervise the business to have a mechanism for receiving complaints and take action in case clues are identified.

Practices

The Company has established a whistleblowing and fraud policy, which has found a mechanism for receiving complaints, actions in the case where there are clues, and protection for whistleblowers or complainants. The Company doesn't do anything unfair to the whistleblowers or complainants and does not disclose name, surname, address, and any other information to identify the whistleblowers or the complainants.

In 2020, the Company provided training and knowledge on anti-corruption practices of the Company to all employees on 19 October 2020.

➤ The Company has set the channels for whistleblowing and complaints as follows:

- Email: whistleblower@richsport.co.th
- Post : Chief Executive Officer
Rich Sport Public Company Limited
116/20 Na Ranong Road, Klongtoey Subdistrict,
Klongtoey District Bangkok 10110

In 2020, no complaints were made within the organization.

Principle 7: Maintaining financial credibility and disclosure of information.**Principle 7.1**

The Board is responsible for ensuring that the financial reporting system and the disclosure of important information are correct, adequate, and timely, following relevant rules, standards, and guidelines.

Practices

The Company pays attention to the correct, complete, and transparent disclosure of information, including financial reports and general information under the rules and regulations of the SEC and the SET, as well as important information affecting the Company's securities prices, which affects the decision-making process of the investors and stakeholders of the Company. The Board of Directors shall supervise the personnel involved in the preparation and disclose information with knowledge, skills, and experience appropriate to their duties and responsibilities and with adequate personnel. The said personnel are the accounting and finance chief executives, accountant, internal auditor, and company secretary. The Board of Directors shall approve the disclosure of information by considering the results of the assessment of the adequacy of the Company's internal control system, opinion of the auditor on the financial report, and observations on the internal control system, view of the Audit Committee, consistency with objectives, the primary goals, strategies, and policies of the Company.

The Board of Directors shall ensure that the disclosure of information includes financial statements, annual registration statement (Form 56-1), and the annual report to reflect the financial status and operating results adequately. It also encourages the Company to prepare Management Discussion and Analysis (MD&A) supporting for disclosing financial statements. It is to allow investors to be informed and better understand the changes that have occurred to the Company's financial position and performance in addition to the financial numbers alone.

The Company has disseminated its information to the shareholders and the public through the channels and media of the Stock Exchange of Thailand and the Company's website.

The Board of Directors has established measures to prevent the misuse of inside information (Insider Trading) by persons involved, including directors, executives, employees, and employees, as well as their spouses and underage children in connection with the information. The penalties regarding the disclosure of the Company's information or the use of the Company's information for personal gain have been set following the policy to prevent inside information. Besides, the Company's directors and executives and their spouses and underage children are prohibited from trading in the Company's securities during one month before the disclosure of the financial statements to the public. The Company has informed the directors and executives of the Company to understand and acknowledge their securities holdings' reporting obligations in their own companies, spouse or cohabitant as husband and wife, and underage children, as well as reporting changes in securities holding to the Securities and Exchange Commission under Section 59 and the penalties under the Securities and Exchange Act (No. 5) B.E. 2559.

Principle 7.2

The Board oversees the sufficiency of financial liquidity and debt servicing ability.

Practices

The Board of Directors shall arrange a report of the Board of Directors' responsibility to the financial report presented together with the auditor's report, MD&A, general information, key information in the annual report, and the annual registration statement completely, following the requirements of the Securities and Exchange Commission and the Stock Exchange of Thailand.

Besides, when approving any transaction or proposing an opinion to the shareholders' meeting for approval, the Board shall assess both external and internal risk factors to ensure that such transactions will not affect the continuity of business operations, financial liquidity, or the ability to pay debts.

Principle 7.3

In the event that the business faces financial problems or is likely to encounter problems, the Board must ensure that the Company has a plan to resolve the issue or has other mechanisms to resolve financial problems by considering stakeholders' rights.

Practices

The Board of Directors places great emphasis on the management of financial solutions, taking into account all stakeholders' rights. If the business tends to be unable to pay debts or has financial problems, the Board of Directors will closely supervise to operate the business with special care. Follow up on problem-solving, which the management has to report on its status regularly to ensure that any decision making in resolving the Company's financial problems by any means is reasonable. Establish a plan for solving financial issues that consider fairness to all stakeholders, including following up to ensure the Company complies with the requirements regarding the disclosure of information to the shareholders entirely.

Principle 7.4

The Board must consider preparing a sustainability report as appropriate.

Practices

The Company has disclosed information on compliance with the law, code of business conduct, work practices, anti-corruption policy, and treatment of employees and stakeholders, including fair treatment and respect for human rights, social and environmental responsibility in the annual report. It considers a nationally or internationally recognized reporting framework, and the disclosed information is essential and reflects the practice that will lead to sustainable value creation.

Principle 7.5

The Board of directors must supervise the management to establish a unit or person in charge of the investor relations work to communicate with shareholders and other stakeholders such as investors and analysts to be appropriate, equal, and timely.

Practices

The Company has assigned the Deputy Chief Executive Officer of Accounting and Finance to communicate and provide information to shareholders, analysts, and related departments. Such information must be accurate, complete, truthful, and thorough.

Principle 7.6

The Board must promote the use of information technology to disseminate information.

Practices

In addition to disseminating information according to the specified criteria and through the channels of the Stock Exchange of Thailand, the Company has disclosed information in both Thai and English through the Company's website with constant information presentations.

➤ In 2020, the Company conducted investor relations activities by holding 3 analyst meetings to present the success of the operating results and forecast the company's growth direction.

Principle 8: Encourage participation and communication with shareholders.

Principle 8.1

The Board must ensure that shareholders are involved in making decisions on important matters of the Company.

Practices

The Company realizes and values the primary rights of its shareholders, i.e., the right to purchase or transfer shares, the right to receive a share of the entity's profits, the right to receive adequate information on the Company's business, the right to attend the shareholders' meeting to exercise the right to vote at the shareholders' meeting to appoint or remove directors, appoint an auditor, and matters that have an impact on the Company, such as the allocation of dividends, establishment or amendment of the article of association, the memorandum of association, and the capital reduction or capital increase, etc. The Board of Directors shall ensure that important matters, both issues stipulated in the law and issues that may affect the business operations' direction, have been approved by the shareholders and include the shareholders' meeting agenda. The meeting invitation letter, together with related documents, will be submitted and published on the Company's website in advance of the meeting date for the period specified by relevant

laws or regulations, allows the shareholders to consider the details and each agenda. The Company has set rules for minority shareholders to propose additional agendas and nominate persons to hold directors' positions.

Principle 8.2

The Board of directors must ensure that the conducting of the shareholders' meeting is neat, transparent, and efficient in order to provide convenience for shareholders to exercise their rights.

Practices

The Company gives importance to shareholders' rights by not doing anything that violates or infringes the rights of shareholders. The Board of Directors shall ensure that the operations of the shareholders' meeting comply with all relevant rules and regulations entirely and appropriately by executing various matters to promote and facilitate the exercise of shareholders' rights as follows:

- 8.2.1 The Company shall send the meeting invitation letter to the shareholders in advance according to the time specified by the relevant laws or regulations, identifying the date, time, venue, and agenda of the meeting, as well as supporting information relating to matters that have to be decided at the meeting.
- 8.2.2 The Company shall ensure the invitation to the shareholders' meeting is published on the Company's website at least 28 days before the meeting date to wholly and conveniently download the meeting agenda's information.
- 8.2.3 The Company allows shareholders to submit questions in advance of the meeting date. The criteria for submitting questions will be set up and disseminated on the Company's website, and the Company will compile to bring essential questions to propose at the meeting.
- 8.2.4 In case that the shareholders are unable to attend the meeting in person, the Company will provide convenience by allowing shareholders to appoint a proxy to any person or arrange at least one independent director as a proxy to attend the meeting and vote on behalf of such shareholders.
- 8.2.5 The Company has prepared an invitation letter for the meeting and supporting information, including the English version for sending to foreign shareholders.
- 8.2.6 The Company facilitates all shareholders equally in meeting attendance, both in the right place and time.

- 8.2.7 The shareholders' meeting will be conducted following the laws and regulations of the Company by considering and voting in order of the specified agenda. Do not change any material information or add an unnecessary agenda. Give shareholders equal opportunities to make inquiries, comments, and suggestions.
- 8.2.8 The Company uses ballot papers in the important agenda and provides independent individuals, such as external auditors and legal counsel, who examine the meeting's votes.
- 8.2.9 The Company encourages all directors and executives to attend the meeting in order to answer questions from shareholders simultaneously.
- 8.2.10 The Board of Directors supervises and scrutinizes the disclosure of the meeting resolutions and preparation of the minutes of the shareholders' meeting to be correct and complete following the relevant rules and regulations entirely and appropriately to be examined by shareholders.
- 8.2.11 The Company provides an opportunity for minority shareholders to nominate persons to be elected as directors or propose additional agenda items prior to the shareholders' meeting. The Company shall set clear criteria and disclose the above rules to the shareholders in advance and inform the reasons for not bringing the shareholder's meeting agenda proposals to be included in the Company's agenda at that time.

Principle 8.3

The Board must ensure that the meeting resolution is disclosed and that the minutes of the shareholders' meeting are correct and complete.

Practices

The Company shall prescribe operational guidelines under the principles of good corporate governance. The disclosure of the information is carried out correctly and transparently. Disclosure of meeting resolutions and voting results will be published within the next business day through the system of the Stock Exchange of Thailand and on the Company's website, along with sending a copy of the shareholders' meeting minutes to the Stock Exchange of Thailand within 14 days from the date of the shareholders' meeting.

➤ In the 2020 Annual General Meeting of Shareholders, the Company sent a meeting invitation letter in advance according to the law timeframe and allowed the minority shareholders to nominate persons to be considered as directors or propose additional agenda items before the shareholders'



meeting from November 14, 2019, to December 31, 2019, via the Company's website. During the meeting, the Company conducted voting in order of the specified agendas and did not change any material information or added meeting agendas, also provided opportunities for shareholders to have equal rights in making 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 System

The Board of Directors 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 the sufficient personnel to efficiently operate the said system, allowing a transparent business conduct according to Corporate Governance Code. In addition, the Company has also established a monitoring system for its operations to ensure that its properties can be protected from the possible misconduct or non-authorization of the directors or executives. The Company has also had a controlling and supervising 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 the Group's business operations. The Audit Committee convened the meetings at least every quarter to consider and execute to have a correct financial reports, and complete and adequate information disclosure, as well as consider the related party transactions or the transactions which may have conflict of interests according to laws and regulations of the Capital Market Supervisory Board and the Stock Exchange of Thailand. In the Meeting, the auditor attended the Meeting to remark the observations from the Company's audit.

