



ANNUAL REPORT 2018

รายงานประจำปี 2561





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Financial Statements of the Company and its subsidiaries for the year ended
December 31, 2018



Message from Board of Directors

In 2018, the global economy has considerably decelerated. The competition in steel industry is intense due to the countermeasures of the trade war between China and the United States, which has an impact on steel consumption and fluctuations of steel prices over the world. The steel industry in Thailand was inevitably affected by the mentioned measures, in addition, the large-scale government investment projects according to the country's strategy such as high-speed electric train, the High-Speed Rail Linked 3 Airport Project as well as the Eastern Economic Corridor Project (EEC) have also been postponed. As a result to the demand for various types of construction materials be slow down as well. The mentioned projects are expected to be restarted by the end of 2019, which may increase the consumption demand and steel price.

For the steel business operations of the company is focusing on buying and selling business according to the market needs. Whilst, the company has studied the feasibility of new business with good trends of which an environmentally friendly and accord to the government's policy, that is the 100% battery electric vehicle business to create sustainable income for the company. Whereas the subsidiary has submit an investment promotion application to the Office of the Board of Investment in December 2018, and currently is under consideration by the Board of Investment

The company is confident that subsequent to the progress of government large-scale investment projects, will positively affect the steel industry both consumption demand and steel price. In case of the promotion of subsidiary's battery electric vehicle business has been approved by the Board of Investment, this will enable the company to continuously generate good income and return.

The Board of Directors, on this occasion, would like to deeply express our appreciation towards the shareholders of the Company, clients, business partners, creditors, and staff for their consistency supporting to the Company's business.



General

(Watanachai Chaimuanwong)

Chairman



(Miss Angkakarn Tantiviroon)

Chief Executive Officer



BOARD OF DIRECTORS



General Watanachai Chaimuanwong

Chairman

(Independent Director)



Mr. Surapong Churangsarit

Vice Chairman /

Chairman of Audit Committee

(Independent Director)



Pol.Lt.Gen. Mongkol Kamolbutra

Independent Director /

Audit Committee



Asst.Prof.Dr. Nakhun Thoraneenitiyan

Independent Director /

Audit Committee



Ms. Angkakarn Tantiviroon

Director



Mr. Somkiat Vongsarojana

Director



Mr. Teera Phoncharoensuk

Director



Dr. Rittirong Intarajinda

Director



Mrs. Pimsiri Keeratitensiri

Director



EXECUTIVE COMMITTEE



Ms. Angkakarn Tantiviroon
Chief Executive Officer



Mr. Teera Phoncharoensuk
Production Director



Mr. Somkiat Vongsarojana
Managing Director



NOMINATION AND REMUNERATION COMMITTEE



Dr. Rittirong Intarajinda

Chairman of Nomination and Remuneration Committee



Mr. Surapong Churangsarit

Nomination and Remuneration Committee



Ms. Angkakarn Tantiviroon

Nomination and Remuneration Committee



RISK MANAGEMENT COMMITTEE



Asst.Prof.Dr. Nakhun Thoraneenitiyan
Chairman of Risk Management Committee



Pol.Lt.Gen. Mongkol Kamolbutra
Risk Management Committee



Mr. Somkiat Vongsarojana
Risk Management Committee



Audit Committee Report

At present, The Audit Committee of Rich Asia Corporation Public Company Limited consists of 3 independent directors as follows:

- | | |
|--|----------------------------------|
| 1. Mr. Surapong Churangsarit | Chairman of Audit Committee |
| 2. Pol.It.Gen. Mongkol Kamolbutra | Audit Committee |
| 3. Asst.Prof. Dr. Nakhun Thoraneenitiyan | Audit Committee |
| and Mr. Vorapoj Chaisantana | Secretary to the Audit Committee |

The Audit Committee have fulfilled their duties and responsibilities, as per their assignments. The mission and major responsibilities have included reviewing financial statements to be conformed with accounting standards and adequate information disclosure, reviewing systems of internal control and appropriated internal audit, review the company's compliance with applicable laws and principles of corporate governance in order to avoid conflict of interest and consider for the accuracy and complete disclosure of related transaction including considerations of the appointment of Certified Public Accountant (external auditor) for the company.

For the fiscal year ended December 31, 2018, The Audit Committee has organized 3 meetings to consider and review company's activities as followings.

Audit Committee	Attending Meeting / Total Meeting
Mr. Surapong Churangsarit	3/3
Pol.It.Gen. Mongkol Kamolbutra	3/3
Asst.Prof. Dr. Nakhun Thoraneenitiyan	3/3

1. Reviewed company's quarterly and audited financial statements of 2018 which have reported financial status and operation in 2018 and related transactions as stated in financial statement including management's clarification prior submission to the Board of Directors. The financial statements are stated in general accepted accounting principles and carried out with adequate information disclosure.

2. Reviewed the reasonability of related transactions and operation transactions between company with related person and/or business which have been expressed through normal and general business transaction according to business necessity and company's optimized benefit.



3. Approved annual internal audit plan and quarterly review audit operation, audit report, progress of operation plan and viewed that the company has an adequate, appropriate and efficient internal audit system.
4. Assess the adequacy of the company's internal control system with consideration from Management and viewed that company has an adequate, efficient internal control system. The company has developed and adjusted accordingly to current circumstances and no significant errors occurred.
5. Examined company's risk management and advised the Management periodically and frequently to review and improve risk management plan to be in accordance with any change of circumstances.
6. Examined company's compliance with Securities and Stock Exchange (SET) law and other laws relevant to company's business.
7. Advised the Management on focusing fully on good corporate governance pursuant to regulations of Stock Exchange of Thailand in order to confirm confidence to the shareholders and all concerned parties.
8. Selected and proposed to the Board of Directors for approval to nominate Mr. Ampol Chamnongwat CPA No. 4663 or Ms. Ms.Praphasri Leelasupha CPA No. 4664 or Mr. Naris Saowalaksakul CPA No. 5369 of the company's office. AMC Ltd. As auditors for the year 2018 and setting up the auditing fee amount of Baht 1,350,000 which exclusive others audit expenses.

The Audit Committee has carefully examined the works under assigned responsibility - providing advice to the company and company's management, which have cooperated to solve any issues within an appropriate period. The Audit committee has conclusion that the company conform a good corporate governance and adequate internal control system including company's financial report audited by the Certified Public Accountant are in general accepted accounting principles and carried out an adequate information disclosure.

Mr. Surapong Churangsarit
Chairman of Audit Committee



Policy and Overview of Business

Vision

To become internationally recognized as the leading manufacturer and distributor of quality construction products.

Mission Strategy

Produce and distribute international standard quality products to gain satisfaction from business partners and all concerned parties including promote and preserve the good quality social and environment.

Strategy

- 1. Develop production systems to achieve international standard quality.*
- 2. Enhance satisfaction of business partners and stakeholders.*
- 3. Develop employee's competency and quality of life to work with happiness.*
- 4. Promote conservation of energy and environment, as well as establish good relationship with the community.*
- 5. Develop management system with transparency.*

Background

Rich Asia Corporation Public Company Limited, changed its name on May 17, 2016 (formerly known as; Rich Asia Steel Public Company Limited), was established by Thai and Hong Kong investors on May 10, 1999 as Rich Asia Trading (Thailand) Co., Ltd., with an initial registered capital of 1 million Baht. The Company aimed to provide and distribute steel products by trading and contracting other manufacturers to produce steel products for the Company. In 2003, the Company has expanded its business to be a manufacturer of structural steel products and the Company increased registered capital to 250 million Baht providing that to purchased machinery to support production and sales increased. In 2004 increased registered capital to 400 million Baht providing that to purchased machinery, investment in distribution center for supporting the growth of sales. In 2006 The Company being listed in the Stock Exchange of Thailand and increased registered capital to 500 million Baht for business expansion, investment of land, plants, machinery for industrial structural steel and for working capital. In 2007 increased registered capital of 1,000 million Baht to support expansion of sales and working capital. Currently, the company has issued and paid-up capital amount of 3,115,269,786 Baht and the business has managed by Miss Angkakarn Tantiviroon.



The Company's major development can be summarized as follows:

- 1999 May - Established the company named "Rich Asia Trading (Thailand) Co., Ltd." with initial registered capital of 1.00 million Baht to operate as a trading company to provide steel products such as hot rolled coil and sheets, structural steels, lip channel steels, billets and other steel products.
- 2000 January - Employed Rich Asia Industry Co., Ltd.* to provide steel production services.
- February - Employed Inter Metal Tube Alliance Co., Ltd. to provide steel processing services.
- 2001 January - Increased its registered capital to 5 million Baht to be used as working capital.
- 2002 June - Increased its registered capital to 75 million Baht to be used as working capital.
- 2003 June - Set up plant and warehouse to expanded its business to become a manufacture of steel pipes.
- November - Launch its processing steel products for sale in domestic.
- December - Increased its registered capital to 250 million Baht to purchase a steel pipe machine.
- 2004 December - Increased its registered capital to 400 million Baht to be used as working capital.
- 2005 August - Purchase C-Channel machine.
- 2006 March - Changed the name from "Rich Asia Trading (Thailand) Co., Ltd." to "Rich Asia Steel Plc."
- Increased registered capital from 400 million Baht to 500 million Baht and changed par value from 100.00 Baht to 1.00 Baht each which resulted in an increase in the number of ordinary shares from 5 million shares to 500 million shares and converted the company to be public company with the intention to be listed on the Stock Exchange of Thailand.
- August - Listing date as at 31 August 2006 (Trading commencement on 31 August 2006 by Initial Public Offering totaling 100 million shares)
- October - Achieved the approval certificate from Thai Industrial Standards Institute 107-2533 for Hollow structural steel.
- November - Achieved the approval certificate from Thai Industrial Standards Institute 1228-2537 Cold-formed structural steel.
- Operated the local Distribution Center (D/C) at Tambol Pantainorasingh, Amphor Muang Samut Sakhon, Samut Sakhon Province