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 2020. Dharmniti Internal Audit Co., Ltd. has assigned Miss Somjaree Kaewkhmdee, in the position of Executive Director and Internal Audit Department Manager, to perform the duty as 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 Somjaree Kaewkhmdee Executive Director and Internal Audit Department Manager Position
Educational background	Bachelor's degree, Faculty of Humanities and Social Sciences Accounting Major, Burapha University (Bachelor of Accountancy)
Work experience	
June 2016 – Present	Dharmniti Internal Audit Co., Ltd. for internal audit services Executive Director and Internal Audit Department Manager
2011 – 3 June 2016	Dharmniti Internal Audit Co., Ltd. for internal audit services Internal Audit Division Assistant Manager
2009 – 2010	Dharmniti Internal Audit Co., Ltd. for internal audit services Senior Internal Auditor of Internal Audit Division
2006 – 2008	Dharmniti Internal Audit Co., Ltd. for internal audit services Internal Auditor of Internal Audit Division
Training	<ul style="list-style-type: none"> - Internal Auditor Course, Batch 1-2 - Risk Assessment Course - COSO 2013 Course in Theory and Practice - Internal Audit Quality Maintenance and Improvement of the Work Unit Project - Self-Assessment Form for Anti-Corruption Measure

- Investigation, Inquiry, and Corruption Guideline
- International Standards for the Professional Practice of Internal Auditing
- Training for preparing the test of CIA Part II, Federation of Accounting Professions
- Internal Audit Training Project for Preparing as the International Certified Internal Auditor (Pre CIA), Chulalongkorn University
- Asian Confederation of Institutes of Internal Auditors Conference 2018 (Malaysia)

However, the appointment of Head of Internal Audit was considered and approved by the Audit Committee from the Audit Committee's Meeting No. 1/2020 on 21 February 2020.

The said internal auditor has prepared the assessment and audit result 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 its efficient internal control system.

Opinion of Internal Auditor on Internal Audit

In the period from January to December, 2020, the internal auditor audited and monitored the Company's management system in the main aspects consisting of the following.

1. Asset management process
2. Human resources management process
3. Inventory management and delivery process
4. Information technology management process

The internal auditor provided recommendations to the Company to correct and improve for developing the operational quality and internal control system for working effectiveness, and to ensure good corporate governance system. However, the Company shall take a corrective action of the issues recommended by the internal auditor.

Remarks of the Auditor on Internal Control

In addition, EY Office Limited has reviewed the general control of the information system relating to the financial processing during 29-31 July 2020. Its review covers EXCELLENCE and TURNPRO System. It remarked about the development, procurement, and maintenance of the system, control on the system and data access, data backup, data retrieval, and work priority, and problem management of the information system.

However, 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 2020, 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	Ms. 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 December 31, 2020.	Sale of products	79,436.45	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>		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.
			-Guarantee limit under the contract	3,561,109.80		
			-Outstanding debt at the end of the	521,911.18		
	Ms. Kanjana Prommasakul	Serving as Chief Operating Officer	Sale of products	18,864.02	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. Nimit Supornprasert	Serving as Chief Finance and Accounting Officer	Sale of products	4,953.70		
	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 December 31, 2020.	Sale of products	70,465.42		
	Mrs. Siriporn Niyomvetch	Serving as Accounting Manager	Sale of products	2,887.85		
2. Family members and relatives	Mr. Suthep Wongpaitoonpiya	Father of Miss Papitch Wongpaitoonpiya, Chief Executive Officer of Rich Sport PLC.	Wage	291,458.00	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 is 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 2020 are reliable and are in accordance with the Accounting Standard prescribed by Law.



Ms. 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 2020

Rich Sport Public Company Limited and its subsidiary
Report and consolidated financial statements
31 December 2020

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 2020, 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 2020, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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.

Emphasis of Matter

I draw attention to Note 1.3 to the financial statements. Due to the Coronavirus disease 2019 outbreak situation, resulting in an economic slowdown and adversely impacting most businesses and industries. This situation affects the Group's business activities in terms of revenue from sales, and this is impacting the Group's operating results for the year ended 31 December 2020. My conclusion is not modified in respect of this matter.

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 judgement, 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: 24 February 2021

Rich Sport Public Company Limited and its subsidiary

Statement of financial position

As at 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Assets					
Current assets					
Cash and cash equivalents	8	1,014,888,854	461,896,669	1,010,376,237	455,586,033
Other current financial assets	4, 9	215,090,280	-	215,090,280	-
Current investments	9	-	698,657,951	-	698,657,951
Trade and other receivables	7, 10	140,317,930	147,933,305	141,712,869	148,487,305
Inventories	11	260,010,945	297,533,962	253,687,439	299,107,442
Advance payments for inventories		7,376,436	61,268,127	7,376,436	61,268,127
Other current assets	12	27,673,778	24,029,273	27,234,558	22,372,737
Total current assets		1,665,358,223	1,691,319,287	1,655,477,819	1,685,479,595
Non-current assets					
Restricted bank deposits	8	13,354,864	12,550,771	13,354,864	12,550,771
Investment in subsidiary	13	-	-	15,713,708	15,713,708
Other non-current financial assets	4, 14	15,037,003	-	15,037,003	-
Long-term investments	14	-	15,068,563	-	15,068,563
Intangible assets	15	3,171,036	3,957,294	3,143,073	3,929,528
Property, plant and equipment	16	145,804,800	150,118,137	139,338,889	144,262,214
Right-of-use assets	4, 17	163,759,552	-	163,406,458	-
Deferred tax assets	25	14,274,633	6,821,768	14,274,633	6,821,768
Deposits for rental		37,230,043	32,461,161	35,524,116	31,032,977
Other non-current assets		-	225,950	-	225,950
Total non-current assets		392,631,931	221,203,644	399,792,744	229,605,479
Total assets		2,057,990,154	1,912,522,931	2,055,270,563	1,915,085,074

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

Rich Sport Public Company Limited and its subsidiary

Statement of financial position (continued)

As at 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Liabilities and shareholder's equity					
Current liabilities					
Trade and other payables	7, 18	78,346,710	60,989,027	77,972,635	60,475,623
Current portion of lease liabilities	4, 17	60,149,084	1,952,328	59,898,161	1,952,328
Income tax payable		2,183,947	15,077,566	2,169,819	15,069,244
Other current liabilities		1,059,329	1,139,557	751,159	1,046,361
Total current liabilities		141,739,070	79,158,478	140,791,774	78,543,556
Non-current liabilities					
Lease liabilities - net of current portion	4, 17	117,722,848	2,830,031	117,722,848	2,830,031
Provision for long-term employee benefits	19	21,449,018	19,141,192	21,449,018	19,141,192
Other non-current liabilities		20,276,367	14,553,278	19,979,261	14,467,025
Total non-current liabilities		159,448,233	36,524,501	159,151,127	36,438,248
Total liabilities		301,187,303	115,682,979	299,942,901	114,981,804

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

Rich Sport Public Company Limited and its subsidiary

Statement of financial position (continued)

As at 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
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
Retained earnings					
Appropriated - statutory reserve	20	61,807,697	61,687,697	61,807,697	61,687,697
Appropriated - other reserve	21	121,500,000	121,500,000	121,500,000	121,500,000
Unappropriated (deficit)		(2,451,318)	40,380,442	5,894,674	50,790,282
Treasury stock	21	(121,900,000)	(121,900,000)	(121,900,000)	(121,900,000)
Other components of shareholders' equity		(696,792)	(606,030)	-	-
Equity attributable to owners of the Company		1,746,284,878	1,789,087,400	1,755,327,662	1,800,103,270
Non-controlling interest of the subsidiary		10,517,973	7,752,552	-	-
Total shareholders' equity		1,756,802,851	1,796,839,952	1,755,327,662	1,800,103,270
Total liabilities and shareholders' equity		2,057,990,154	1,912,522,931	2,055,270,563	1,915,085,074
		-	-	-	-

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

Directors

Rich Sport Public Company Limited and its subsidiary
Statement of comprehensive income
For the year ended 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Profit or loss:					
Revenues					
Sales	23	948,968,144	1,268,328,913	926,863,033	1,257,761,036
Other income		18,502,517	33,587,049	18,468,569	31,048,744
Total revenue		<u>967,470,661</u>	<u>1,301,915,962</u>	<u>945,331,602</u>	<u>1,288,809,780</u>
Expenses					
Cost of sales		449,643,547	567,280,095	445,120,496	565,343,201
Selling and distribution expenses		382,395,386	441,694,936	369,886,725	434,529,143
Administrative expenses		132,559,350	107,122,279	127,129,604	103,091,591
Total expenses		<u>964,598,283</u>	<u>1,116,097,310</u>	<u>942,136,825</u>	<u>1,102,963,935</u>
Operating profit		<u>2,872,378</u>	<u>185,818,652</u>	<u>3,194,777</u>	<u>185,845,845</u>
Finance cost	24	(6,388,189)	(255,541)	(6,189,613)	(251,133)
Profit (loss) before income tax expense		<u>(3,515,811)</u>	<u>185,563,111</u>	<u>(2,994,836)</u>	<u>185,594,712</u>
Tax income (expense)	25	4,958,192	(34,804,272)	5,201,772	(37,987,330)
Profit for the year		<u>1,442,381</u>	<u>150,758,839</u>	<u>2,206,936</u>	<u>147,607,382</u>
Other comprehensive income:					
<i>Other comprehensive income to be reclassified</i> <i>to profit or loss in subsequent periods:</i>					
Exchange differences on translation of financial statements in foreign currency (no income tax effect)		(41,590)	(793,572)	-	-
<i>Other comprehensive income to be reclassified</i> <i>to profit or loss in subsequent periods</i>		(41,590)	(793,572)	-	-
Other comprehensive income for the year		(41,590)	(793,572)	-	-
Total comprehensive income for the year		<u>1,400,791</u>	<u>149,965,267</u>	<u>2,206,936</u>	<u>147,607,382</u>

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

Rich Sport Public Company Limited and its subsidiary

Statement of comprehensive income (continued)

For the year ended 31 December 2020

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2020	2019	2020	2019
Profit attributable to:					
Equity holders of the Company		4,288,452	152,005,947	2,206,936	147,607,382
Non-controlling interest of the subsidiary		(2,846,071)	(1,247,108)		
		<u>1,442,381</u>	<u>150,758,839</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		4,197,690	151,560,143	2,206,936	147,607,382
Non-controlling interest of the subsidiary		(2,796,899)	(1,594,876)		
		<u>1,400,791</u>	<u>149,965,267</u>		
Earnings per share	26				
Basic earnings per share					
Profit attributable to equity holders of the Company (Baht per share)		<u>0.0058</u>	<u>0.1982</u>	<u>0.0030</u>	<u>0.1925</u>
Weighted average number of ordinary shares (shares)		<u>743,000,000</u>	<u>766,745,205</u>	<u>743,000,000</u>	<u>766,745,205</u>

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

Rich Sport Public Company Limited and its subsidiary
Statement of changes in shareholders' equity
For the year ended 31 December 2020

(Unit: Baht)

	Consolidated financial statements									
	Equity attributable to owners of the Company							Other components of shareholders' equity		
	Issued and fully paid	Premium on	Surplus arising from business combination under	Retained earnings			in foreign currency	Total equity attributable to owners of the Company	Equity attributable to non-controlling interest of subsidiary	Total shareholders' equity
				Statutory reserve	Other reserve	Unappropriated (deficit)				
Balance as at 1 January 2019	share capital	ordinary shares	common control				Treasury stock			equity
Profit for the year	770,000,000	918,025,291	50,355,127	54,305,368	-	43,901,347	-	1,836,426,907	2,908,297	1,839,335,204
Other comprehensive income for the year	-	-	-	-	-	152,005,947	-	152,005,947	(1,247,108)	150,758,839
Total comprehensive income for the year	-	-	-	-	-	-	-	(445,804)	(347,768)	(793,572)
Dividends paid (Note 29)	-	-	-	-	-	152,005,947	-	151,580,143	(1,594,876)	149,985,267
Proceed from share subscription from non-controlling interest of subsidiary	-	-	-	-	-	(76,999,650)	-	(76,999,650)	-	(76,999,650)
Adjust surplus arising from business combination under common control due to the dissolution of a subsidiary	-	-	(50,355,127)	-	-	50,355,127	-	-	-	-
Treasury stock (Note 21)	-	-	-	-	-	-	(121,900,000)	(121,900,000)	-	(121,900,000)
Appropriated to other reserve (Note 21)	-	-	-	-	121,500,000	(121,500,000)	-	-	-	-
Appropriated to statutory reserve (Note 20)	-	-	-	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	7,752,552	1,796,839,952
Balance as at 1 January 2020										
(before restated)	770,000,000	918,025,291	-	61,687,697	121,500,000	40,380,442	(121,900,000)	1,789,087,400	7,752,552	1,796,839,952
Dividends paid (Note 29)	-	-	-	-	-	(37,148,706)	-	(37,148,706)	-	(37,148,706)
Cumulative effect of changes in accounting policies due to the adoption of new financial reporting standards (Note 4)	-	-	-	-	-	(9,851,506)	-	(9,851,506)	-	(9,851,506)
Balance as at 1 January 2020 (as restated)	770,000,000	918,025,291	-	61,687,697	121,500,000	(8,619,770)	(121,900,000)	1,742,087,188	7,752,552	1,749,839,740
Profit for the year	-	-	-	-	-	4,288,452	-	4,288,452	(2,846,071)	1,442,381
Other comprehensive income for the year	-	-	-	-	-	-	-	(90,762)	49,172	(41,590)
Total comprehensive income for the year	-	-	-	-	-	-	-	4,197,690	(2,796,899)	1,400,791
Proceed from share subscription from non-controlling interest of subsidiary (Note 13)	-	-	-	-	-	-	-	-	5,562,320	5,562,320
Transferred unappropriated retained earning to statutory reserve (Note 20)	-	-	-	120,000	-	(120,000)	-	-	-	-
Balance as at 31 December 2020	770,000,000	918,025,291	-	61,807,697	121,500,000	(2,451,318)	(121,900,000)	1,746,284,878	10,517,973	1,756,802,851
	-	-	-	-	-	-	-	-	-	-

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

Rich Sport Public Company Limited and its subsidiary
Statement of changes in shareholders' equity
For the year ended 31 December 2020

	Separate financial statements						(Unit: Baht)
	Issued and fully paid share capital	Premium on ordinary shares	Retained earnings			Treasury stock	Total shareholders' equity
			Statutory reserve	Other reserve	Unappropriated		
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 21)	-	-	-	-	-	(121,900,000)	(121,900,000)
Appropriated to other reserve (Note 21)	-	-	-	121,500,000	(121,500,000)	-	-
Appropriated to statutory reserve (Note 20)	-	-	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
Balance as at 1 January 2020 (before restated)	770,000,000	918,025,291	61,687,697	121,500,000	50,790,282	(121,900,000)	1,800,103,270
Dividends paid (Note 29)	-	-	-	-	(37,148,706)	-	(37,148,706)
Cumulative effect of changes in accounting policies due to the adoption of new financial reporting standards (Note 4)	-	-	-	-	(9,833,838)	-	(9,833,838)
Balance as at 1 January 2020 (as restated)	770,000,000	918,025,291	61,687,697	121,500,000	3,807,738	(121,900,000)	1,753,120,726
Profit for the year	-	-	-	-	2,206,936	-	2,206,936
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	-
Transferred unappropriated retained earning to statutory reserve (Note 20)	-	-	-	-	2,206,936	-	2,206,936
Balance as at 31 December 2020	770,000,000	918,025,291	120,000	121,500,000	5,894,674	(121,900,000)	1,755,327,662
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-

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

Rich Sport Public Company Limited and its subsidiary

Cash flow statement

For the year ended 31 December 2020

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash flows from operating activities				
Profit (loss) before tax	(3,515,811)	185,563,111	(2,994,836)	185,594,712
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	64,760,406	25,659,914	62,353,063	24,871,711
Expected credit loss/doubtful accounts	537,797	164,168	537,797	164,168
Reduction of inventories to net realisable value	6,785,443	-	6,785,443	-
Inventory return	224,075	531,876	224,075	531,876
(Gain) loss on disposal/written-off of equipment	590,408	(1,845,793)	590,408	438,072
Realised (gain) loss on disposal of securities	2,499,708	(6,906,721)	2,499,708	(6,906,721)
Unrealised (gain) loss on exchange	(674,082)	5,061	(674,082)	5,061
Surplus from return of capital of a subsidiary	-	-	-	(459,167)
Long-term employee benefit expenses	4,459,886	6,744,846	4,459,886	6,744,846
Unrealised (gain) loss on securities	31,153,124	(2,333,866)	31,153,124	(2,333,866)
Dividend income	(6,011,087)	-	(6,011,087)	-
Interest income	(9,551,643)	(17,535,586)	(9,551,114)	(17,559,558)
Interest expense	6,388,189	255,541	6,189,613	251,133
Profit from operating activities before changes in operating assets and liabilities	97,646,413	190,302,551	95,561,998	191,342,267
Operating assets (increase) decrease				
Trade and other receivables	6,287,146	51,924,070	5,446,206	40,598,133
Inventories	30,737,574	129,107,978	38,634,560	128,351,884
Advance payments for inventories	53,891,691	5,440,017	53,891,691	5,440,017
Other current assets	(3,417,137)	16,402,234	(4,634,453)	17,198,414
Restricted bank deposits	(804,093)	(1,205,928)	(804,093)	(1,205,928)
Other non-current assets	(4,542,932)	(2,411,292)	(4,265,189)	(1,454,441)
Operating liabilities increase (decrease)				
Trade and other payables	16,479,374	(7,858,140)	16,547,320	511,094
Other current liabilities	(423,531)	(436,687)	(638,505)	31,174
Other non-current liabilities	5,499,015	446,453	5,288,161	422,106
Payments of long-term employee benefits	(2,152,060)	(15,161,590)	(2,152,060)	(1,037,025)
Cash flows from operating activities	199,201,460	366,549,666	202,875,636	380,197,695
Cash received from interest income	10,293,402	25,014,434	10,292,873	25,038,406
Cash paid for corporate income tax	(15,388,292)	(44,707,984)	(15,150,517)	(44,599,365)
Net cash flows from operating activities	194,106,570	346,856,116	198,017,992	360,636,736

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

Rich Sport Public Company Limited and its subsidiary
Cash flow statement (continued)
For the year ended 31 December 2020

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash flows from investing activities				
Cash paid for acquisitions of other current financial assets	(816,905,120)	-	(816,905,120.00)	-
Cash paid for acquisitions of short-term investments	-	(1,147,796,718)	-	(1,147,796,718)
Cash paid for acquisitions of long-term investments	-	(15,085,801)	-	(15,085,801)
Proceeds from disposal of other current financial assets	1,266,614,539	-	1,266,614,539	-
Proceeds from disposal of short-term investments	-	934,335,742	-	934,335,742
Cash paid for acquisitions of equipment	(32,897,374)	(22,322,050)	(30,584,492)	(21,402,818)
Cash paid for acquisitions of intangible assets	(207,713)	(90,000)	(200,000)	(1,680,928)
Proceeds from disposals of equipment	523,364	3,067,108	523,364	-
Cash received from dividend	6,091,322	-	6,091,322	-
Cash paid for share subscription of a subsidiary	-	-	-	(12,310,560)
Cash received from return of capital of a subsidiary	-	-	-	35,958,967
Net cash flows from (used in) investing activities	423,219,018	(247,891,719)	425,539,613	(227,982,116)
Cash flows from financing activities				
Proceed from share subscription from				
non-controlling interest	5,562,320	6,439,131	-	-
Payments of liabilities under lease agreements	(23,058,617)	(418,242)	(22,170,461)	(114,241)
Cash paid for treasury stock	-	(121,900,000)	-	(121,900,000)
Dividends paid	(37,148,706)	(76,999,650)	(37,148,706)	(76,999,650)
Interest paid	(9,646,810)	(255,541)	(9,448,234)	(251,133)
Net cash flows used in financing activities	(64,291,813)	(193,134,302)	(68,767,401)	(199,265,024)
Differences on translation of financial statements	(41,590)	(793,572)	-	-
Net increase (decrease) in cash and cash equivalents	552,992,185	(94,963,477)	554,790,204	(66,610,404)
Cash and cash equivalents at beginning of the year	461,896,669	556,860,146	455,586,033	522,196,437
Cash and cash equivalents at end of the year	1,014,888,854	461,896,669	1,010,376,237	455,586,033
	-	-	-	-
Supplemental cash flows information:				
Non-cash items				
Increase in right-of-use assets and lease liabilities				
from additional lease agreements	14,347,443	-	14,347,443	-
Purchases of vehicles under financial lease liabilities	-	1,499,299	-	1,499,299

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

Rich Sport Public Company Limited and its subsidiary

Notes to consolidated financial statements

For the year ended 31 December 2020

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 2020, the Company has 53 branches (31 December 2019: 39 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 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 on 31 May 2019.

1.3 Coronavirus disease 2019 pandemic

The Coronavirus disease 2019 pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries. This situation affects the Group's business activities in terms of revenue from sales and this is impacting the Group's operating results for the year ended 31 December 2020. However, the Group's management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and will record the impact when it is possible to do so.

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, issued under the Accounting Act B.E. 2543.

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

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

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Rich Sport Public Company Limited ("the Company") and the following subsidiary company ("the subsidiary") (collectively as "the Group"):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			31 December 2020 (Percent)	31 December 2019 (Percent)
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 subsidiary under the cost method.