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- | | | |
|-------------|---|--|
| 2007 April | - | Signed agreement for buying land and building at Tambol Bangprong Amphor Muang Samutprakarn Province for set up hot rolling mill. |
| June – July | - | Signed contract for purchasing machine for hot rolling steel. |
| December | - | Increased registered capital from 500 million Baht to 1,000 million Baht for Allocation to existing shareholders 500 million Baht, offering price 2.00 Baht each, par value 1.00 Baht each, the number of registered ordinary shares increased from 500 million shares to 1,000 million shares |
| | - | Complete installation of hot – rolling machine and test run for commercial production |
| 2008 May | - | Changed par value of ordinary shares of the company from the value of 1.00 Baht per share to value of 0.10 Baht per share. As a result, the number of Ordinary shares of the company were increased from 1,000 million shares to 10,000 million shares. |
| 2008 July | - | Increasing registered capital from 1,000 million Baht to 1,500 million Baht by issuing new ordinary shares in number of 5,000 million shares, par value of 0.10 Baht per share for reservation convertible warrants No# 1 which offered to existing shareholders proportionally. |
| December | - | The Board of Directors meeting no. 9/2008 held on 27 December 2008 passed a resolution approving the company's acquisition of ordinary shares of Thai National Product Co., Ltd. in a total amount of 26,100,600,000 shares each of 0.01 Baht par value, representing 100% of Thai National Product Co., Ltd total issued and paid-up shares in the amount not exceeding 650 million Baht. The Company is under request for credit facilities from financial institutes. The Company should perform this transaction within June 30, 2009. |
| 2009 May | - | Decreasing registered capital from 1,500 million Baht to 1,000 million Baht due to the cancellation of the issue and offer of warrants to purchase new ordinary shares of the Company No. 1 in the amount of 5,000,000,000 units to the existing shareholders of the Company in proportion of shareholding. |
| August | - | The Board of Directors meeting no. 4/2009 held on 14 August 2009 passed a resolution approving the extension of schedule the Company's acquisition of ordinary shares of Thai National Product Co., Ltd. and the share payment period from ending June 30, 2009 to ending September 30, 2009. The seller group has agreed and not objected to the extension of schedule as mentioned here above. The seller group reserve the right in case of they can sell such shares to the other persons who offer the higher price. In case of termination |
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- the transaction, the seller group maintains the condition of return deposit in full amount of 200 million Baht within 60 days without interest charge commencing from the date of termination.
- November - The Board of Directors meeting no. 5/2009 held on 14 November 2009 passed a resolution approving the extension of schedule the Company's acquisition of ordinary shares of Thai National Product Co., Ltd. and the share payment period from ending September 30, 2009 to ending February 28, 2010. The seller group has agreed and not objected to the extension of schedule as mentioned here above. The seller group reserve the right in case of they can sell such shares to the other persons who offer the higher price. In case of termination the transaction, the seller group maintains the condition of return deposit in full amount of 200 million Baht within 60 days without interest charge commencing from the date of termination.
- 2010 April - The Meeting of the Board of Directors no. 3/2010 held on April 2, 2010 has resolved to approved the extension of schedule the Company's acquisition of ordinary shares of Thai National Product Co., Ltd. and the share payment period from end February 28, 2010 to be ended May 31, 2010. The seller group has agreed and not object to the extension of schedule as mentioned here above. The seller group reserve the right in case of they can sell such shares to the other persons who offer the higher price. In case of termination the transaction, the seller group maintains the condition of return deposit in full amount of 200 million Baht within 60 days without interest charge commencing from the date of termination.
- May - The Company has obtained credit facilities support and performed investment transaction in Thai National Product Co., Ltd. by acquisition of ordinary shares in a total amount of 26,100,599,998 shares each of 0.01 Baht par value representing 100% of Thai National Product Co., Ltd. paid-up capital and has registered as shareholder in Thai National Product Co., Ltd. with the Registrar, Business Development Department, Ministry of Commerce. Hence the company has negotiated and agreed to purchase ordinary share at the price 635 million Baht.
- December - The Meeting of the Board of Directors No.8/2010 held on December 23, 2010 has resolved to approved the Company's acquisition of ordinary shares of Rich Asia Industry Co., Ltd.* in a total amount of 10,954,556 shares each of 100 Baht par value, representing 76.88% of Rich Asia Industry Co., Ltd.*'s total issued



- and paid-up capital, at the price of 73 Baht each, in the total amount of 799,682,588 Baht.
- 2011 March - Registration of the alteration of par value from the existing par value of 0.10 Baht each of 10,000 million shares to be at the par value of 1.00 Baht each of 1,000 million shares and the amendment of Clause No. 4 of the Company's Memorandum of Association in accordance with the alteration of the par value and number of the Company's shares.
- Increase of the Company's registered capital from 1,000 million Baht to 1,500 million Baht by issuing 500 million new ordinary shares at a par value of 1.00 Baht to reserve for the company and subsidiaries' working capital and / or to reserve for business expansion of the company and subsidiary company.
- December - The Meeting of the Board of Directors No.8/2011 held on December 2, 2011 passed a resolution approving the sale of partial ordinary shares of Rich Asia Industry Co., Ltd. held by the Company in a total amount of 3,562,106 shares each of 31 Baht par value, representing 25.00% of Rich Asia Industry Co., Ltd.'s total issued and paid-up capital, at the price of 80 Baht each, in the total amount of 284,968,480 Baht to Wealth Fortune Assets Ltd total of 2,849,685 shares and Mr. Sunthorn Chitboonthaweek total of 712,421 shares.
- 2012 July - Decrease the registered capital from 1,500 million Baht to 1,000 million Baht by deducting the unissued registered shares of 500 million shares with the par value of 1.00 Baht per share before increase the new capital.
- August - Increase the registered capital from 1,000 million Baht to 4,000 million Baht by issuing 3,000 million new ordinary shares with the par value of 1.00 Baht per share which consists of issue and offer 2,000 million new ordinary shares to the existing shareholders and reserve for exercising the right of Warrant-PP allotted to through private placement the lenders who agrees to grant loan to the Company and/or its subsidiaries in the amount of not exceeding 1,000 million shares.
- September - Registered the paid-up capital from 1,000 million Baht to 1,002,913,226 Baht and amended Clause No. 4 of the Company's Memorandum of Association with Department of Business Development, Ministry of Commerce.
- December - Relocate Head Office from 272 Soi Wat Channok, Rama III Road, Bangkorlaem, Bangkok 10120 to 636 Bangkhuntien-Chaitalee Road, Thakham, Bangkhuntien, Bangkok 10150 due to the rental contract was expired.



- 2013 November - Mr. Prapat Chongsanguan, governor of State Railway of Thailand and Management team has visited Thai National Product Co., Ltd. factory (Currently is Associated Company) which has diversified a new product: "Concrete Sleepers".
- 2014 April - Decrease the registered capital from 4,000 million Baht to 1,002,913,226 Baht by deducting the unissued registered shares of 2,997,086,774 shares with the par value of 1.00 Baht per share before increase the new capital.
- Increase the registered capital from 1,002,913,226 Baht to 1,322,913,226 Baht by issuing 320 million new ordinary shares with the par value of 1.00 Baht per share as reservation for conversion of right of convertible debentures for the issue and offer for sale of convertible debentures in a sum of not exceeding Singapore Dollar 20 million or an equivalent amount in other currency to a specific foreign investor (Private Placement) that is Advance Opportunities Fund ("AO Fund").
- June - Issue and offer for sale of the newly Convertible Debentures to AO Fund totaling SGD 400,000 which is 10 million Baht (Exchange rate of 25 Baht per SGD 1)
- Registered the paid-up capital from 1,002,913,226 Baht to 1,025,640,498 Baht with Department of Business Development, Ministry of Commerce.
- November - Decrease the registered capital from 1,322,913,226 Baht to 1,025,640,498 Baht by deducting the unissued registered shares of 297,272,728 shares with the par value of 1.00 Baht per share before increase the new capital.
- Increase the registered capital from 1,025,640,498 Baht to 2,400 million Baht by issuing 1,374,359,502 new ordinary shares with the par value of 1.00 Baht per share to accommodate the allocation of the newly issued shares to the shareholders proportionate to their shareholding (Rights Offering) at a ratio of 1 existing share per 1 new share, at the offering price of 0.30 Baht per share and to four specific persons (Private Placement) who are not connected persons of the Company, namely, (1) Mr. Wichai Wachiraphong (2) Mr. Kiaticchai Lohachitranont (3) Miss Suratsawadee Raiput and (4) Miss Ornuma Supornsirikul at the price of 0.30 Baht per share.
- December - Registered the paid-up capital from 1,025,640,498 Baht to 2,400 million Baht with Department of Business Development, Ministry of Commerce.
- Disposal of the shares in Thai National Product Co., Ltd. ("TNP"), a subsidiary of the Company (Presently as associated company), amounting to 18 million shares at the par value of 10 Baht or equivalent to 66.42 percent of TNP's registered capital, at the price of 30 Baht per share, totaling of 540 million Baht



- to (1) Dr. Phasin Suebsubanunt (2) Mr. Thiti Kittipattananon and (3) Miss Duendara Limthanakul.
- 2015 February - Invest by setting up a subsidiary, G.Y.T. Engineering Co., Ltd., was established on February 19, 2015, which operates supply of equipment and technology, including invest in utilities and infrastructure. The company holds shares in the proportion of 90% of its registered capital amount of 1.00 million Baht.
- May - Issued and offered the 1st debentures in the amount of 500 million Baht. The form of debentures are identified holder, unsubordinated, unsecured and without debenture holders' representative; by offering to the Private Placement and/or institutional investors under the II/HNW Rule on April 27 - 29, 2015, in which the Company has already received proceeds in full. The debenture's age is about 1 year 9 months (from April 30, 2015 to January 30, 2017), with interest rate 6.50% per year.
- July - Issued and offered the 2nd debentures in the amount of 500 million Baht. The form of debentures are identified holder, unsubordinated, unsecured and without debenture holders' representative; by offering to the Private Placement and/or institutional investors under the II/HNW Rule on July 13 - 15, 2015, in which the Company has already received proceeds in full. The debenture's age is about 2 years (from July 16, 2015 to July 16, 2017), with interest rate 6.50% per year.
- October - Issued and offered the 3rd debentures in the amount of 300 million Baht. The form of debentures are identified holder, unsubordinated, unsecured and without debenture holders' representative; by offering to the Private Placement and/or institutional investors under the II/HNW Rule on October 26 - 28, 2015, in which the Company has already received proceeds in amount of 230 million Baht. The debenture's age is about 1 year 11 months 29 days (from October 29, 2015 to October 28, 2017), with interest rate 6.20% per year.
- 2016 January - G.Y.T. Engineering Co., Ltd. (Subsidiary) was increase the registered capital from 1.00 million Baht to 80.00 million Baht by registered the paid-up capital amount of 20.75 million Baht. The company holds shares in the proportion of 95% of its registered capital which the subsidiary will be used the increased capital as invest to expand the business.



- March - Invest by setting up a subsidiary, Rich Asia Utilities Co., Ltd., was established on March 23, 2016, which operates supply and management of water resources and related public utilities. The company holds shares in the proportion of 99.9994% of its registered capital amount of 5 million Baht and paid-up registered capital amount of 1.25 million Baht.
- May - The Company changed its name from "Rich Asia Steel Public Company Limited" to "Rich Asia Corporation Public Company Limited" since May 17, 2016.
- November - Increase of the registered capital from 2,400 million Baht to be 9,600 million Baht by issuing 7,200 million new ordinary shares with the par value of 1.00 Baht per share by offering 4,800 million new ordinary shares to the existing shareholders of the Company in proportion to the number of shares held by each shareholder. And allocation of 2,400 million new ordinary shares to reserve for the exercise of the 1st series of warrants (RICH-W1).
- December - Registered the paid-up capital from 2,400 million Baht to 3,115,268,236 Baht with Department of Business Development, Ministry of Commerce.
- 2017 March - The Company filed a petition for business rehabilitation with the Central Bankruptcy Court on March 6, 2017, Black Case No.For 13/2017, and the court had accepted the petition, whereby the petition investigation was scheduled for May 29, 2017.
- May - The Central Bankruptcy Court has scheduled an investigation for the business rehabilitation petition, due to 20 creditors had filed objections on the petition for business rehabilitation. The court has scheduled a witness examination of the petitioners and the opposition between September and December 2017.
- October - G.Y.T. Engineering Co., Ltd. (Subsidiary) has decreased its registered capital from Baht 80 million to Baht 20.75 million. The paid-up capital is Baht 20.75 million, of which the Company holds 94.82% shares of the registered capital.
- December - The Central Bankruptcy Court ordered to revoke the Company's business rehabilitation on December 27, 2017.
- 2018 December - Registered the paid-up capital from 3,115,268,236 Baht to 3,115,269,786 Baht with Department of Business Development, Ministry of Commerce on December 27, 2018 due to the exercise of the 1st series of warrants (RICH-W1).



Structure of shareholding in Subsidiaries

Currently, The Company has 3 subsidiaries.

1. Rich Asia Industry Co., Ltd. operated in business of manufacturing and distribution of structural steel, steel pipes and services in steel pipe manufacturing, which is related in the current business for, enhance the production and distribution and support customers' demand immediately.