3. New financial reporting standards

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

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

Financial reporting standards related to financial instruments

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
--------	-------------------------------------

Financial Reporting Standard Interpretations:

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

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or 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.

The impact or the adoption of these standards on the Group's financial statements is as follows.

- Recognition of expected credit losses - The Group recognises 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 Group applies the simplified approach to consider impairment of trade receivables.
- Recognition of derivatives - The Group initially recognises derivatives at their fair value on the contract date and subsequently measures them at fair value at the end of each reporting period. Changes in the fair value of derivatives are recognised in profit or loss.

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

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

TFRS 16 Leases

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

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

The Group adopted these financial reporting standards using the modified retrospective method of initial adoption of which the cumulative effect is recognised as an adjustment to retained earnings as at 1 January 2020, and the comparative information was not restated.

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

Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic. Its objectives are to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

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

The Group has elected to apply the following temporary relief measures on accounting alternatives:

- Not to account for any reduction in lease payments by lessors as a lease modification, with the lease liabilities that come due in each period reduced in proportion to the reduction and depreciation of right-of-use assets and interest on lease liabilities recognised in each period reversed in proportion to the reduction, with any differences then recognise in profit or loss.

During the period from the first quarter to the third quarter of 2020, the Group elected to apply the temporary relief measures on accounting alternatives relating to measurement of expected credit losses using a simplified approach, impairment of assets, and reversal of deferred tax assets. In the fourth quarter of 2020, the Group has assessed the financial impacts of the uncertainties of the COVID-19 Pandemic. As a result, in preparing the financial statements for the year ended 31 December 2020, the Group has decided to discontinue application of the temporary relief measures on accounting alternatives relating to the mentioned relief measures. This has no significant impact on the Group's financial statements.

b) Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2021

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

The management of the Group has evaluated that these standards do not have any significant impact on the Group's financial statements in the year when they are adopted.

4. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards

As described in Note 3 to the financial statements, during the current year, the Group has adopted financial reporting standards related to financial instruments and TFRS 16. The cumulative effect of initially applying these standards is recognised as an adjustment to retained earnings as at 1 January 2020. Therefore, the comparative information was not restated.

The impacts of changes in accounting policies on the statements of financial position at the beginning of 2020 due to the adoption of these standards are presented as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	31 December 2019	The effect of		
		Financial reporting standards related to financial instruments	TFRS 16	1 January 2020
Statement of financial position				
Assets				
Current assets				
Current investments	698,658	(698,658)	-	-
Other current financial assets	-	698,658	-	698,658
Non-current assets				
Other non-current financial assets	-	15,069	-	15,069
Other long-term investments	15,069	(15,069)	-	-
Property, plant and equipment	150,118	-	(14,666)	135,452
Right-of-use assets	-	-	211,280	211,280
Liabilities and shareholders' equity				
Current liabilities				
Trade and other receivable	60,989	-	(1,908)	59,081
Current portion of lease liabilities	1,952	-	44,880	46,832
Derivative liability	-	343	-	343
Non-current liabilities				
Lease liabilities, net of current portion	2,830	-	163,150	165,980
Shareholders' equity				
Retained earnings - unappropriated	40,380	(343)	(9,508)	30,529

(Unit: Thousand Baht)

	Separate financial statements			
	The impacts of			
	31 December 2019	Financial reporting standards related to financial instruments	TFRS 16	1 January 2020
Statement of financial position				
Assets				
Current assets				
Current investments	698,658	(698,658)	-	-
Other current financial assets	-	698,658	-	698,658
Non-current assets				
Other non-current financial assets	-	15,069	-	15,069
Other long-term investments	15,069	(15,069)	-	-
Property, plant and equipment	144,262	-	(14,666)	129,596
Right-of-use assets	-	-	207,671	207,671
Liabilities and shareholders' equity				
Current liabilities				
Trade and other receivables	60,476	-	(1,836)	58,640
Current portion of lease liabilities	1,952	-	43,784	45,736
Derivative liability	-	343	-	343
Non-current liabilities				
Lease liabilities, net of current portion	2,830	-	160,548	163,378
Shareholders' equity				
Retained earnings - unappropriated	50,790	(343)	(9,491)	40,956

4.1 Financial instruments

Details of the impact on retained earnings as at 1 January 2020 due to the adoption of financial reporting standards related to financial instruments are presented as follows:

	(Unit: Thousand Baht) Consolidated/Separate financial statements
Recognition of derivatives at fair value through profit or loss	(343)
Impacts on retained earnings due to the adoption of financial reporting standards related to financial instruments	(343)

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

Consolidated financial statements						(Unit: Thousand Baht)
	Carrying amounts under the former basis	Classification and measurement in accordance with TFRS 9				
		Fair value through profit or loss	Fair value through other comprehensive income		Amortised cost	Total
Financial assets as at 1 January 2020						
Cash and cash equivalents	461,897	-	-	-	461,897	461,897
Other current financial assets	698,658	448,606	-	-	250,052	698,658
Trade and other receivables	147,933	-	-	-	147,933	147,933
Restricted bank deposits	12,551	-	-	-	12,551	12,551
Other non-current financial assets	15,068	-	-	-	15,068	15,068
Deposits for rental	32,461	-	-	-	32,461	32,461
Total financial assets	1,368,568	448,606	-	-	919,962	1,368,568

(Unit: Thousand Baht)

	Separate financial statements			
	Carrying amounts under the former basis	Classification and measurement in accordance with TFRS 9		
		Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
Financial assets as at 1 January 2020				Total
Cash and cash equivalents	455,586	-	-	455,586
Other current financial assets	698,658	448,606	-	250,052
Trade and other receivables	148,487	-	-	148,487
Restricted bank deposits	12,551	-	-	12,551
Other non-current financial assets	15,068	-	-	15,068
Deposits for rental	31,033	-	-	31,033
Total financial assets	1,361,383	448,606	-	912,777
				1,361,383

As at 1 January 2020, the Group has not designated any financial liabilities at fair value through profit or loss except derivative liabilities of which fair value is Baht 11 million (Separate financial statements: Baht 11 million).

4.2 Leases

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

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Operating lease commitments as at 31 December 2019	108,016	104,095
Add: Option to extend or terminate lease term	129,164	129,164
Less: Contracts reassessed as service agreements	(2,374)	(2,374)
Less: Deferred interest expenses	(26,776)	(26,553)
Increase in lease liabilities due to TFRS 16 adoption	208,030	204,332
Finance lease liabilities as at 31 December 2019	4,782	4,782
Lease liabilities as at 1 January 2020	212,812	209,114
Weighted average incremental borrowing rates (% per annum)	5.275 - 6.000	5.275
Comprise of:		
Current lease liabilities	46,832	45,736
Non-current lease liabilities	165,980	163,378
	212,812	209,114

The adjustments of right-of-use assets due to TFRS 16 adoption as at 1 January 2020 are summarised below:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Buildings and building improvements	196,614	193,005
Vehicles	14,666	14,666
Total right-of-use assets	211,280	207,671

5. Significant accounting policies

5.1 Revenue and expense recognition

Sales of goods

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

Interest income

Interest income is calculated using the effective interest method and recognised on an accrual basis. The effective interest rate is applied to the gross carrying amount of a financial asset, unless the financial assets subsequently become credit-impaired when it is applied to the net carrying amount of the financial asset (net of the expected credit loss allowance).

Finance cost

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

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 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.

5.4 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.

5.5 Intangible assets

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

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

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

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

5.6 Leases

At inception of contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee

Accounting policies adopted since 1 January 2020

The Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Group recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

Right-of-use assets

Right-of-use assets are measured at cost, less accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

Depreciation of right-of-use assets are calculated by reference to their costs on the straight-line basis over the shorter of their estimated useful lives and the lease term.

Buildings	1 - 6 years
Motor vehicles	8 years

If ownership of the leased asset is transferred to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Group discounted the present value of the lease payments by the interest rate implicit in the lease or the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

Accounting policies adopted before 1 January 2020

Leases of property, plant or 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 is depreciated over the shorter of the useful life of the asset and the lease period.

Leases of property, plant 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.

5.7 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 associated companies, and 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.

5.8 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.

5.9 Impairment of non-financial assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment, right-of-use asset, 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.

An impairment loss is recognised in profit or loss.

5.10 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

The Group has obligations in respect of the severance payments it must make to employees upon retirement under labour law. The Group treats 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.

5.11 Provisions

Provisions are recognised when the Group has 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.

5.12 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.

5.13 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 Group recognises 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 Group reviews 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 Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

5.14 Financial instruments

Accounting policies adopted since 1 January 2020

The Group initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component or for which the Group has applied the practical expedient regarding not to adjust the effects of a significant financing component, are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

Classification and measurement of financial assets

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

Financial assets at amortised cost

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

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

Financial assets at FVOCI (debt instruments)

The Group measures financial assets at FVOCI if the financial asset is held to collect contractual cash flows and selling and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

Financial assets at FVTPL

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

These financial assets include derivatives, security investments held for trading, equity investments which the Group has not irrevocably elected to classify at FVOCI and financial assets with cash flows that are not solely payments of principal and interest.

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

Classification and measurement of financial liabilities

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

Derecognition of financial instruments

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

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

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

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

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

Offsetting of financial instruments

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

Accounting policies adopted before 1 January 2020

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.

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 available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income and will be recorded in profit or loss when the securities are sold.
- 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 interest rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- d) Investments in non-marketable equity securities, which the Group classifies as other investments, are stated at cost net of allowance for impairment loss (if any).

The fair value of marketable securities is based on the latest bid price 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 or yield rate of government bond adjusted by an appropriate risk factor, as the case may be. The fair value of unit trusts is determined from their net asset value.

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

In the event the Group reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

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

5.15 Derivatives

The Group uses derivatives, such as forward currency contracts to hedge its foreign currency risks.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The subsequent changes are recognised in profit or loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Derivatives are presented as non-current assets or non-current liabilities if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

5.16 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 Group applies 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 Group measures 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 Group determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

6. 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

The Group as a lessee

Determining the lease term with extension and termination options

In determining the lease term, the management is required to exercise judgement in assessing whether the Group is reasonably certain to exercise the option to extend or terminate the lease considering all relevant facts and circumstances that create an economic incentive for the Group to exercise either the extension or termination option.

Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Allowance for expected credit losses of trade receivables

In determining an allowance for expected credit losses of trade receivables, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the forecast economic condition for groupings of various customer segments with similar credit risks. The Group's historical credit loss experience and forecast economic conditions may also not be representative of whether a customer will actually default in the future.

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.

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.

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 2020 and 2019 are summarised below.

Name of related parties	Country of incorporation	Nature of relationships
Rich Avenue Company Limited	Cambodia	Subsidiary company
Melrose Avenue Company Limited	Cambodia	Non-controlling interest of subsidiary

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

Transactions	Pricing policies
Sales	Cost plus margin
Purchase of goods	Cost plus margin
Purchase of equipment and intangible assets	Close to market price
Consulting fee	Contractual price

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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<u>Transactions with subsidiary</u>				
(Eliminated from the consolidated financial statements)				
Sales	-	-	1,987	4,255
Purchase of goods	-	-	-	3,712
Purchase of equipment and intangible assets	-	-	-	4,471
Other income	-	-	-	24
<u>Transactions with related parties</u>				
Sales	-	2,728	-	2,710
Consulting fees	291	300	291	300

The balances of the accounts as at 31 December 2020 and 2019 between the Company and those related parties are as follows:

(Unit: Thousand Baht)				
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
<u>Trade and other receivables - related parties (Note 10)</u>				
Subsidiary	-	-	2,085	1,146
Total trade and other receivables -				
related parties	-	-	2,085	1,146
<u>Trade and other payables - related parties (Note 18)</u>				
Subsidiary	-	-	-	182
Related parties	-	19	-	-
Directors	196	80	196	80
Management	57	19	57	19
Total trade and other payables -				
related parties	253	118	253	281

Directors and management's benefits

During the years ended 31 December 2020 and 2019, the Group had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)				
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Short-term benefits	18,550	23,543	18,550	23,486
Post-employment benefits	1,860	2,030	1,860	2,030
Total	20,410	25,573	20,410	25,516

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	
	2020	2019	2020	2019
Cash	1,346	1,849	1,227	1,810
Bank deposits	1,013,543	460,048	1,009,149	453,776
Total	1,014,889	461,897	1,010,376	455,586

As at 31 December 2020, bank deposits in saving accounts and fixed deposits carried interests between 0.13 to 0.95 percent per annum (2019: 0.10 to 1.20 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. Other current financial assets/Current investments

(Unit: Thousand Baht)

	Interest rates		Consolidated and Separate	
	(% per annum)		financial statements	
	2020	2019	2020	2019
<u>Financial assets at FVTPL</u>				
Investment in securities				
Debentures	2.27 - 3.10	2.27 - 4.62	44,129	89,622
Bonds	-	1.41	-	5,998
Investment in open-end fund			70,856	300,037
Marketable securities			99,402	52,949
Investments in securities - net			214,387	448,606
Derivative asset (Note 32)	-	-	651	-
Total			215,038	448,606
<u>Financial assets at amortised cost</u>				
Fixed deposits	0.70	1.25	52	52
Investments in debt instruments				
- mature within 1 year	-	1.90	-	250,000
Total			52	250,052
Total other current financial assets			215,090	698,658

As at 23 February 2021, total fair value of financial assets at FVTPL was Baht 212 million.

10. Trade and other receivables

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2020	2019	2020	2019
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	-	-	2,085	335
Total trade receivables				
- related parties	-	-	2,085	335
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	135,478	144,168	134,788	143,576
Past due				
Less than 3 months	3,506	1,067	3,506	1,067
3 - 6 months	188	25	188	25
6 - 12 months	122	95	122	95
More than 12 months	343	70	343	70
Total trade receivables				
- unrelated parties	139,637	145,425	138,947	144,833
Less: Allowance for expected credit losses (2019: Allowance for doubtful accounts)	(702)	(165)	(702)	(165)
Total trade receivables				
- unrelated parties, net	138,935	145,260	138,245	144,668
Total trade receivables, net	138,935	145,260	140,330	145,003
<u>Other receivables</u>				
Other receivables - related parties	-	-	-	811
Other receivables - unrelated parties	1,383	2,673	1,383	2,673
Total other receivables	1,383	2,673	1,383	3,484
Trade and other receivables, net	140,318	147,933	141,713	148,487

Set out below is the movement in the allowance for expected credit losses of trade and other receivables.

	(Unit: Thousand Baht)
	Consolidated/Separate
	financial statements
As at 1 January 2020	(165)
Reversal	165
Increase during year	(702)
As at 31 December 2020	(702)

11. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2020	2019	2020	2019	2020	2019
Finished goods	260,183	304,598	(17,344)	(10,559)	242,839	294,039
Supplies	-	710	-	-	-	710
Goods in transit	17,172	2,785	-	-	17,172	2,785
Total	<u>277,355</u>	<u>308,093</u>	<u>(17,344)</u>	<u>(10,559)</u>	<u>260,011</u>	<u>279,534</u>

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2020	2019	2020	2019	2020	2019
Finished goods	253,902	306,171	(17,344)	(10,559)	236,558	295,612
Supplies	-	710	-	-	-	710
Goods in transit	17,129	2,785	-	-	17,129	2,785
Total	<u>271,031</u>	<u>309,666</u>	<u>(17,344)</u>	<u>(10,559)</u>	<u>253,687</u>	<u>299,107</u>

During 2020, the Group reduced cost of inventories by Baht 7 million (The Company only: Baht 7 million) to reflect the net realisable value. This was included in cost of sales.

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 expense during the year.

12. Other current assets

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Input tax refundables	13,251	12,658	13,251	12,658
Prepaid expenses	9,040	8,179	9,024	7,934
Others	5,383	3,192	4,960	1,781
Total other current assets	27,674	24,029	27,235	22,373

13. Investment in subsidiary

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

Subsidiary	Paid-up capital		Shareholding percentage		Cost		Allowance for impairment		Investment - net	
	31	31	31	31	31	31	31	31	31	31
	December	December	December	December	December	December	December	December	December	December
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
			(%)	(%)						
Rich Avenue	4,000 million	4,000 million								
Compnay Limited	Cambodian	Cambodian								
	riel	riel	51	51	15,714	15,714	-	-	15,714	15,714
Total investments in subsidiary - net					15,714	15,714	-	-	15,714	15,714

In 2020 and 2019, no dividend payment declared by its subsidiary.

In 2020, the subsidiary received proceed from share subscription from non-controlling interest of the subsidiary amounted to Baht 6 million. Such proceed represented call in arrears and was deducted against proceed from shares subscription in equity attributable to non-controlling interest of subsidiary as at 31 December 2019.

As at 31 December 2020, the Company had commitment to pay uncalled portion of share of the subsidiary amounting to Cambodian Riel 2,040 million (Baht 15 million).

14. Other non-current financial assets/Long-term investments

As at 31 December 2020 and 2019, other non-current financial assets were debentures with held-to-maturity carried interest rate at 2.65 percent per annum amounted to Baht 5 million and at rate of 2.88 percent per annum amounted to Baht 10 million and mature in full in 2022.

15. Intangible assets

(Unit: Thousand Baht)

	Computer software	
	Consolidated	Separate
	financial statements	financial statements
Cost		
1 January 2019	12,512	4,694
Additions	1,703	1,681
Disposals/write - off	(7,810)	-
31 December 2020	6,405	6,375
Additions	207	200
31 December 2020	6,612	6,575
Accumulated amortisation		
1 January 2019	3,583	1,554
Amortisation for the year	934	891
Amortisation on disposals/write - off	(2,069)	-
31 December 2019	2,448	2,445
Amortisation for the year	993	987
31 December 2020	3,441	3,432
Net book value		
31 December 2019	3,957	3,930
31 December 2020	3,171	3,143
Amortisation included in profit or loss for the year		
2019	934	891
2020	993	987

16. 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 2019	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/write-off	-	(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
Additions	-	-	-	8,233	-	28,045	36,278
Disposals/write-off	-	-	-	(5,352)	(6)	-	(5,358)
Transfers in (out)	-	-	-	25,293	-	(25,293)	-
Transfers to right-of-use assets	-	-	-	-	(17,965)	-	(17,965)
31 December 2020	59,999	38,080	-	168,074	3,057	5,019	274,229
Accumulated depreciation:							
1 January 2019	-	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/ write-off	-	(2,632)	(8,416)	(7,509)	(2,867)	-	(21,424)
31 December 2019	-	19,214	-	87,517	4,425	-	111,156
Depreciation for the year	-	1,855	-	22,891	277	-	25,023
Depreciation on disposals/ write-off	-	-	-	(4,454)	(2)	-	(4,456)
Depreciation on transfer to right-of-use assets	-	-	-	-	(3,299)	-	(3,299)
31 December 2020	-	21,069	-	105,954	1,401	-	128,424
Net book value:							
31 December 2019	59,999	18,866	-	52,383	16,603	2,267	150,118
31 December 2020	59,999	17,011	-	62,120	1,656	5,019	145,805
Depreciation for the year							
2019 (Baht 0.07 million included in manufacturing cost, and the balance in selling and administrative expenses)							24,725
2020 (Included in selling and administrative expenses)							25,060

(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 2019	12,014	20,564	119,565	17,808	2,708	172,659
Additions	-	1,279	4,696	3,220	12,731	21,926
Disposals/write-off	-	-	(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
Additions	-	-	6,728	-	26,817	33,545
Disposals/write-off	-	-	(4,554)	(6)	-	(4,560)
Transfers in (out)	-	-	22,532	-	(22,532)	-
Transfers to right-of-use assets	-	-	-	(17,965)	-	(17,965)
31 December 2020	59,999	38,080	159,959	3,057	4,490	265,585
Accumulated depreciation:						
1 January 2019	-	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/write-off	-	-	(3,767)	-	-	(3,767)
31 December 2019	-	19,215	86,664	4,424	-	110,303
Depreciation for the year	-	1,854	21,262	277	-	23,393
Depreciation on disposals/write-off	-	-	(4,148)	(2)	-	(4,150)
Depreciation on transfers to right-of-use assets	-	-	-	(3,299)	-	(3,299)
31 December 2020	-	21,069	103,778	1,400	-	126,247
Net book value:						
31 December 2019	59,999	18,865	48,589	16,604	205	144,262
31 December 2020	59,999	17,011	56,181	1,657	4,490	139,338
Depreciation for the year						
2019 (included in selling and administrative expenses)						23,980
2020 (included in selling and administrative expenses)						23,393

As at 31 December 2020, the Group has 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 65 million (2019: Baht 45 million) (The Company only: Baht 65 million (2019: Baht 45 million)).

17. Leases

The Group as a lessee

The Group has lease contracts for buildings and motor vehicles used in its operations. Building leases generally have lease terms between 1 - 6 years, and motor vehicle leases generally have lease terms between 4 - 5 years.

17.1 Right-of-use assets

Movements of right-of-use assets for the year ended 31 December 2020 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	Buildings	Motor vehicles	Total	Buildings	Motor vehicles	Total
1 January 2020	196,614	14,666	211,280	193,005	14,666	207,671
Additions	14,350	-	14,350	14,350	-	14,350
Disposals/write-off	(2,738)	(929)	(3,667)	(180)	(929)	(1,109)
Depreciation for the year	(37,326)	(1,345)	(38,671)	(36,629)	(1,345)	(37,974)
Discount on rental	(19,532)	-	(19,532)	(19,532)	-	(19,532)
31 December 2020	151,368	12,392	163,760	151,014	12,392	163,406

17.2 Lease liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Lease payments	194,846	5,134	194,580	5,134
Less: Deferred interest expenses	(16,974)	(352)	(16,959)	(352)
Total	177,872	4,782	177,621	4,782
Less: Portion due within one year	(60,149)	(1,952)	(59,898)	(1,952)
Lease liabilities - net of current portion	117,723	2,830	117,723	2,830

A maturity of lease payments is disclosed in related note.