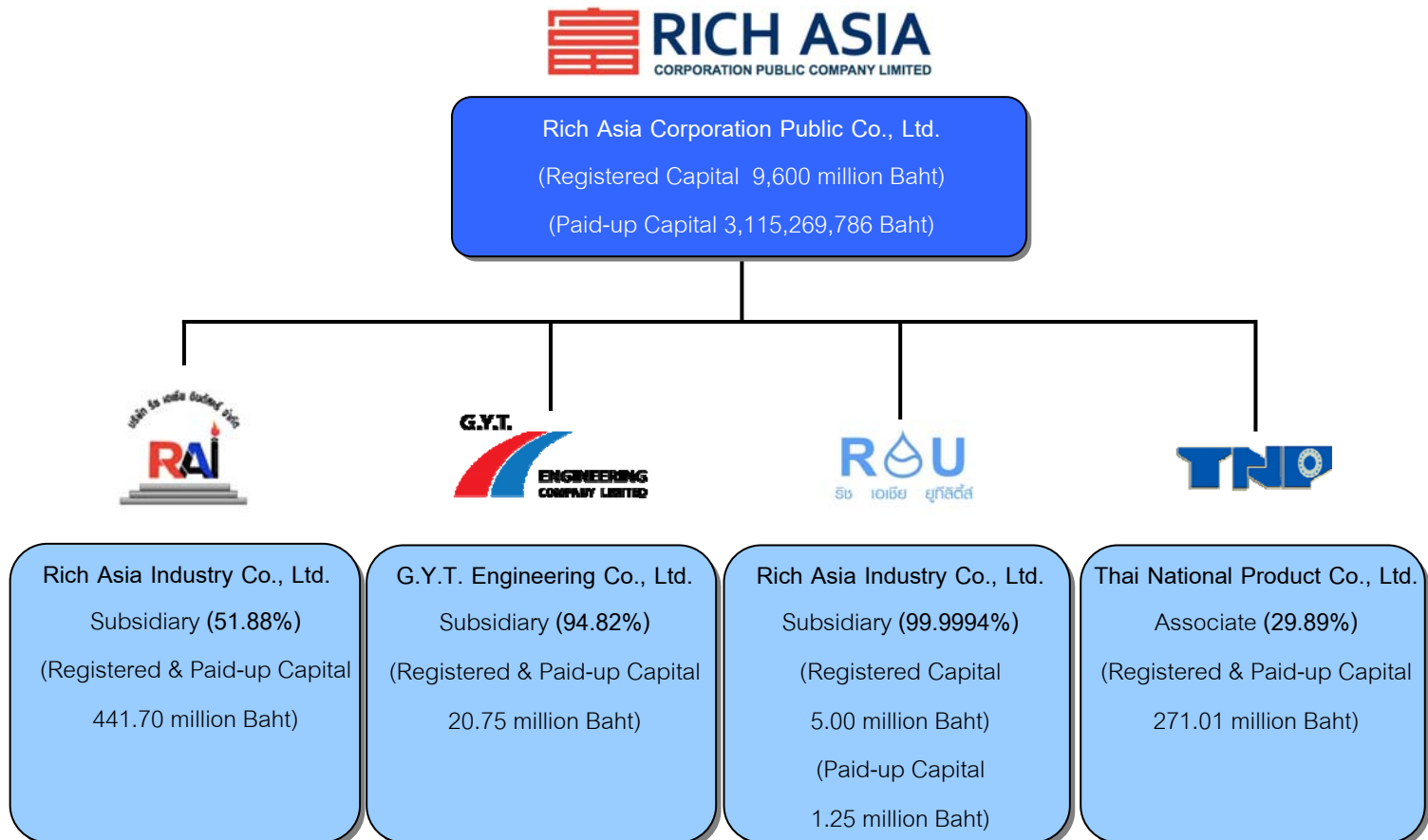
2. G.Y.T. Engineering Co., Ltd. operated in business of supplying equipment and technology including investment in utilities and infrastructure.

3. Rich Asia Utilities Co., Ltd. operated in business of supplying and management of water resources and related public utilities.

Structure of shareholding in Associate

The Company has an Associate, which is Thai National Product Co., Ltd., which operates in spun piles manufacturing and piles driving. In 2014, Thai National Product Co., Ltd. has diversified a new concrete product: Concrete Sleepers which used the projects of State Railway of Thailand in Sleepers substitution throughout the country.

Chart of shareholding in subsidiaries and associate as of December 31, 2018 as below:





Nature of Business

Rich Asia Corporation Public Company Limited is a trader and distributors of various types of steel products including raw materials and finished products. The finished products are composed of structural steel pipes, hot rolled coil and sheets, billets, and other products steel as well as being manufacturer and distributor of steel pipe and C-channel with company's policy of being a manufacturer, trader and distributors of all types and sizes of steel products; hence, the company can be deemed as a "One-Stop-Service Company" by the coordinate of purchasing planning, production planning and hiring other steel plants to produce, and the efficiency of inventory control management, which could supply promptly the required quality and quantity to customers.

In 2018, Rich Asia Corporation Public Company Limited I had invested in 3 subsidiaries and 1 associate company, as follows:

1) Rich Asia Industries Co., Ltd. (RAI)

Rich Asia Industry Co., Ltd. (Formerly known as Siam Ferro Industry Co., Ltd.) has established in 1993, operate in steel pipe and C-channel manufacturing and distribute various kinds of steel products including manufacturing service and trading the structural steel. RAI located in Muang Samut Sakhon district, Samut Sakhon province, Current registered capital is 441,701,237.00 Baht which fully paid up and 51.88% held by the Company.



In 2013, the company was approved the establishment of Bonded Warehouse, that receives tax privileges under the Customs Act, which will benefit the company's production and the company's revenue in the future.

2) G.Y.T. Engineering Co., Ltd. (GYT)

G.Y.T. Engineering Co., Ltd. (Formerly known as Rich Asia Engineering Co., Ltd.) was registered in 2015, and operates supply of equipment and technology, including investment in utilities



and infrastructure. GYT located in Bangkhuntien District, Bangkok, with registered capital of 1.00 million Baht which fully paid up and 90% held by the Company. On December 30, 2015, the Board of Directors has approved an increase in registered capital and amendment from previous registered capital of 1.00 million Baht to 80.00 million Baht by issuing 7,900,000 new ordinary shares with a par value of Baht 10.00 each to accommodate the allotment of new shares to existing shareholders. The company has registered the capital increase and requested payment of the share capital at Baht 2.50 per share, which has been paid up 20.75 million Baht. As well as the amendment of the Company's Memorandum of Association to be in accordance with the change in the share capital with the Ministry of Commerce on 27 January 2016. On October 3, 2017, the Board of Directors passed a resolution to reduce the Company's registered capital and amend the Company's Memorandum of Association from Baht 80.00 million to Baht 20.75 million divided into 2,075,000 ordinary shares with a par value of Baht 10.00 each which is fully paid up. Currently, the Company holds 94.82% of the shares.

3) Rich Asia Utilities Co., Ltd. (RAU)

Rich Asia Utilities Co., Ltd. was incorporated in the year 2016, have an objective to operate in the primary business of service of water supply and other utilities, the office located in Bangkhuntien District, Bangkok. In 2016, the Company started to have a registered capital of Baht 5.00 million, with initial payment of Baht 2.50 per share, amounting to 1.25 million Baht. The Company holds 99.99% shares.

4) Thai National Product Co.,Ltd. (TNP)

Thai National Products Co., Ltd. has established in 1990, operate in spun pile manufacturing with transport and pile driving services at the maximum capacity of 480,000 tons per year, TNP is located in Bangbuathong-Supunburi Road. Km.24.5 Saiyai Subdistrict. Sainoi District, Nonthaburi Province. Current registered capital is 271,006,000 Baht which fully paid up and 29.89% held by the Company.





Currently, TNP has been trusted from government and private sectors to produce and drive spun pile foundation in the variety large projects, such as electric train, power plants, bridges, express way, office building, factories and other buildings.



In 2013, the company expanded its business by setting up new product line of; in order to support the government policy for the improvement of unsafe railway throughout the country, by replacing wooden sleepers to concrete sleepers, including other projects which use concrete sleepers. The company invests in and tests new products in 2013 and started distribution in 1st quarter of 2014. In 2016, the Company has expanded to produce TIS standard square concrete pile to support the diverse needs of customers. These products can be used in various applications such as construction of electrical towers, telephone poles and other basic infrastructure works. And in 2017 the company has expanded new product of Pre-cast Concrete Plate which is distributed in 2018.





The nature of business of each product line can be classified as follows.

Group of Structural steel products and steel products



1. The characteristics of products and services

The Company and subsidiary are provider of products and services for distribution to customers by the both procuring from the purchase, hiring production and manufacturing as following

Products and services from the purchase or hire production

1) Structural Steel Pipe

Steel pipes and Lip channel structural steel, the company procure the structural steel by hiring and orders from other manufacturers or distributors (see details on the topic, procurement of raw materials and products), by pipe steel products that the company provides the main hiring contractors are 3 types such as Square Tube, Black Steel Pipe and Rectangular Tube, size standard length of 6 meters diameter from ½ "- 8" and has a thickness ranging from 1.00 to 4.50 mm, In addition the Company also provide products from procurement to be sold to customers to cover the demand in the market both for building structures and various pipeline liquids.

2) Hot Rolled Steel Coil and Sheets

Company provide the hot rolled coil steel both roll type and plate type by order from the distributor of manufacturer to customers such as wholesaler and manufacturer, which will be used in various industries such as construction industry, automotive industry, the furniture industry, etc.

Hot-rolled steel plate product that the company distribute thickness 1.20 – 12.0 mm and size according to customer's requirements Hot rolled steel plates that the company distribute to a hot rolled coil steel, the general level of quality that suitable for use in various types of construction, dock, heavy industries such as machinery in sugar factory, oil refinery, etc.

3) Billet and other products

In addition to the provide and distribution of steel products, structural steel pipe Lip channel steel, hot rolled coils and steel sheets, the company also provides procurement and distribute of



billets steel and other steel products such as steel plate, flat steel, angle steel conduit pipes, water joints, structural steel, H-shaped, I-shaped, round Bar, steel bar and wire-frange, etc., which the most added service to facilitate to customers by policy to provide One-Stop-Service.

Product and Service from manufacturing

In addition to being a leading provider of distribution. The company has developed the business into a manufacturer to retailer to meet the demands of more customers. The production and service in year 2018 as follows.

- Rich Asia Corporation Public Company Limited, manufacturer and distributor of structural steel, steel processing industry categories.



The company has one factory, fully capacity 90,000 tons per year, In 2015, the Company allowed another Company to rent the factory short term. Due to the fact that in 2015 the Thai steel industry was still being affected by foreign steel, with foreign steel prices being lower than domestic steel prices, coupled with the fact that the Company has received better revenue by purchasing for resale this year. Also, production requires large cash flow and resources. With the aforementioned reasons, the Company has considered that with the Company's current situation, it is more suitable in 2015 to purchase for resale as the Company's Main business, and have the factory rental income as support instead of producing itself.

In 2016, the steel sector situation had been revived due to the government announcements for precise basic infrastructure investments that lead to growth for the real estate market and the construction sector, which means there would be more demand for structural steel consumption in construction. Year 2017, the company has no production. For the year 2018, only has production from January - February 2018 and rented the plant to other company from November 2018 onwards for a period of 3 years, due to the company has to earn income from the company's assets for regular



expenses and in the process of procuring sources of fund for raw materials procurement to produce products for trading.

- Rich Asia Industry Company Limited, manufacturer and distributor of structural steel Type of steel pipe and Lip channel. The company has one factory, fully capacity 480,000 tons per year.



Production of the company and subsidiary are as follows:

1. Steel Pipe Production, which the companies manufactures and distribute can be classified into three types: Square Tube, Black Steel Pipe and Rectangular Tube in length of 6.0 meters and has the following dimensions.

Type of steel	Diameter (inch)	Thickness (mm)
Square Tube	$\frac{1}{2}'' \times \frac{1}{2}'' - 2\frac{1}{2}'' \times 2\frac{1}{2}''$	1.00-4.50
Black Steel Pipe	$\frac{1}{2}'' - 3''$	1.00-6.50
Rectangular Tube	$2'' \times 1'' - 3'' \times 1\frac{1}{2}''$	1.20-4.50

2. Lip channel Steel, which the companies manufacture and distribute have size 5"- 8" thickness 1.60 to 3.20 mm for use in general roof structure.



For products which have the size as the machine cannot be produced or the size of product can be produced but unable to produce on time or not worth the cost of the machine to produce products that companies are hiring .