17.3 Expenses relating to leases that are recognised in profit or loss

(Unit: Thousand Baht)

	For the year ended 31 December 2020	
	Consolidated	Separate
	financial statements	financial statements
Depreciation expense of right-of-use assets	38,671	37,974
Interest expense on lease liabilities	6,388	6,190
Expense relating to short-term leases	230	230

17.4 Others

The Group had total cash outflows related to leases for the year ended 31 December 2020 of Baht 33 million, including the cash outflow related to short-term lease and leases of low-value assets.

18. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Trade payables - unrelated parties	13,491	7,254	13,491	7,254
Other payables - related parties	253	118	253	281
Other payables - unrelated parties	64,603	53,617	64,229	52,941
Total trade and other payables	78,347	60,989	77,973	60,476

19. Provision for long-term employee benefits

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Balance at beginning of year	19,141	27,558	19,141	13,433
Included in profit or loss:				
Current service cost	3,644	3,298	3,644	3,298
Past service cost	-	2,978	-	2,978
Interest cost	542	469	542	469
Benefits paid during the year	(1,878)	(15,162)	(1,878)	(1,037)
Balance at end of year	21,449	19,141	21,449	19,141

The Group expects to pay Baht 1.1 million of long-term employee benefits during the next year (2019: Baht 1.6 million).

As at 31 December 2020, the weighted average duration of the liabilities for long-term employee benefit is 14 years (The Company only: 14 years) (2019: 14 years, The Company only: 14 years).

Significant actuarial assumptions are summarised below:

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	(%)	(%)	(%)	(%)
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

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2020 and 2019 are summarised below:

	As at 31 December 2020			
	Consolidated financial statements		Separate financial statements	
	Increase/ Decrease	Impact on reserve	Increase/ Decrease	Impact on reserve
	(%)	(Million Baht)	(%)	(Million Baht)
Discount rate	1.0	(1.9) / 2.2	1.0	(1.9) / 2.2
Salary increase rate	1.0	2.5 / (2.2)	1.0	2.5 / (2.2)
Turnover rate	10.0	(0.7) / 0.7	10.0	(0.7) / 0.7

	As at 31 December 2019			
	Consolidated financial statements		Separate 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

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 Group has additional long-term employee benefit liabilities of Baht 3 million (The Company only: Baht 3 million). The Group reflected the effect of the change by recognising past service costs as expenses in the statement of comprehensive income.

20. 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.

21. 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 was to be made through a general offer at Baht 4.50 per share and the repurchase period was 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, presented as a deduction in shareholders' equity. The Company set aside other reserve of Baht 121.50 million 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 share. The Company has not sold the repurchased shares within the selling period from 1 June 2020 to 5 June 2020, therefore, the Company will proceed to reduce the paid-up capital by the cancellation of total unsold shares in accordance with the relevant rules and regulations.

22. Expenses by nature

Significant expenses classified by nature are as follows:

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Salaries and wages and other employee benefits	158,393	184,622	151,247	179,906
Depreciation and amortisation	64,760	25,659	62,353	24,871
Raw materials and consumables used	647	(589)	354	173
Changes in finished goods and work in progress	51,674	97,420	52,269	97,425
Advertising expenses	85,566	71,703	84,000	71,023
Rental and service expenses	24,021	69,146	19,524	67,553

23. Revenue from contracts with customers

			(Unit: Thousand Baht)	
	Consolidated financial		Separate financial	
	statements		statements	
	2020	2019	2020	2019
Timing of revenue recognition:				
Revenue recognised at a point in time	948,968	1,268,329	926,863	1,257,761

24. Finance cost

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Interest expenses on lease liabilities	6,388	256	6,190	251

25. Deferred tax assets/income tax expense

The components of deferred tax assets are as follows:

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Deferred tax assets				
Allowance for expected credit loss (2019: Allowance for doubtful accounts)	140	32	140	32
Allowance for diminution in value of inventories	3,469	2,112	3,469	2,112
Provision for long-term employee benefits	4,290	3,828	4,290	3,828
Lease	5,014	-	5,014	-
Others	2,027	1,718	2,027	1,718
Total	14,940	7,690	14,940	7,690
Deferred tax liabilities				
Unrealised gain on change in value of securities	(665)	(868)	(665)	(868)
Total	(665)	(868)	(665)	(868)
Deferred tax assets - net	14,275	6,822	14,275	6,822

Income tax expense for the years ended 31 December 2020 and 2019 are made up as follows:

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Current income tax:				
Current income tax charge	(2,495)	(35,352)	(2,251)	(35,235)
Deferred tax:				
Relating to origination and reversal of temporary differences	7,453	548	7,453	(2,752)
Income tax expense reported in the statements of comprehensive income	4,958	(34,804)	5,202	(37,987)

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Accounting profit (loss) before tax	(3,516)	185,563	(2,995)	185,595
Applicable tax rate	20%	20%	20%	20%
Accounting profit (loss) before tax multiplied by income tax rate	703	(37,113)	599	(37,119)
Effects of:				
Non-deductible expenses	(5,829)	(4,144)	(5,481)	(4,144)
Additional expense deductions allowed	2,150	5,978	2,150	5,978
Tax exempted revenue	481	50	481	50
Temporary differences changes	7,453	548	7,453	(2,752)
Effect of the eliminate from the consolidated financial statements	-	(3,300)	-	-
Other	-	3,177	-	-
Total	4,255	2,309	4,603	(868)
Tax income (expense) reported in the statements of comprehensive income	4,958	(34,804)	5,202	(37,987)

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 number of ordinary shares in issue during the year net from treasury stocks hold by the Company.

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 Group is principally engaged in 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 follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
In the country	925	1,254	925	1,254
Abroad	24	14	2	4
Total	949	1,268	927	1,258

Major customers

For the year ended 31 December 2020, the Group had revenue from 6 major customers in amount of Baht 409 million (2019: 6 major customers in amount of Baht 578 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 2020, The Company contributed Baht 1.4 million to the fund (2019: Baht 1.5 million).

29. Dividends paid

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Dividend for 2018	Annual General Meeting of Shareholder on 22 April 2019	77,000	0.10
Total 2019		77,000	0.10
Interim dividend for the year 2019	The Board of Directors Meeting on 26 March 2020	37,149	0.05*
Total 2020		37,149	0.05

*divided by 743 million ordinary shares.

30. Commitments

30.1 Operating lease commitments

The Group entered into lease agreements regarding to rental equipment and related service agreements (31 December 2019: lease agreements with department stores, retail shops, warehouses, commercial buildings, rental of equipment and related service agreements). The terms of the agreements are generally between 1 - 4 years (31 December 2019: 1 - 3 years) and they are non-cancellable, except with the consent of the counterparties.

Future minimum lease payments required under these operating leases contracts were as follows:

	Consolidated		(Unit: Million Baht)	
	financial statements		Separate	
	2020	2019	2020	2019
<u>Payable within:</u>				
Within 1 year	4	57	4	56
1 year to 3 years	1	51	1	48

30.2 Commitments related to license and products procurement service agreements

License agreements

The Company entered into license agreements for the right to use the trademarks, design, manufacture and distribute products under the brands of the licensors. Compensations are payable under the agreements, and the Company is obliged to comply with conditions specified in the agreements.

Products procurement service agreement

The Company entered into a products procurement service agreement with a service provider, related to the procurement of goods and coordination with manufacturers and distributors. Compensation is payable under the agreement with a period ending on 31 December 2021. The Company is obliged to comply with conditions specified in the agreement.

31. Fair value hierarchy

As at 31 December 2020 and 2019, the Group 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 2020			
	Level 1	Level 2	Level 3	Total
Financial instruments measured at fair value				
Financial assets				
Debentures	-	44	-	44
Investment in open-end funds	-	71	-	71
Marketable securities	99	-	-	99
Forward contracts	-	1	-	1

(Unit: Million Baht)

	Consolidated/Separate financial statements			
	31 December 2019			
	Level 1	Level 2	Level 3	Total
Financial instruments measured at fair value				
Financial assets				
Debentures	-	90	-	90
Bonds	-	6	-	6
Investment in open-end funds	-	300	-	300
Marketable securities	53	-	-	53

32. Financial instruments

32.1 Derivatives

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Derivative assets not designated as hedging instruments				
Foreign exchange forward contracts	651	-	651	-
Total derivative assets	651	-	651	-

Derivatives not designated as hedging instruments

The Group uses foreign exchange forward contracts to manage some of its transaction exposures. The contracts are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from one to 12 months.

32.2 Financial risk management objectives and policies

The Group's financial instruments principally comprise cash and cash equivalents, accounts receivable, investments, deposits for rental, accounts payable and lease liabilities. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group is exposed to credit risk primarily with respect to trade accounts receivable, deposits with banks and financial institutions and other financial instruments. Except for derivatives, the maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position. The Group's maximum exposure relating to derivatives is noted in the liquidity risk topic (if any).

Trade receivables

The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade receivables are regularly monitored. In addition, the Group does not have high concentrations of trade receivables.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar credit risks. The Group classifies customer segments by customer type and rating, and other factors.

Financial instruments and cash deposits

The Group manages the credit risk related to deposits with banks and financial institutions by making investments only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The credit risk on debt instruments and derivatives is limited because the counterparties are banks with high credit-ratings.

Market risk

The Group has price risk relating to finished goods. The Group closely monitors changes in prices to support purchasing plans.

Foreign currency risk

The Group's exposure to the foreign currency risk relates primarily to its trading transactions that are denominated in foreign currencies. The Group seeks to reduce this risk by entering into foreign exchange forward contracts when it considers appropriate. Generally, the forward contracts mature within one year.

As at 31 December 2020 and 2019, the balances of financial liabilities denominated in foreign currency of the Company is summarised below.

Foreign currency	Financial liabilities		Average exchange rate	
	2020	2019	2020	2019
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	1.3	1.0	30.21	31.10

As at 31 December 2020 and 2019, the Company has forward exchange contracts outstanding as summarised below.

As at 31 December 2020			
Foreign currency	Bought amount (Million)	Contractual exchange rate	Contractual maturity date
Hong Kong dollar	12.77	3.88 - 4.02 per 1 Hong Kong dollar	4 January 2021 - 4 January 2022

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

Interest rate risk

The Group's exposure to interest rate risk relates primarily to its cash at banks and investments. Most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

Liquidity risk

The Group has low risk relating to debts settlements since the Group has sufficient funds.