3. Structural industry steel, which steel processing product as the companies manufacture and distribute for use in structural works and construction. The company has a machine with total capacity of 90,000 tons per year.

2. Quality of Products

In addition, the importance to procurement the products delivered to customers according to the size, quantity and period of time specified products that are delivered to have quality according to customer requirement. Steel products of the companies that are a quality product by certified quality according to the international standard from both domestic and international as the following:

Standard	Country	Description
TIS. 1228-2006 TIS. 276-1989 TIS. 277-1989, TIS. 281-1989 TIS. 107-1990	Thailand	Cold formed structural steel steel pipe Galvanized steel pipe Spiral steel pipe for plumbing and general. Hollow structural steel
ASTM A-120, 35A	U.S.A.	Fluid pipe, gas, air
JIS G 3452	Japan	General black steel pipe
JIS G 3101 SS400 (TIS 1479) TIS. 1479-1998	Japan	Hot-rolled carbon steel sheet, strip, plate and sheet for general and processing

Standard	Country	Description
JIS G 3131 SPHC (TIS 528 HR 1) TIS. 528-1997	Japan	Hot-rolled carbon steel sheet, strip, plate and sheet for general structure.
TIS. 348-1997	Thailand	Low carbon steel wire
TIS. 24-2005	Thailand	Concrete reinforcing bars : Deformed bar

The companies have a policy to ensure product quality at all stages starting from inspection of raw materials, such as checking the chemical ingredients and mechanical properties of the material, quality inspection of finished goods to size, form and product quality inspection before delivery to customers to check for damage that may occur from storage, such as rust or dents of the pipe, which the



importance to the quality inspection process the product ensures that our customers receive products as the requirement of quality of service provided by the companies.



The companies obtained a license for the standard industrial products TIS No. 107-1990 of hollow structural steel and TIS 1228-2006 of structural steel cold forming on August 20, 2008, and October 30, 2006, respectively. On October 29, 2015, the Company obtained a license for the standard industrial products TIS No. 24-2458 for produce deformed bars.

3. Marketing and competitive environment

3.1 Competitive strategy

The companies are planning the competitive strategy in steel products of the companies and its subsidiaries as follow

1) Enhancing variety and completeness of the product

The companies have a policy to provide manufacturing and distribution of various steel products with products a wide range and most comprehensive in order to support the different requirement of customers by the customers do not need to make a purchase from several vendors that can find all types of products from only company (One-Stop-Service) to achieve such goals. The company has relied on production planning, purchasing, and inventory management efficiency by the companies have an advantage in terms of sources of product procurement, that the companies can procure products in a manner of trading, and hiring additional manufacturing of the products that a companies cannot be produce that result to the companies can accommodate order for a large number and diverse in terms of size, quantity and quality of raw materials that each customer has different requirements for the purpose of use.



2) Marketing customer group

The companies have a policy in distribution and increase group of the customer. The currently, domestic customers are wholesalers group, retail group and the variety industry group of customers in Bangkok, metropolitan area and the provinces. The Company will expand the market to end users group.

3) Service

The companies focus on services, especially the procurement and delivery of the products to be able to create the highest customer satisfaction of the companies. The Companies also operate capacity sufficient factory party companies to serve orders urgent, so customers can trust that the company is able to supply steel products completely according to the delivery to the Companies also offer fast delivery and on time, which is an important part of time management and transportation costs for the customer and the companies and to make a long-term ongoing relationship with customers. The Companies have prepared the truck for delivery of goods and customer service from factory of contractor for about 30 vehicles for the transport of goods from factories to customers.

4) Warehouse management

The companies have a policy to provide the most complete products so as to meet the requirement of customers all the time in the amount of storage to a minimum to reduce the cost of storage products of the companies by the companies have contracted with a factory production contract to procure products for delivery to customers in size or as that a company cannot produce include the procurement of the products are delivered on time, that result to the companies do not need a large of storage, or storage in a long period, that to reduce the cost of storage.

3.2 The characteristics of the customers and target customers

Currently the main products of the company and subsidiary such as structural steels and hot rolled plates will be used in the primarily of the construction industry, however, in the future, the company aims to expand to customer base to other industry groups.

Therefore, the company's target customers group include distributors steel processing industry entrepreneur in the construction industry, which is currently the main customer group and the automotive industry include the continual industry, that will bring the company's products are used as raw material in the production, such as

Construction industry : structural, such as high rise buildings, electrical plant,
water plant etc.



Transportation industry : various train stations, maintenance depot, large scale bridges and rail system.

Automotive industry : auto parts, such as bumper beams, pickup truck, vacuum trucks etc.

Furniture industry : parts in manufacturing furniture, such as desks, chairs, cabinets, beds, steel window grills etc.

Electric appliances industry: parts in manufacturing various appliances such as washing machine, air conditioning, generator etc.

Food industry : Canned packaging.

Other industries : Other decorative, such as the fence home, shipyard, building doors, sugar plant machinery, oil refinery etc.

In any case, in 2016, the Company aims to expand more towards other markets, focusing on end-users in construction sector, automobile sector, canned food sector, and other markets which will result to more income and gain larger profit margins.

3.3 Distribution and distribution channel

The company provides production and distribution of products, mainly sold through wholesalers that distribute in Bangkok, metropolitan and region of more than 150 vendors for distributed directly to enterprises in the manufacturing sector, which led product of the companies to use as raw material in the production of goods. The portion of the distribution to customers are wholesalers to the customers to become entrepreneurs in the industrial sector is approximately 98 percent: 2 percent.

In order that, the mainly customers of the companies are mostly regular with contact trading for a long time and have a good relationship, by the group of customers of the company classified by the nature of business are as follows

1. Wholesaler

The wholesaler is the main customers of the company and its subsidiaries mainly as the wholesaler in the Bangkok and metropolitan, this group of customers will purchase the products of the companies to sell even to the retailers or manufactures.

2. Retailer

The retail customer group of the company and its subsidiaries based in Bangkok, metropolitan and the provinces. This customer group the company to sell even to consumers directly, which are expected that expand the customer base in more retails.



3. Manufacturers in various industry

The customer in this group such as the construction industry, the automotive industry and furniture industry, this group of customers will purchase the products of the companies to use as raw material in the production of goods, which is mostly enterprises construction and medium-sized factories

4. Procurement of products

4.1 Procurement from purchasing or hiring production

1) Structural steel (Structural Steel Pipe), a type of steel pipe and steel structure of lip channel, that the company has been procuring products for steel structure by hiring contractors and factory production with orders from manufacturers or dealers.

2) Hot Rolled Steel Plates and Sheets

The companies procured all types of hot rolled coil and hot roll sheet steel by purchasing from dealers of manufacturing factory and led to distribute to customers.

3) Long product steel (Billet) and other steel products.

The companies procured long product steel, such as steel plate, flat steel, angle steel conduit pipes, joints, structural steel, H-shaped steel, I-beam, round bar, steel bar and wire flange from Suppliers both domestic and abroad.

4.2 Procurement from production

Procurement of raw material and products

The company's main products and raw materials such as steel plates, hot rolled steel pipe, lip channel steel, steel products and other types of processing steel such as billet, flat steel, angle steel, conduit pipes, joints and slit steel, etc. The company and its subsidiaries have the procurement of raw materials and the products for trading, hiring production and manufacturing.

5. Impact on the environment

The companies has given importance to care and protection of the environment throughout. The companies continue to maintain the level of noise generated by the cutting steels in the safe level, according to law of the Department of Labor and social Welfare and In terms of scrap produced in the production process will be collected for distribution to scrap trader.

The companies have regulations to protect the environment in the production process according to the rules defined field offices by the Department of Industrial Works, Ministry of Industry examines factory and environment and concluded that the results of the inspection, which the companies in the benchmark did not cause any problems to the environment.

Since the opening of the factory The company does not dispute or litigation about building environmental impact and have never been warned or fined by the state agency by law must be

followed, including the Company. Factory Act 1992 and Environmental Protection Act 1992 and also received a license from the Department of Industrial Works, especially since the opening of the business.

Group of pile and concrete product

Production

Thai National Products Co., Ltd. has one factory for production of spun pile and concrete sleeper, located in Saiyai Sub-District, Sainoi District, Nonthaburi Province, volume of production as follows:

- Concrete spun pile machine max production capacity 40,000 tons/month or 480,000 tons/year. In 2017 production volume is 14.76% of the maximum capacity.
- Concrete railway sleeper machine in 2018 max production capacity totaling 360,000 pieces. The Company's production volume of 10.91% of the maximum capacity.

1. Product and service

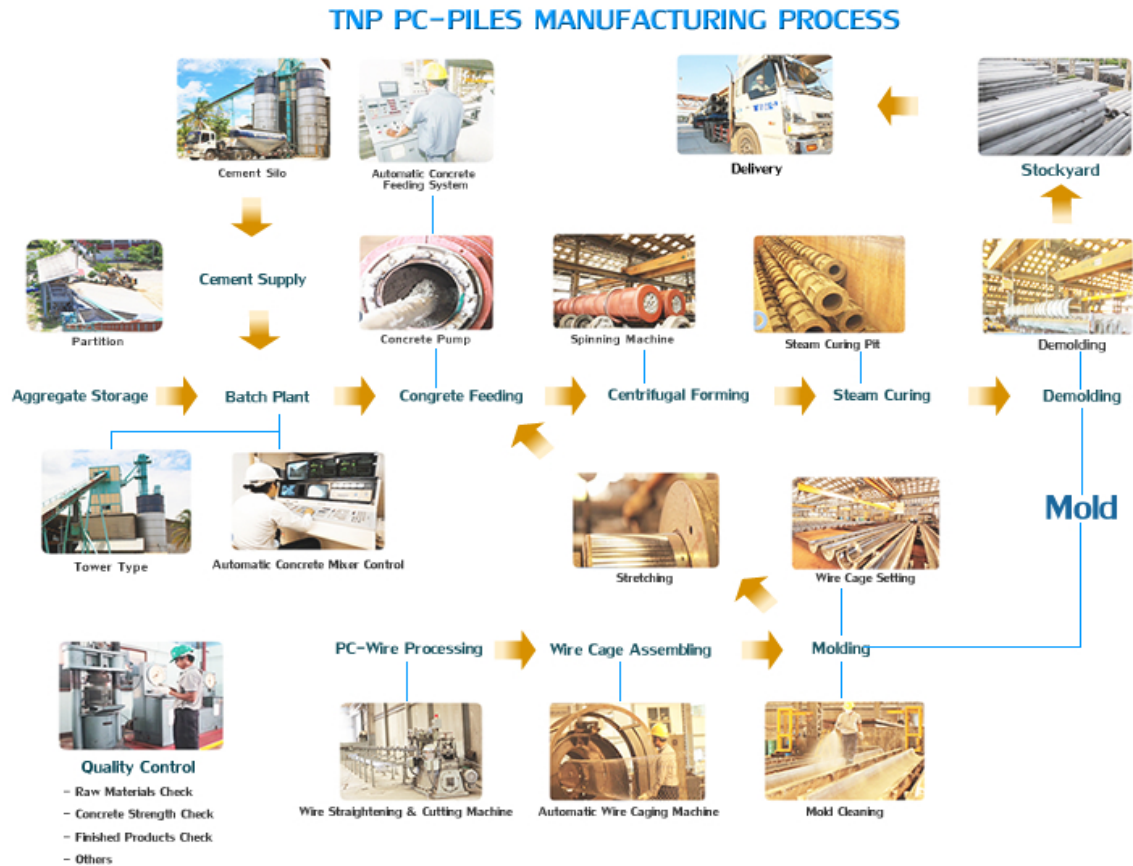
1.1 Spun pile

Currently, Thai National Product Company Limited is a manufacturer of spun pile with a delivery and pile driving service for a period of more than 20 years.



Production of spun pile, there's various diameter of, 300, 350, 400, 450, 500, 600 and 800 mm. Which could support several sizes of project at the same time. Pile welding method of TNP is designed at 3 times strength of concrete which is internationally accepted. Welding method is process by Semi Automatic Welding Machine and skilled welders must pass the Welding Standard Test by an accredited institute prior to operating the machines.

Manufacturing process of Spun pile



The company also provides piling services with modern machines and methodology according to customers' demand and environment. The piling methodology deployed includes Pure Drive, Pre-Boring, Auger-Press with Final Drive each of which has been developed for maximum efficiency and pollutions such as vibration, dust, and noise are kept at minimum.



Hydraulic Hammers

HYSINC



specifications

Model	HNC-65	HNC-80	HNC-100	HNC-125
Driving System	PATENTED BSP HYDRAULIC SYSTEM			
Ram Weight(T)	6.5	8.0	10.0	12.5
Driving Energy (T-M)	7.80	9.60	12.00	15.00
Blow Rate/ Min	18-70	18-70	18-70	18-70

NISSHA



specifications

Model	NH-40	NH-70	NH-100
Driving System	Hydraulic, Double action		
Ram Weight(T)	4.0	7.0	10.0
Driving Energy (T-M)	6.08	8.96	14.4
Blow Rate/ Min	28-80	25-70	20-56

1.2 Concrete railway sleeper products

Thai National Product Company Limited has expanded its businesses to concrete railway sleepers 1.00 meter length for distribution to the contractor of The State Railway of Thailand, which is the project to improve the railways including dual-track railway project and medium - high speed railway project.





Thai National Product Company Limited has started investments in producing the concrete sleepers (1st phase) in 2013, and ready in time for distribution in 2014 onwards. In 2014, Thai National Product Company Limited has expanded investment for concrete sleepers in phase 2. Currently production capacity is at 360,000 pieces / year. Whereby, Thai National Product Company Limited can produce concrete sleepers in 1.0 meters and 1.435 meters.

1.3 Concrete square pile

In 2016, Thai National Product Co., Ltd. expanded new production line of concrete square pile to support customers' demand of various product. The concrete square piles can be used for the construction of power poles, telephone poles and other basic infrastructure projects, and started distribution in the year 2017.



1.4 Pre-cast Concrete Plate

In the year 2017, Thai National Product Co., Ltd. has added a product, Pre-cast Concrete Plate to meet the diverse needs of customers, which will be distributed in 2018.



2. Quality of product

2.1 Spun pile



Thai National Product Company Limited's first and foremost philosophy is "Quality Paramount" This philosophy extends not only to our product but to the services we provide. The company fully recognize that the success of any organization is dependent on customer satisfaction. Retaining old customers through trust and reliability whilst encouraging new customers by way of an enviable reputation. The foregoing ensures continued expansion and prosperity based on a "Firm Foundation." Thereby safeguarding the integrity of our whole structure.

Using the most up-to-date, computer-controlled production technology supplied by a specialized Japanese company result to products are of high quality, precision and consistency, meeting the strict requirement of National and International Industrial Standard. To ensure its production quality, Thai National Product have instituted the Quality Control Division equipped with a modern laboratory to strictly inspect and control the quality of works at each stage, from the selection of raw materials up to the services at the job site. Aiming to meet our customer's requirements and maximum satisfaction of the customer as a result, the company's products granted industrial standard (TIS 398-2537) by the production pile diameters ranging from 300, 350, 400, 450, 500, 600 and 800 mm, and the company can also manufacture prestressed concrete piles using a centrifugal terms all kinds of special needs, beyond the standard has been designed to accommodate both small and large projects of all types.

In addition, quality management of Thai National Product Co., Ltd. has been certified with ISO 9001 since 2001. At present, ISO 9001 : 2015 certified by SOCOTEC Certification (Thailand) Co.,



Ltd. Scope of the certification is on " Design and Manufacture of Prestressed Spun Concrete Piles ". The company has implemented and maintained working environment according to the Requirements, Policies and Operation Plans to achieve the company's goals. And in order to guarantee maximum satisfaction of customers in both products and services, the Quality Policy has always been "Focus on quality and service development sustainably".

2.2 Concrete railway sleepers products

The production of TNP's concrete sleepers developed from TNP's knowledge and experience in spun pile production from the trial production stages onward to commercial production stages. In production process, the Company has stricted to the production quality by selecting good quality of raw materials and also controlling every stage of production process to achieve optimum efficiency in order to ensure the product quality to be accepted by contractor and SRT's specification.



TNP's concrete sleeper products are properly qualified, fully compliant, and certified by the State Railway of Thailand. The concrete sleepers must been passed inspection and strict testing by SRT engineers before delivery to customers.

2.3 Concrete Square Pile

In 2016, Thai National Product Co., Ltd. started to produce concrete square piles, which has been inspected and obtained certification Thai Industrial Standards Institute (TISI) 396-2549 from the Thai Industrial Standards Institute.



2.4 Pre-cast Concrete Plate

The Thai National Product Co., Ltd. has the opportunity to produce and deliver concrete piles to the State Railway of Thailand. The Company notices need of Pre-cast Concrete Plate. The Company, which specializes in concrete products and has been trusted by contractors, have produced the Pre-cast Concrete Plate and has been certified by the State Railway of Thailand to distribute in correlation with the railway construction project, The Pre-cast Concrete Plate, ranging from 0.87 x 0.31 x 0.08 m, 0.92 x 0.31 x 0.10 m and 1.02 x 0.31 x 0.10 m.



3. Marketing and competitive environment

3.1 Competitive strategy

The company is planning the competitive strategy in pile products and concrete product of the company as follow

1) Creating variety and completeness of the product

The company has a policy to increase the variety of products. The original main income of the company was spun pile (spun) only one product. In 2013, the company has increased other concrete products was railway concrete sleepers, these products started selling in the quarter 1 of 2014. In addition, for 2016 the company remains committed to increase other concrete products such as concrete square piles. And in 2017, the Company also expands the product of Pre-cast Concrete Plate to increase revenue and use common resource to net worth which increase profit and diversify the risk in the business of one another.

2) Marketing business group

The customer in this group have both domestic and overseas customers. However, in currently, the main customers are both government and the private sector in construction industry business and general customers such as construction projects, roads, bridges, express ways, power



plants, sky trains, electrical poles, telephone poles, ports, office buildings, factory buildings, etc. The company still have the policy to increase customers' market to have more variety.

3) Service



The company to focus on quality service and fast delivery include the pile driving with quality by modern machinery and process methodology, variety of requirement of customer and the suitability of the construction on the environment, such as pile driving by hydraulic hammer (Pure Drive), drilling system (Pre-Boring), Drilling – Press (Auger-Press with final drive), each system has been developed to work efficiently in parallel with the reduction of pollution, such as vibration, dust, smoke, noise, etc., which is provided by a team that has the experience in period of not less than 20 years and is monitoring and control equipment and safety services to rigorous safety standards. The company set a policy to the Committee of Safety, health and environment to work in every project to provide customers with confidence in the service along with the product.

4) Warehouse management

The company has policy to storage of goods in standard quantity, due to the companies produce goods according to customer's orders. The company has managed the warehouse by speedy delivery in order to utilize the warehouse efficiency.

3.2 The characteristics of the customers and target customers

Currently the main products of the company was spun pile, which will be used in mainly the construction industry and transportation, however, the company aims to expand its customer base to other industry groups to be more focused on other concrete products industry, which is similar industry



and use raw materials, which is a common resource that to the maximize benefits, such as railway concrete sleepers products and other concrete products, which the company's goal is to increase the production to more to achieve the diversity.

The main target customers are both domestic and overseas customers, which are both government sector and private sectors, the construction industry and the general customers to led products to use in various construction projects by classified are 3 categories follow:

- Infrastructure projects, such as construction of a rapid transit, double track railway, airport railed link, motor way, toll way, express way, bridges, dams, docks, waste water treatment project, pumping plants, etc.
- The industrial and energy projects, such as oil depots, power plants
- The buildings such as factories, office buildings, educational buildings, government building, residential buildings, shopping malls, hospitals, etc.

3.3 Distribution and distribution channel

The company produce and distribute of goods by mainly distributed through entrepreneurship, contractor of construction, such as the construction of maintenance subway electric train parking, deep water port, expressway, toll way, etc. And some product to distribute to consumer such as the construction of factory office building, office, residential buildings, hospitals, etc. The distribution is mainly delivered to customers at site projects and construction project, which is distributed both in the Bangkok metropolitan area and other regions.

The portion of customer who are main contractor and general customer is an entrepreneur in the construction 80 percent: 20 percent. Most of company's customers are long-term relation customers who have contacted on regular trading have a good relationship.

4. Procurement of products

4.1 Procurement from production

Procurement of raw material in production

The main raw material used in the production such as steel, cement, gravel, sand and other, which is the main raw material, that the maximize value is 65-70% of the value of raw materials used in production. In 2018, the company procure steel from both domestic and foreign distributors, while for cement, gravel, sand and others only from domestic suppliers.

5. Impact on the environment

With a sense of duty and social responsibility to the environment, the company has the appropriate technology selection and has minimal environmental impact as possible, for example, concrete mixer modern closed systems, which have the device traps dust while working not dispersed



into the atmosphere, and also installed wastewater from production then put back into the cleaned plant for renewable resources to maximize the benefits and then introduced into the deposition process and fill the air and water quality to a level that is not harmful to the environment before it is released to the outside plant.



Control noise pollution



Vibration control

In the field, the company led modern and variety machine for pile driving used by meet the requirement of customer, such as the driving with hydraulic hammer that pollutes the soot vibration and noise, less is more compared to the other driving system, press driving (Auger-Press with final drive) and pre-boring that can reduce vibration almost completely devoid of any pollution.

Additionally, the Company also encourages the planting of trees around the factory to create a tropical atmosphere and fresh air.

Revenue Structure

Revenue Structure of Company and Subsidiaries

Revenue in consolidated statement of the company and subsidiaries ending at 31 December, 2018 total amount of 269.84 million Baht, which consist sale amount of 264.24 million Baht, revenue for sale and service of the separate company 224.85 million Baht.

Revenue from its subsidiaries for the year ended December 31, 2018 as follows:

- Rich Asia Industry Co., Ltd. (proportion of holding shares of the company 51.88%), total revenue amount of 192.27 million Baht, which is sale and services (production for sale, production hiring and procure for trading) amount of 187.13 million Baht.

- G.Y.T. Engineering Co., Ltd. (proportion of holding shares of the company 94.82%) Year 2018 the Company has no revenues for sale and service. Currently in the process of starting a business.

- Rich Asia Utilities Co., Ltd. (proportion of holding shares of the company 99.99%) Year 2018 the Company has no revenues for sale and service due to the subsidiary began operations in March, 2016. Currently in the process of starting a business.

**Revenue Structure of Associate Company**

Revenue from its associate for the year ended December 31, 2018 as follows:

- Thai National Product Co., Ltd. (proportion of holding shares of the company 29.89%), total revenue amount of 294.84 million Baht, which is sale and service (Sale of pile, transportation, driving service and sale of concrete products) amount of 294.03 million Baht.

The company's revenue can be categorized by product type as follows: statements exclude related

Product / Group of business	Operated by	Holding shares (%)	Revenue from consolidated financial statement (Million Baht)					
			2018	%	2017	%	2016	%
Structural steel and other steel	Rich Asia Corporation Public Company Limited		264.24	97.92	666.88	97.73	3,215.28	99.58
	¹ Rich Asia Industry Company Limited	51.88						
Procurement of material, equipment and technology include investment in utilities and infrastructure projects	² G.Y.T. Engineering Company Limited	94.82	-	-	-	-	-	-
Operates in the business of service of water supply and other utilities	³ Rich Asia Utilities Company Limited	99.99	-	-	-	-	-	-
Pile, delivery and driving and other concrete products	⁴ Thai National Product Company Limited	29.89	-	-	-	-	-	-
Other Revenue	Rich Asia Corporation Public Company Limited and subsidiaries		5.60	2.08	15.49	2.27	13.52	0.42
Total			269.84	100.00	682.37	100.00	3,802.73	100.00

- Remark:**
1. Rich Asia Industry Company Limited, formerly name Siam Ferro Industry Company Limited
 2. G.Y.T Engineering Company Limited, formerly named Rich Asia Engineering Company Limited was registered as a company limited on February 19, 2015
 3. Rich Asia Utilities Company Limited was registered as a company limited on March 23, 2016
 4. As December 3, 2014, the Company has sold shares in Thai National Product Co., Ltd. as a result, its changing in status from a subsidiary company 100% to an associated company net of holding shares 29.89%. For the years 2016 and 2017, the Company did not include the revenues of Thai National Product Co., Ltd.