The table below summarises the maturity profile of the Group's financial liabilities as at 31 December 2020 based on contractual undiscounted cash flows:

(Unit: Thousand Baht)

	Consolidated financial statements				
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
Financial liabilities					
Trade and other payables	-	78,347	-	-	78,347
Lease liabilities	-	67,644	127,202	-	194,846
Total	-	145,991	127,202	-	273,193

(Unit: Thousand Baht)

	Separate financial statements				
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
Financial liabilities					
Trade and other payables	-	77,973	-	-	77,973
Lease liabilities	-	67,378	127,202	-	194,580
Total	-	145,351	127,202	-	272,553

32.3 Fair values of financial instruments

Since the majority of the Group's financial instruments are short-term in nature or carrying interest at rates close to the market 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 2020, the Group's debt-to-equity ratio was 0.17:1 (2019: 0.06:1) and the Company's was 0.17:1 (2019: 0.06:1).

34. Event after the reporting period

On 24 February 2021, a meeting of the Company's Board of Directors passed the following resolutions:

- Approving the reduction of registered capital of Baht 27 million, from Baht 770 million to Baht 743 million by cancelling the total 27 million shares of treasury stock.
- Approving the transfer of retained earnings for other reserves of Baht 121.5 million to unappropriated retained earnings.
- Approving the deduction of a Baht 95 million difference, incurred because the stock price was lower than the treasury stock cost, from related account in shareholders' equity.

35. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 24 February 2021.

13. Management Discussion and Analysis

Overview of the Company's performance

The 2020 year was the year in which the worldwide economy and Thai economy were severely affected from the COVID-19 pandemic situation. The government sector must announce a lockdown measure bringing about the deflation of economic activities, and considerably affecting the business sector. From the government sector's commencement on a continuous lockdown alleviation measure, the gradual movement of economic activities have been started. Even though the government sector has issued remedy measures to assist and relieve the economic impact, but the economic condition has not yet been able to be recovered into the normal situation in accompany with the existing continuous pandemic in the worldwide countries and new wave of the COVID-19 pandemic incidence inside the country in the year-end period. The foregoing situations have caused the gradual commencement of the economic recovery to return to be stagnant again

From the aforesaid situations, the Company had to temporarily close the selling in offline channels (the Company's shops and counters in department stores) in almost of branches due to the lockdown measure of the government sector in the period from 23 March to 16 May 2020. During that period, the Company sold more products via online channel to alleviate the said impact. However, after passing by the lockdown measure, the Company could return to re-open for operations in offline channel as usual. The Company commenced to place on sale of new products under "Havaianas" brand which is sandal brand from Brazil. In the beginning period after the lockdown measure alleviation, the consumer spending has still been taken place with carefulness, and started to be improved in the next 2-3 months period. After that, it has been gradually gone on and decelerated in some moment. Usually in the year-end period, it has been the spending period, but spending has been recovered to be depressed again upon incidence of new wave of the COVID-19 pandemic in the country. This caused in 2020, the Company's total sales revenue amounted to 949.0 million Baht, decreasing from 2019 by 25.2%. Its gross profit amounted to 499.4 million Baht, or gross profit margin at 52.6%, decreasing from gross profit margin of 2019 due to higher competitive condition in fashion business and attempt of all brands to release product stocks by the considerable discount, redemption, giveaway, and premium. Therefore, it has been required by the Company to organize more sales promotion activities both in form of discount offer, product premium, participation in promotion with the shopping malls or department stores and credit card service providers, contributing to the Company's ability to well release product stocks, and reduce the burden of such stock storage.

Total other incomes in 2020 amounted to 18.5 million Baht, decreasing from 2019 by 44.9% due to a quite high fluctuation of Thai stock market. The affecting factors were unavoidable from the COVID-19 pandemic issue, resulting in a significant decrease in return on investment in other current assets, and a continuous decrease in interest rate of bank deposit as well.

Total selling and distribution expenses amounted to 382.4 million Baht or a rate of 40.3% from sales volume, decreasing from 2019 by 13.5% mainly due to the Company's expense control and expenses varying based on total decreasing revenues, mostly as the result of a significant decrease from the spending relating to the product distribution place and a decrease in the personnel-related expenses. The expense with a significant increase is depreciation due to the Company's requirement to recognize expense under lease agreement according to TFRS 16 – Leases, which is effective in 2020. The lease fee-related bookkeeping has been changed by recognizing as depreciation and interest paid instead.

Total administrative expenses amounted to 132.6 million Baht or a rate of 14.0% from sales volume, increasing from 2019 by 23.8% mainly due to a high fluctuation of Thai stock market, and huge fall of index, resulting in a significant decrease in fair value of investments in other current financial assets. The Company had to recognize unrealized loss from adjustment of fair value of investments in other current financial assets for 28.2 million Baht which was highly increased from 2019.

Total financial cost amounted to 6.4 million Baht or a rate of 0.7% from sales volume, increasing from 2019 by 6.1 million Baht mainly due to the change in bookkeeping according to TFRS 16 – Leases, which is effective in 2020.

Total net profit balance of the Company amounted to 1.4 million Baht and net profit margin was at 0.1%, significantly decreasing from 2019 due to the aforesaid cause. However, the Company has still targeted in the international leadership of fashion product distribution, and looked for new opportunities to ensure that the Company can further expand or extend its business for the secure and sustainable growth.

Financial Ratio Analysis

Assets

As at 31 December 2020, the Company's total assets amounted to 2,058.0 million Baht, increasing by 7.6% when compared with total amount as at the end of 2019 mainly due to recognition of loyalty assets according to TFRS 16 – Lease, and the change in main transactions from the increase of cash and cash

equivalents, other current assets, and other non-current assets, as well as the decrease of other current financial assets and prepaid deposit for cost of products.

Liabilities

Total liabilities of the Company amounted to 301.2 million Baht, increasing by 160.3% from the end of 2019 mainly due to recognition of liabilities under lease agreements according to TFRS 16 – Leases, and the change in main transactions from the increase of trade and other payables, and other non-current liabilities, and the decrease of income tax payable.

Shareholders' Equity

Total shareholders' equity amounted to 1,756.8 million Baht, decreasing by 2.2% from the end of 2019 due to the decrease from performance and dividend payment, and adjustment of impact from the change of accounting policy due to observance of new Thai Financial Reporting Standard.

Liquidity and Financial Ratio

Cash Flows

As at 31 December 2020, the Company's cash and cash equivalents increased by **553.0 million Baht** as the result of the change of net cash flows in each activity as follows.

- **Net cash flows provided by operating activities amounted to 194.1 million Baht** due to the normal business operation and recognition of settlement of liabilities under lease agreements derived from TFRS 16, causing the change in part of payment of lease fee as settlement of liabilities under lease agreements, resulting in transfer of cash flows used in operating activities to be cash flows used in financing activities instead.
- **Net cash flows provided from investing activities amounted to 423.2 million Baht** due to net proceeds from sales of investments in other current financial assets and return on investment in other current financial assets in form of dividend, and investment in payment for purchasing equipment and intangible assets.
- **Net cash flows used in financing activities amounted to 64.3 million Baht** due to settlement of liabilities under lease agreements and interest paid, payment of dividend to the shareholders, and collection of share payment from the non-controlling stakeholders.

Financial Ratio

Financial Ratio	2020	2019
Liquidity ratio		
Liquidity ratio (times)	11.75	21.37
Quick liquidity ratio (times)	8.15	16.53
Cash flow ratio (times)	1.37	4.38
Accounts receivable turnover (times)	6.56	7.13
Average collection period (days)	55.6	51.17
Inventory turnover ratio (times)	1.54	1.52
Average sales period (days)	237.62	240.55
Creditors turnover ratio (times)	6.45	8.74
Payment period (days)	56.55	41.77
Cash cycle (days)	236.67	249.95
Profitability Ratio		
Gross profit margin (%)	52.62	55.17
Operating profit margin (%)	-1.65	12
EBITDA (%)	3.01	16.68
Net profit margin (%)	0.15	11.89
Return on equity ratio (%)	0.08	8.43
Efficiency Ratio		
Return on total assets (%)	0.07	7.88
Return on fixed assets (%)	17.96	116.92
Financial Policy Ratio		
Debt to equity ratio (times)	0.17	0.06
Interest coverage ratio (times)	22.38	1,533.29
Obligation coverage ratio (times)	0.21	0.25
Dividend payout ratio (%)	-	26

Impact from Observance of New Thai Financial Reporting Standards

On 1 January 2020, the Company has observed Thai Financial Reporting Standards of the Financial Instrument Group and TFRS 16 – Leases. The financial statements of the Company as at 1 January 2020 were affected from such standards as follows.

- **Thai Financial Reporting Standards of the Financial Instrument Group.** The impact from these standards has caused a decrease in unappropriated retained earnings and an increase in financial derivative liabilities, and the said impact has been an insignificant impact.
- **TFRS 16 – Leases.** The Company’s financial statements have been significantly affected whereas the Company must record the past operating lease agreements (particularly the lease agreements within the conditions of TFRS 16) as assets called “Royalty Assets” together with liabilities called “Liabilities under Lease Agreements” and change the recognition of expense primarily from recognizing expense in form of “lease fee” to recognize expense in form of “Depreciation” of royalty assets and “Financial Cost” derived from liabilities under lease agreements. However, the Company selected to use practices in the changing period by recognizing the impact from TFRS 16 as at the first effective date without adjustment of financial statements using Modified Retrospective Approach, but adjustment of accumulated amount from the said change with unappropriated retained earnings.

Impact from Application of New Thai Financial Reporting Standards as at 1 January 2020 can be summarized as follows.

Unit : Million Baht

	TFRS Financial Instruments Increase (Decrease)	TFRS 16 Lease Increase (Decrease)	Total Adjustment Increase (Decrease)
Assets			
Royalty assets		196.6	196.6
Liabilities			
Trade and other payables		(1.9)	(1.9)
Financial derivative liabilities	0.3		0.3
Liabilities under lease agreements		208.0	208.0
Shareholders’ equity			
Unappropriated retained earnings	(0.3)	(9.5)	(9.8)

However, during 2020, the Company has applied the accounting practice of temporary alleviation measure for additional accounting alternative to support the impact from the COVID-19 pandemic situation. The selected practices can be classified into 2 groups as follows.

1. The practice applied by the Company throughout the whole year of 2020 is the selection not to reduce lease fee under agreements from the lessor to be regarded as the change of lease agreement.
2. The practice particularly applied by the Company in Q1-3/2020 is the measurement of credit loss expected to be incurred according to the simple approach, impairment of assets, and reversal of income tax asset transaction. The Company has considered cancelling the observance of all of three issues according to the said temporary alleviation measure in Q4/2020, without significant impact on the Company's financial statements.

From the said change of accounting policies in 2020, earnings before interest, tax, depreciation and amortization (EBITDA) have been affected as follows.