Revenue Structure of the separate company

Type of Revenue	2018		2017		2016	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenue from sales						
1. Structural Steel						
1.1 Square tube	44.12	19.54	90.48	14.27	223.56	7.49
1.2 Black steel pipe	1.37	0.61	29.12	4.59	61.99	2.08
1.3 Rectangular tube	23.70	10.50	95.72	15.10	209.65	7.02
1.4 Lipped channel	82.59	36.58	162.08	25.57	868.17	29.08
1.5 Angle Bar	-	-	-	-	-	-
1.6 Deformed Bar	52.10	23.07	41.58	6.56	379.40	12.71
1.7 Round bar	16.29	7.21	85.87	13.54	228.71	7.66
2. Hot rolled steel coil and Sheets	-	-	74.64	11.77	882.08	29.54
3. Billet	2.14	0.95	-	-	68.30	2.29
4. Others *	2.54	1.12	25.24	3.98	19.03	0.63
Total Revenue from sales	224.85	99.58	604.74	95.39	2,940.89	98.50
Other revenue **	0.95	0.42	29.20	4.61	44.68	1.50
Total Revenue	225.80	100.00	633.94	100.00	2,985.57	100.00

Remark : * Others consists of scrap, iron tail steel, flat bars steel, plate steel, checkered plates, steel band, round bars steel, square tube, galvanized steel pipe, wide flange steel, end plate and others

** Other revenue consists of revenue from rental, gain on sales of assets, gain on sales of investments in subsidiaries, gain on debt restructuring, interest revenue and others Income



Trends and Industry Outlook

The trend of the industry related to the production line of steel, production line of spun pile and concrete products are as follows

Steel Industry Outlook 2018

The overview steel situation in 2018. Summary of production details and domestic sale and import as follows:

Production Quantity	120.60	Million Metric Ton	Increased 1.70% from 2017 (long steel decreased 1.50% , flat steel increased 4.80%)
Domestic Sale	17.60	Million Metric Ton	Increased 6.00% from 2017 (Increased in both long steel products and flat steel products.)
Import	10.80	thousand Million Dollar	Increased 18.70% from 2017 (Increased in both long steel products and flat steel products. By importing long steel products by 20.60% increased)

Source : Website : www.oie.go.th Office of Industrial Economics

The production conditions of the iron and steel industry in 2018 increased when compared with 2017. Flat steel production index increasing from the continuous expansion of industries such as the automotive industry. For long steel which has increased production is wire rod and high tensile steel wire, due to being supported by the construction industry both government infrastructure and private residence.

From the information Office of Industrial Economics, Ministry of industry forecasted trend of steel consumption of the steel industry in 2019, the production increased slightly by approximately 1.0-2.0 percent compared to the same period last year, by increasing both long steel product and flat steel product, from the expansion of domestic and foreign consumption which caused the industry production to expand, such as the automotive industry, electric appliance industry and the construction industry. As for steel sales in 2019, it is expected to have a volume of 17.90 million tons, 1.70 percent increase.

Construction Industry

Information from the Bank of Thailand in 2561, shows increase trend of condominium registration nationwide compared to 2017. There is also decrease trend of the land development licenses nationwide and construction areas permitted in municipal zone from the same 2016 period, as per following details:



	2018	2017	2016
Condominium Registration Nationwide (unit)	101,581	72,521	113,395
Land Development Licences Nationwide (unit)	81,992	76,079	87,570
Construction Areas Permitted in Municipal Zone (Thousand sq. metres)	14,399	19,463	19,605

Source : Bank of Thailand

Steel demand in 2018 in the construction business has increased to the merit of the government infrastructure investment in transportation and the stimulus on various construction investment projects, such as the Thanaruk Phacharat Housing Project and projects which raise living standards in the district, such as community learning. This will result in private construction investment to follow with the increased construction in condominiums due to the BTS Sky train investment.

Trend of construction industry

The construction investment trend in 2019 expected that the overall construction investment value will not much grow at a rate of 3.5-5.0%, resulting from investors waiting for clarity after getting the new government in 2020, and 2021 the business tend to expand by 5-7% and 7.5-9.5% respectively. Due to the acceleration of large-scale government projects and private investment which is expected to grow in accordance with confidence and economic conditions. The outstanding project still being the project developed in the Eastern Economic Corridor, electric train and mix used project.

Source : Krungsri Research, Industry Outlook 2019 – 2021 construction business

The iron and steel industry

Production trends in 2018 is projected to increase by 1-2% compared to the same period of previous year by increasing both long steel product and flat steel product, from the expansion of domestic and foreign consumption which caused the industry production to expand, such as the automotive industry, electric appliance industry and the construction industry. As for steel sales in 2019, it is expected to have a volume of 17.90 million tons, 1.70 percent increase.

Automotive Industry

The automotive industry uses several types of steel as essential components in automotive manufacturing, using cold-rolled steel sheet, hot-rolled steel sheet, and steel pipe. In 2018, The Federation of Thai Industries summarized the domestic automotive production volume to 2,167,694 cars, which increased 8.99% from 2017. The volume of domestic automotive sales amounted to 1,041,739 cars, which increased 19.51% compared to 2017.

	2018	2017	2016
The volume of domestic automotive production (car)	2,167,694	1,988,823	1,944,417
The volume of domestic automotive sale (car)	1,041,739	871,650	768,788

Source: The Federation of Thai industries



Car sales in each category: has rate of increase and decrease from 2017 as follows:

Type of car	Sale in 2018 (car)	% Increase (Decrease) from the Year 2017
Commercial vehicles	44,664	2.48%
Passenger car	997,075	20.41%

The increasing of car sales is partly from the expansion of the domestic market due to public and private investment, including increased agricultural production.

Trend of automotive industry

Automotive industry trends in 2019 based on the forecast of the automotive industry, The Federation of Thai Industries (FTI) expects production of about 2,200,000 units, an increase of 4.76%, which is attributed the production for domestic 1,050,000 units, an increase of 5.00%, and production for export of approximately 1,150,000 units.



Risk factors

1. Risks in business

Risk to the operations of the Company and its subsidiaries are as follows:

1. Risk from trend of raw material and finished goods price

The overview of the steel industry in 2018 shows that domestic demand of construction steel (Rebar and structural steel) are increased slightly by 1.9%, benefited from the government infrastructure investment and the progressive of housing projects, especially the electric train, double track railway and elevated motorway project, as the necessity to use steel bars for poles and beams structure for laying rails and roads. The export volume of steel bars and structural steel to also increase by 11.9% following the growth of the construction sector in trading partner countries. The top 3 countries that imported from Thailand are Lao, India and Myanmar.

In terms of production, the volume was reduce 3.2% as the entrepreneurs faced high competition with imported products. Thailand has imported these steel at an accelerated rate of 32.4%, partly due to the trade war between the United States and China. As a result, steel from China and other countries become dumping into the market in Thailand, as per in 2018, Thailand still increase the import of steel bars by 32.4%

Therefore, in order to reduce the risk from raw material and product price trends that will increase or decrease in various circumstances. The executive of the company has tracked the changes in prices for raw material steel and hot-rolled steel coil and other steel products from both domestic and overseas markets closely and to evaluate the prospects of domestic steel prices for comparison with overseas price all time for the benefit of the cost management in the steel price decreased, which will have a positive impact on the operations of the company.

The policy price of the products of the company are considering the cost of sales, coupled with the market price at that time, so that the company has gross profit increased.

2. Risk from products procurement

According to company's policy to hedge the purchase of raw materials risks by procurement of raw materials from various distributors both the domestic and abroad by considered both the cost, quality of product and on time delivery. By considering the direction of the fluctuations of the prices and negotiations about the payment period increased. The company and its subsidiaries have policy to supply distributors of raw materials and products from various sources continue increase. In order to for the benefit in product procurement to reserve an adequate quantity and able to support with demand for the production efficiency. In addition, the Company can increase bargaining power on price negotiation and procure the lower cost of raw materials to increase profitability.

Thus, on such policy, the company expects that the risks of the demand and quantity on products supplying will be reduced and can control cost of raw material and products efficiently.



3. Financial Risks

3.1 Risk from the contingent liabilities from issuance of debentures and loan

As the company has liabilities from issuance of debentures in the year 2015 and liabilities on loans from financial institutions for used as working capital of which entering into debt restructuring with financial institutions in 2016.

In 2016, the company had earned not much high gross profit margin from sales, also to the accounts receivable has request extend the repayment to the company as a result to the company's lacking of financial liquidity and could not comply with the conditions of debt restructuring contracts.

As January 10, 2017, creditor banks has called the company to repay the principal outstanding amount of 537.75 million Baht and accrued interest amount of 272.63 million Baht in total amount of 810.38 million Baht within 15 days after received the letter. Such call for repayment has impacted to the whole amount of debenture of 1,230 million Baht has been defaulted, which was in accordance with the terms of the debenture.

As of December 31, 2018, the company had liabilities amount of 2,887.32 million Baht (partially from issuance the debenture amount of 1,230 million Baht and loans from financial institutions amount of 15.40 million Baht). Shareholder's equity (1,912.52) million Baht. Debt to Equity ratio according to the consolidated financial statements were (1.51) : 1.00 times, which is increased from year 2017 which was (2.10) : 1 times. The decrease of company's financial structure risk may positively affect to the company's operation.

Currently, company is in the process of acceleration to finding solutions to reduce the risk of liabilities from loan as mentioned above, providing that the company's operation could be going concern and return to the normal financial structure.

3.2 Risks from liabilities due for payment within 1 year

As the company is unable to pay the liabilities under the debt restructuring contract according to the terms specified in the debt restructuring contract with financial institutions mentioned above. The bank creditor has called to the company to repay all defaulted amount of outstanding principal and interest, as of December 31, 2018, the company had liabilities under debt restructuring contract that to be due within one year amount of 1,037.93 million Baht.

In addition, as of December 31, 2018 the company has debenture due within one year amount of 1,230.00 million Baht. The company has current liabilities total amount of 2,815.86 million Baht, current assets amount of 147.20 million Baht as result to had current ratio the company of 0.05 times, which reflect to lacking of financial liquidity.

The company is planning for a better and appropriate financial structure, providing that the company has a sufficient working capital for operation and repayment of debt.



3.3 Risk of receiving payment

The company and subsidiaries have a risk on receiving payment from trade receivables. In 2018, some customers also faced liquidity problem due to less demand in steel market during past year and our customers has postponed payment to the company, which affected to the company's liquidity.

In consideration for credit limit to customers and tracking of debt payment from receivable. The company has practiced according to the procedures and regulations of the company strictly. For the receivable who has been demanded to the fullest extent for repayment, the company has submit to legal department and claim payment for avoidance company's benefit loss.

4. Risk of law changes in competition

Anti-Circumvention (AC) measures are an additional measure in the Anti-Dumping and Countervailing of Foreign Products Act B.E. 2542, which will help to fill the law loopholes and causing more fair trade than anti-dumping measures (Anti-dumping: AD) and Countervailing Duty (CVD) are two measures used by importing countries to protect the domestic industry from damage by collecting additional taxes from normal import tariffs. However, AD and CVD measures can still be avoided. Therefore, AC measures must be issued to close such vulnerabilities.

In the past 10 years, Thailand has implemented anti-dumping measures with trading partners by increasing import duties on various steel products, for example cold rolled stainless steel, hot rolled steel sheet, cold rolled steel sheet, coated cold rolled steel sheet and high carbon steel wire etc., in order to protect Thai steel manufacturers from the inflow of these steel products. However, the AD / CVD measures may still have evasion (circumvention) loopholes to import products from partner countries, especially when the trade war between the United States and China erupted. Steel products are one type of product that is more likely to be imported from China to Thailand because the United States has set to increase a wall of China steel products tax by another 25% - 50% from the normal import duty rate, causing steel exports from China to the United States tends to decrease. The steel which cannot be exported to the US are likely to flow into Thailand due to dumping and / or subsidizing, causing the steel price plus shipping costs can still compete with manufactured or processed steel products in Thailand.

The Department of Foreign Trade revealed that domestic entrepreneurs affected by goods that avoiding the AD / CVD measures can file a request to the Department of Foreign Trade to investigate suspect company. The investigation period will be taken 9-12 months and if the offense has founded, the offending company must pay retroactive duties from the date of importation. The duty rates charged will not exceed the maximum rates charged for goods using AD / CVD measures from the exporting country for the original AD / CVD investigation.

Flat steel is one type of steel product that is encountered with dumping and subsidizing problems. The average volume of flat steel products (excluding stainless steel) from China which the



import similar to avoid AD and CVD (circumvention) has increased in the past 6 years (2013-2018), with volumes at least 193,000 tons/year divided into Flat steel products from slight modification of approximately 20,000 tons/year and flat steel products from transshipment approximately 173,000 tons/year, which accounts for about 6% of the total flat steel production in Thailand. However, there is an assessment that the import similar to avoid AD and CVD (circumvention) in the future also tend to increase as well.

However, the company has follow any changes of laws closely relating to steel production and distribution in order to set up plan to prevent various area of risks, including the data summarize to analyze the opportunities in steel production and guidelines to resolve other problems concerned.

2. Risks affecting shareholders' right and investment

The risk of the company's retained deficit

As of December 31, 2018 the Company had net loss on consolidate financial total amount of 632.35 million Baht, a net profit attributable to the equity holders of the parent amount of 522.86 million Baht. For the operating performance of the separate company had net loss of 623.00 million Baht, which the company had the retained deficit as of December 31 2018, according to the consolidated financial statements amount of 4,007.11 million Baht, the separate financial statement had retained deficit amount of 3,941.99 million Baht.

Partially to the increase of company's deficit in 2018, due to the company has estimated for doubtful receivables and advance payment for goods total amount of 299.11 million Baht, such estimation is in accordance with the regulations of the company and in case of the company has received payment from the account receivables in any period, the company will reverse such doubtful receivable to be income accordingly.

In addition, in 2018 the company had financial cost burden from loans total amount of 195.23million Baht. The company's revenue from sales has decreased from the last year. Gross profit was insufficient for fixed expenses and financial costs, including the estimation of doubtful account which result to the company has retain deficits increased in 2018.

The Company has retained deficits which affected the inability of dividend payments. The shareholders have a risk on such inability according to dividend policy.

The Company is currently in the process of accelerating to resolve and reduce the debt problem with the financial institutions and other parties/businesses, including plan the financial restructuring to an appropriate level, and seeking more financing support to reduce the Company's financial burden. The aforementioned plan will improve ability to the better performance, and reduce the deficit of Company. Also increase opportunity and profitability of sales the Company's products, and ability of dividend payment to the shareholders in future.

**General and Others Substantial Information****Company's Name, Location and Business Type**

Company's Name	:	Rich Asia Corporation Public Company Limited
Symbol	:	RICH
Nature of Business	:	Seller and supplier of steel products which acquired from trading as well as hiring other steel plants to produce the products for the company, the company is also a trader and supplier of other types of steel products including raw materials and finished products. The finished products are composed of, for example, structural steel pipe, lipped channel, hot rolled coil and sheets, billets, and others.
Head Office	:	636 Bangkhuntien-Chaitaley Road, Thakham, Bangkhuntien, Bangkok 10150 Tel. 0 2453 6277 Fax. 0 2453 6288
Factory	:	141/3-141/4 Moo 3, Tambol Bangprong, Amphur Muang Samut Prakarn, Samutprakarn 10270 Tel. 0 2383 0572
Registration No.	:	0107549000050
Home Page	:	www.richasiacorp.com
Customers Care Center	:	Tel. 0 2453 6277 ext. 219
(Customers' Complain Center)	:	E-mail : customerscare@richasiacorp.com
Registered Capital	:	9,600,000,000 Baht
Ordinary Shares	:	3,115,268,236 Shares
Par Value	:	1.00 Baht per share
Paid-up Capital	:	3,115,269,786 Baht
Paid-up Ordinary Shares	:	3,115,269,786 Shares

Investors can study additional company's information in Annual Registration Statement (Form 56-1) which is shown in www.sec.co.th or www.richasiacorporation.com



Referrals and Their Locations

Common Stock Registrar

Thailand Securities Depository Co., Ltd.
93 Ratchadaphisek Road
Dindaeng, Dindaeng, Bangkok 10400
Tel. 0 2009 9000
Fax. 0 2009 9991

Auditor

SAM NAK-NGAN A.M.C. Co., Ltd.
4th Unit, 19th Floor, Silom Complex Building
191 Silom Road, Bangrak
Bangkok 10500
Tel. 0 2231 3980 - 7
Fax. 0 2231 3988



As of December, 31 2018, The corporate name that the company holds 10 percent or more of Issued and Paid-up Share Capital

Items	Company/Location	Type of Business	Type of Share	Issued Share Capital	Number of Shares	%
1	Rich Asia Industry Co., Ltd. 88 Moo 2 Tambol Kahlong Amphur Muang Samutsakhon Samutsakhon 74000 Tel. 0 3485 1018 - 21 Fax. 0 3485 1028	Steel pipe and tube manufacturer	Ordinary Shares	14,248,427	7,392,450	51.88%
2	G.Y.T. Engineering Co., Ltd. 636 Bangkhuntien-Chaitaley Road, Thakham, Bangkhuntien, Bangkok 10150 Tel. 0 2453 6424-5, 0 2453 6468 Fax. 0 2453 6469	Supply of equipment and technology including invest in utilities and infrastructure	Ordinary Shares	2,075,000	1,967,500	94.82%
3	Rich Asia Utilities Co., Ltd. 636 Bangkhuntien-Chaitaley Road, Thakham, Bangkhuntien, Bangkok 10150 Tel. 0 2453 6424-5 Fax. 0 2453 6469	Supply and management of water resources and related public utilities	Ordinary Shares	500,000	499,997	99.9994%
4	Thai National Product Co., Ltd. 33/3 Moo 4, Bang Bua Thong - Suphanburi Rd., Tambol Sai Yai, Amphur Sai Noi, Nonthaburi 11150 Tel. 0 2985 5300 Fax. 0 2985 5309	Spun pile manufacturer	Ordinary Shares	27,100,600	8,100,598	29.89%



Shareholders

Major Shareholders as of December 31, 2018

Ranking	Shareholders	Number of shares	Percentage
1.	Mr. Taweechat Jurangkool	330,000,000	10.59
2.	Miss Angkakarn Tantiviroon's group		
	1.1 Mrs. Pimsiri Keeratitiensiri	66,900,000	2.15
	1.2 Miss Angkakarn Tantiviroon	46,550,000	1.49
	1.3 Mr. Chen Marcus	1,475,000	0.05
	1.4 Miss Chen Ming Ming	890,625	0.03
	Total	115,815,625	3.72
3.	Mr. Narong Whangjaroenwong	111,210,100	3.57
4.	Mr. Nuttapol Jurangkool	92,360,100	2.96
5.	Mr. Sitthichai Srisa-nguankul	81,664,600	2.62
6.	Mrs. Nada Thepawatanasuk	68,000,000	2.18
7.	Thai NVDR Co.,Ltd.	65,154,963	2.09
8.	Mr. Jatuporn Wongthongsan	60,000,000	1.93
9.	Mr. Silpchai Seemawongnant	50,000,040	1.60
10.	Mr. Krit Phurisinsit	46,195,600	1.48
	Total	1,020,401,028	32.75
	Other Shareholders	2,094,868,758	67.25
	Total Shareholders	3,115,269,786	100.00

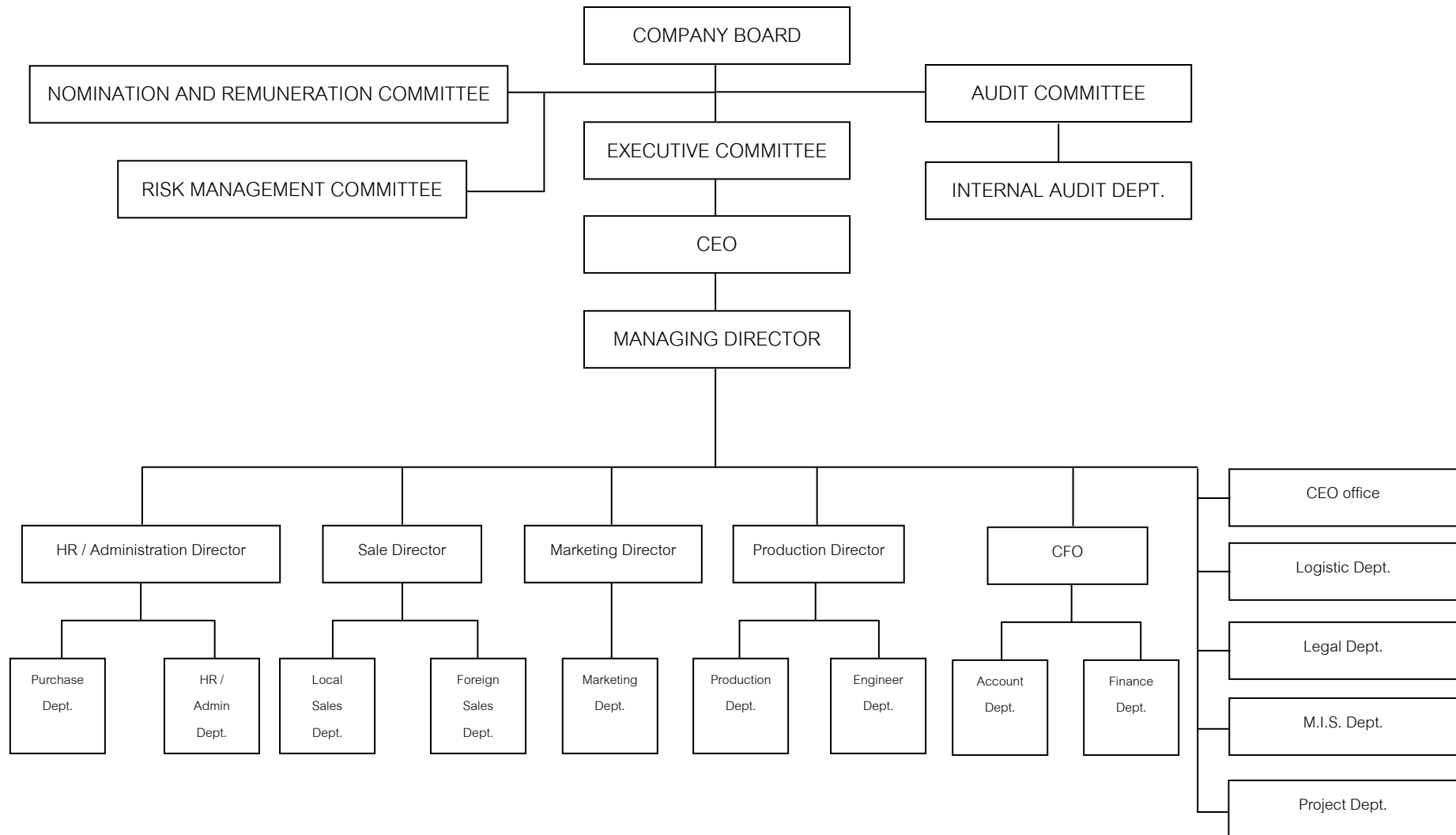
Dividend Payment Policy

The Company has dividend payment policy at least 50% of the net profit (after deduction of corporate income tax and legal reserve). However, the Company may determine the rate of dividend payment less than the above policy rate, depending on the performance, financial status, liquidity and needs in utilizing operating fund for operation, business expansion and other factors involving management of the Company.