Consolidated Financial Statements						
(Unit : Million Baht)	2020			2019	Post-2020 v s 2019	Pre-2020 v s 2019
	Post-TFRS 16	Pre-TFRS 16	% Chg.			
Total revenues	967.5	967.5	0.0%	1,301.9	-25.7%	-25.7%
Expenses (excluding depreciation and amortization)	919.4	956.4	-3.9%	1,090.4	-15.7%	-12.3%
EBITDA	48.1	11.1	333.3%	211.5	-77.3%	-94.8%
EBITDA Margin	5.0%	1.1%		16.2%		
Depreciation and amortization	45.2	26.0	73.8%	25.7	75.9%	1.2%

Separate Financial Statements						
(Unit : Million Baht)	2020			2019	Post-2020 v s 2019	Pre-2020 v s 2019
	Post-TFRS 16	Pre-TFRS 16	% Chg.			
Total revenues	945.3	945.3	0.0%	1,288.8	-26.7%	-26.7%
Expenses (excluding depreciation and amortization)	899.3	936.3	-4.0%	1,078.1	-16.6%	-13.2%
EBITDA	46.0	9.0	411.1%	210.7	-78.2%	-95.7%
EBITDA Margin	4.9%	1.0%		16.3%		
Depreciation and amortization	42.8	24.4	75.4%	24.9	71.9%	-2.0%



APPENDIX

Attachment 1

1. Details of Directors, Executives and Regulators

Name-Surname/ Position	Age (Year)	Education Qualifications	Shareholding in the Company (30/12/20) %	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	64	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 of Directors and Independent Director	Rich Sport PCL.	Distributors of fashion and lifestyle products from world-renowned brands
					2020-Present	Independent Director	Sermuang Power Corporation PLC	Renewable energy power producers and suppliers
					2020-Present	Chief Executive Officer	Orthomed Asia Co., Ltd.	Wholesale of pharmaceutical and medical products
					2018-Present	President of Working Group	The National Broadcasting and Telecommunications Commission	Government agency
					2018-Present	Strategic Screening Subcommittee	Defence Technology Institute	Public Organization
					2017-Present	Advisor to the Chairman	CAT Telecom PCL.	Telecommunication business

Name-Surname/ Position	Age (Year)	Education Qualifications	Shareholding in the Company (30/12/20) %	Family Relationship with Executive	Working Experience in the Past 5 Years			
					Duration	Position	Company's Name	Type of Business
					2017-Present	Director	The War Veterans Organization of Thailand Under Royal Patronage of His Majesty The King	Government agency
					2016-Present	Indepent Director	2S Metal PCL.	Manufacturing and distribution service to integrated steel products
					2017-2019	Honorary Advisor	Savings and Credit Cooperative, Royal Thai Survey Department	Government agency
					2016-2018	Honorary Advisor	Savings and Credit Cooperative, 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 (30/12/20) %	Family Relationship with Executive	Working Experience in the Past 5 Years			
					Duration	Position	Company's Name	Type of Business
Ms. Papitch Wongpaitoonpiya Director Chairman of Executive Committee and Chief Executive Officer (Authorized signatory of the company)	34	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.	Distributors of fashion and lifestyle products from world-renowned brands
		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.	Distributors of fashion and lifestyle products from world-renowned brands
					2012-2014	Director and Assistant Managing Director	Rich Sport PCL.	Distributors of fashion and lifestyle products from world-renowned brands

Name-Surname/ Position	Age (Year)	Education Qualifications	Shareholding in the Company (30/12/20) %	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)	62	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.	Distributors of fashion and lifestyle products from world-renowned brands
					2016-2018	Director	Benefit Shoes Co., Ltd.	Footwear Manufacturing
					2011-2020	Accounting and financial advisor	Team Stevedore Co., Ltd	Marine Transportation
					2009-2019	Accounting and financial advisor	Cobra Freight Trade Wind International Co., Ltd.	Transportation
					2001-2018	Accounting and financial advisor	MacroPhar Co., Ltd.	Medicine Manufacturing

Name-Surname/ Position	Age (Year)	Education Qualifications	Shareholding in the Company (30/12/20) %	Family Relationship with Executive	Working Experience in the Past 5 Years			
					Duration	Position	Company's Name	Type of Business
Mr. Nimit Supornprasert Director and Chief Financial Officer (Authorized signatory of the company)	48	Master of Commerce and Accountancy Strategic Management, Bachelor of Business, Accountancy, Rajamangala University of Course of Directors Accreditation Program (DAP) Batch 123/2016	-	-	2020-Present	Director, Executive Committee and Financial Officer	Rich Sport PCL.	Distributors of fashion and lifestyle products from world-renowned brands
					2015-2019	Executive Committee and Financial Officer	Rich Sport PCL.	Distributors of fashion and lifestyle products from world-renowned brands
					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

Name-Surname/ Position	Age (Year)	Education Qualifications	Shareholding in the Company (30/12/20) %	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	65	Master of Industrial; Economics/ Economic Development, NIDA	0.06	-	2016-Present	Chairman of Audit Committee and Independent	Rich Sport PCL.	Distributors of fashion and lifestyle products from world-renowned brands
		Bachelor of Economics, Economic Theory, Ramkhamhaeng University			JUN2017-Present	Chairman of Audit Committee	AMA Marine PCL.	Maritime transport service
		Course of Directors Certification Program (DCP) Batch 225/2016			2020-Present	Chairman of the Board of Director	Knight Club Capital Asset Management Co., Ltd.	Property Management
		Course of Directors Accreditation Program (DAP0 Batch 126/2016			2014-2020	Audit Committee	Airports of Thailand PCL.	Airport
					2015-2017	Audit Committee	Bangpakong Terminal PCL.	Harbor

Name-Surname/ Position	Age (Year)	Education Qualifications	Shareholding in the Company (30/12/20) %	Family Relationship with Executive	Working Experience in the Past 5 Years			
					Duration	Position	Company's Name	Type of Business
					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 (30/12/20) %	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	71	Master of Public Administration, Management Public and Private Sectors, NIDA	0.06	-	2016-Present	Audit Committee and Independent Director	Rich Sport PCL.	Distributors of fashion and lifestyle products from world-renowned brands
		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	49	Course of The Role of Chairman (RCP) Batch 13/2006	-	-	2016-Present	Audit Committee and Independent Director	Rich Sport PCL.	Distributors of fashion and lifestyle products from world-renowned brands
		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 (30/12/20) %	Family Relationship with Executive	Working Experience in the Past 5 Years			
					Duration	Position	Company's Name	Type of Business
Ms. Kanjana Prommasakul Chief Operating Officer	46	Bachelor of Science and Technology, Applied Statistics, Bansomdejchaopraya Rajabhat University	-	-	2020-Present	Chief Operating Officer	Rich Sport PCL.	Distributors of fashion and lifestyle products from world-renowned brands
					2018-2020	Omnichannel Merchandise Director	Central Retail Corporation PLC	Retailing
					2016-2018	Vice President Merchandise	Robinson PLC	Department Store
					2013-2016	Head of Sales &Marketing	H & F Shoes (Thailand) Co., Ltd.	Manufacture,wholesale, retail, import,export of footwears

Name-Surname/ Position	Age (Year)	Education Qualifications	Shareholding in the Company (30/12/20) %	Family Relationship with Executive	Working Experience in the Past 5 Years			
					Duration	Position	Company's Name	Type of Business
Mr. Pasawich Wongpaitoonpiya Business Development Director	31	Master of Business Administration ImperialCollege London, UK Bachelor of Chemical Engineering, University College London, UK Course of Directors Accreditation Program (DAP) Batch 154/2018	42.10	Brother of Miss Papitch Wongpaitoonpiya	2015-Present	Business Development Director	Rich Sport PCL.	Distributors of fashion and lifestyle products from world-renowned brands
					2018-2020	Company Secretary	Rich Sport PCL.	Distributors of fashion and lifestyle products from world-renowned brands
					2015-Present	Director	Rich Sport Holding Co., Ltd.	Holding
					2012-2015	Project Manager	Kara Tama Co., LTd.	Import of raw foods and restaurant
Mrs. Siriporn Niyomvetch Accounting Manage	54	Bachelor of Business, Accounting, Ramkhamhaeng University	-	-	2018-Present	Accounting Manage	Rich Sport PCL.	Distributors of fashion and lifestyle products from world-renowned brands
					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
Ms. Natpaphas Sarutithipharom Company Secretary	38	Bachelor of Arts & Humanities Bangkok University Course of Directors Accreditation Program (DAP) Batch 91/2018	-	-	2020-Present	Company Secretary	Rich Sport PCL.	Distributors of fashion and lifestyle products from world-renowned brands
					2018-2020	Executive Secretary	Rich Sport PCL.	Distributors of fashion and lifestyle products from world-renowned brands
					2013-2018	Operation Executive	Go Holiday Tour Co Ltd.	Travel Company
					2007-2013	Sales Administrator	DKSH (Thailand) Ltd.	Market Expansion Services provider

Responsibilities of the Company

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.

3. Details of the Positions of Executives and regulators of the Company in Related Companies as of 31 December 2020

Name	Position in Company	Position in Related Company													
		Rich Avenue Co., Ltd.	Rich Sport Holding Co., Ltd.	Sermang Power Corporation PLC	Orthomed Asia Co., Ltd.	2S Metal PCL.	AMA Marine PCL.	Knight Club Capital Asset Management Co., Ltd.	Airports of Thailand PCL.	Bangpakong Terminal PCL.	PTG Energy PCL.	NEP Realty and Industry PCL.	SNC FORMER PCL.	One To One Contacts PCL.	Pro-Act Services Co., Ltd.
Gen. Phairat Phoubon	A, G			G	D	G									
Ms. Papitch Wongpaitoonpiya	C, H, I, J	H	H												
Mr. Somroj Sirisophana	H, I														
Mr. Manit Nitiprateep	B, G						B	A	F	F	H	H			
Mr. Chaisak Angkasuwan	F,G												F	E, F	
Mr. Udom Tangmanaskul	F,G														H, K
Mr. Nimit Supornprasert	H, I, J														
Ms. Kanjana Prommasakul	J														
Mr. Pasawich Wongpaitoonpiya	I, J	H	H												
Mrs. Siriporn Niyomvetch	J														

Remarks:

A = Chairman of The Board of Directors

B = Chairman of the Audit Committee

C = Chief Executive Officer

D = Chairman of the Executive Committee

E = Vice Chairman of The Board of Directors

F = Audit Committee

G = Independent Director

H = Director

I = Executive Committee

J = Executive

K = Managing Director



RICH SPORT PUBLIC COMPANY LIMITED

RICH SPORT PUBLIC COMPANY LIMITED
116/20 Na Ranong Road Klong Toey Bangkok 10110 Thailand
Tel : 02-249-8709 Fax : 02-249-8711
www.richsport.co.th