Management Structure

Organization Chart





Board of Directors

Company's regulation specifies that Board of Directors comprises at least 5 directors. Not less than one half of all directors must have domicile in Thailand. Independent directors shall represent at least one-third of the total number of Board members and not less than 3 members. The Board is responsible for the overall duties and performance which is maximized benefit to the Company and shareholders. The Board structure, term of directorship and Roles, duties and responsibilities of the Board has shown in item 9. Corporate Governance.

As of December 2018, Board of Directors comprises of 9 members:

- | | | |
|---------------------------|---|---------|
| - Executive Directors | 3 | members |
| - Non-Executive Directors | 2 | members |
| - Independent Directors | 4 | members |

Independent Directors

The company has 4 Independent Directors represent to 44% of total directors. Chairman is an Independent Director and not hold the title in top Management. Board of Directors resolves to define the qualifications of Independent Directors and the meeting of Board of Directors No.4/2013 has resolved to adjusted amount of shareholding from not over 1% to 0.5% which is more strictly than the minimum requirements of the Capital Market Supervisory Board. The details of qualify of Independent Director has show in item 9. Corporate Governance.

Board of Directors' Name

- | | | |
|-------------------------|-----------------|---|
| 1. Gen. Watanachai | Chaimuanwong | Chairman (Independent Director) |
| 2. Mr. Surapong | Churangsarit | Vice Chairman / Chairman of Audit Committee
(Independent Director) |
| 3. Mrs. Pimsiri | Keeratitensiri | Director (Non-Executive Director) |
| 4. Dr. Rittirong | Intarajinda | Director (Non-Executive Director) |
| 5. Miss Angkakarn | Tantiviroon | Director (Executive Director) |
| 6. Mr. Somkiat | Vongsarojana | Director (Executive Director) |
| 7. Mr. Teera | Phoncharoensuk | Director (Executive Director) |
| 8. Asst.Prof.Dr. Nakhun | Thoraneenitiyan | Director / Audit Committee (Independent Director) |
| 9. Pol.Lt.Gen. Mongkol | Kamolbutra | Director / Audit Committee (Independent Director) |

Authorized Directors on behalf of the Company

Authorized Directors: Mrs. Phimsiri Keeratithiansiri, Mr. Somkiat Vongsarojana, Mr. Teera Phoncharoensuk, Miss Angkakarn Tantiviroon, 2 of 4 persons co-sign with the company's seal.

**Board of Directors' Meetings**

Meeting schedule for each year has been planned and sent to each director in advance. In 2018, The Company has set up Board of Directors' meeting 4 times. of Directors' attendance is summarized as follows:

Name	Position	Attending Meeting / Total Meeting (Times)
1. Gen. Watanachai Chaimuanwong	Chairman (Independent Director)	4/4
2. Mr. Surapong Churangsarit	Vice Chairman (Independent Director)	3/4
3. Mrs. Pimsiri Keeratitiensiri	Director	4/4
4. Dr. Rittirong Intarajinda	Director	3/4
5. Miss Angkakarn Tantiviroon	Director	3/4
6. Mr. Somkiat Vongsarojana	Director	4/4
7. Mr. Teera Phoncharoensuk	Director	4/4
8. Asst.Prof.Dr. Nakhun Thoraneenitiyan	Director (Independent Director)	4/4
9. Pol.Lt.Gen. Mongkol Kamolbutra	Director (Independent Director)	4/4

Management

As of December 31, 2018, Company's Management as per SEC regulations consists of 3 members, as follows:

- | | | |
|-------------------|----------------|---|
| 1. Miss Angkakarn | Tantiviroon | Chief Executive Officer |
| 2. Mr. Somkiat | Vongsarojana | Managing Director/
HR / Administration Director (Deputy)/
Sales Director (Deputy) |
| 3. Mr. Teera | Phoncharoensuk | Production Director |

(Details of Directors and Managements appears in appendix 1)

Company Secretary

Board of Directors' meeting no. 1/2008 held on February 1, 2008 has resolved to appointed Miss Nongluck Sarochsuwan, to be Company Secretary, who graduated in accounting and passed the training course "Law and regulation for new secretary of the Securities and Exchange Law" (details and qualification as shown in appendix 1) to support in practice Board of Directors and the Company's duty pursuant to the relevant laws and regulations.

**Director and Management Remuneration**1. Monetary RemunerationDirectors Remuneration

Board of Directors has no determination and payment of the remuneration for Board of Directors for year 2018.

Management's Remuneration

In 2018 the company has 3 Managements for accounting period of December 31, 2018 the company has paid remuneration to the Managements as follows:

Total Managements Remuneration

Type of Remuneration	Amount (Baht)
Salary	9,126,000
Provident Fund	438,000
Total	9,564,000

Remark Only first 4 managements starting from Chief Executive Officer who is top management and management who hold the position in equal level of management No. 4.

2. Other remuneration

Other remuneration of the company is Provident Fund which established on May 1, 2006 in the rate of 2% of their salary, beginning since May 2006 as mentioned in the table above.

Report the holding of common shares of Directors and Managements as of December 31, 2018

Name	Dec. 31, 2018	Dec. 31, 2017	Increase (Decrease)
1. Gen. Watanachai Chaimuanwong	-	-	-
2. Mr. Surapong Churangsarit	-	-	-
3. Mrs. Pimsiri Keeratitensiri	66,900,000	66,900,000	-
4. Mr. Rittirong Intarajinda	-	-	-
5. Miss Angkakarn Tantiviroon	46,550,000	46,550,000	-
6. Mr. Somkiat Vongsarajana	4,000,000	4,000,000	-
7. Mr. Teera Phoncharoensuk	3,000,000	3,000,000	-
8. Asst.Prof.Dr.Nakhun Thoraneenitiyan	-	-	-
9. Pol.Lt.Gen. Mongkol Kamolbutra	-	-	-



Personnel

As of December 31, 2018 the Company has a total of 35 staffs (exclude Managements). The Company has paid remuneration to the employees who are not Managements consisting of salary and provident fund for a total of 17 million Baht. In addition, Subsidiaries: Rich Asia Industry Co., Ltd. has paid remuneration for a total of 9.5 million Baht and G.Y.T. Engineering Co., Ltd. has remuneration for a total of 0.56 million Baht.

Labor dispute for last 3 years

- No -

Human Resource Development Policy

The Company has set the training program for employee which divided into 2 levels as follows:

1. Operation Level Focus on working knowledge, security in workplace, encourage to have more discipline and develop positive thinking toward organization by giving an opportunity for employee to express idea and solving problem within function.
2. Command Level Focus on management, technical and modern management. The company has conducted the training program for internal and external.

Therefore, in 2018 the company has conducted internal and external training program to improve working skill, knowledge, develop attitude of positive thinking toward organization for both operation level and command level which consists of 10 internal training programs and 19 external training programs with total numbers of 23 participants.

The company has the policy to appoint or promote employee in appropriate position every year for employee who has ability and capability according to development plan and career path. The company also supports employee for further study, which the employee can request leniency on working time in appropriate to studying program.

The company has encouraged Director and top Management to participate in Thai Institute of Directors (IOD) and other programs to develop knowledge and understand of role and ability on being a director and management team.



The table shows the numbers of employee for each division on December 31, 2018.

Division	Employee amount (person)
Purchase	2
Human Resource & Administration	9
Sale	2
Accounting	5
Finance	3
Internal Audit	1
Law	1
Information Technology	2
Logistics	1
Project	1
C.E.O. Office	5
Total	32

Remark: Employee amount exclude Managements



Corporate Governance

Due to The Stock Exchange of Thailand has improved good governance principle for listed companies in 2012 in order to comply with the guidelines assessment the corporate governance of listed companies under the ASEAN CG Scorecard. Thus, the meeting of Board of Directors No. 4/2013 held on November 13, 2013 has resolved to adjust the Company's Corporate Governance and Code of Business Ethics in order to comply with such good governance principle and exalt the Company's Standards and Principles of Good Corporate Governance. The Company has announced to Directors, Management and all employees adhere as a guideline to achieve in the workplace and create a confidence to shareholders, investors, stakeholders and all concerned parties including corporate social responsibility. The Company has been disclosed through Company's website: www.richasiacorp.com in topic "Corporate Governance Policy" and "Code of Business Ethics".

The Board of Directors has acknowledged the Corporate Governance Code for Listed Companies 2017 ("CG Code") of SEC. and recognized to the role and duty of leadership to create value for business sustainability which the Board of Directors will consider and review Company's Corporate Governance Policy and Code of Business Ethics in compliance with CG Code and adaptation to apply onward.

Corporate Governance Policy

For the latest corporate governance policy reviewed by the Board of Directors on November 14, 2017 and compliance with good corporate governance principles as follows:

Chapter 1 Rights of Shareholders

The Board of Directors recognizes the importance of the rights of shareholders, and engages in no conduct that will be in violation to or deprive the shareholders of their rights.

1. Basic rights

Shareholders enjoy their basic rights, such as buying, selling or transfer of shares, sharing of the Company's profits, access to adequate news or information, attending shareholders' meeting to vote on appointment or removal of directors, determination of directors' remuneration, appointment of auditor, fixing the audit fee, and such issues that may impact the Company as allocation of dividend, capital increase or write-down, approval of extra transactions, etc.

2. Shareholders' meeting

The Company has set the guidelines for the Annual General Shareholder's Meeting as follows:

2.1 The Company has sent the notice of the shareholders' meeting which contains such details as date, time and venue of the meeting, as well as details of the meeting agenda and accompanying documents to the shareholders in advance as prescribed by law and also disseminate such information through the Company's website: www.richasiacorp.com at least 30 days before the



meeting date, and then notify the Stock Exchange of Thailand (SET) of such dissemination, so that the shareholders will have sufficient time to study the information before receiving the printed document.

2.2 The Company has delivered together with the notice of the shareholders' meeting the proxy form in the format as prescribed by the Ministry of Commerce for the shareholders who cannot attend the meeting in person to appoint any other persons or any of the Company's independent directors as proxies to attend the meeting on their behalf in order to retain their rights at the meeting.

2.3 Duty stamps are prepared for shareholders attending by proxy free of charge.

2.4 Chairman, Chief Executive Officer, and 6 Directors, total 8 persons, together with auditors have attended shareholders meeting to give relevant information and answer questions.

2.5 Before starting consideration on the agenda items, the shareholders will be informed of the meeting procedure, and vote casting and vote count method for each agenda item.

2.6 The Company facilitated the meeting attendance registration by using software and technology to provide convenience and save time for the shareholders and the proxy holders.

2.7 The Company prepared ballots for each agenda item, and for the agenda on the election of directors, the ballots will be segregated to allow for the shareholders' voting on individual directors.

2.8 The meeting has been proceed sequentially in accordance with the agenda, and there in no alteration of agenda sequence nor request to consider any other issue which is not specified in agenda in case of without adequate supporting reasons.

2.9 The shareholders have been allowed and given enough time to express opinions and ask questions in the meeting, as well as submit questions prior to the meeting, for more clarity and fairness to the shareholders and the parties concerned.

2.10 The Company has reported the voting result of each agenda item showing the number of votes of approval, disapproval and abstention through the SET's electronics system on the following business day and on the Company's website: www.richasiacorp.com.

2.11 The minutes of the shareholders' meeting has been taken, containing vote casting and vote count method, details of key points of questions raised and answers given at the meeting, and voting result of each agenda item, as well as name-list of attending and absent directors. The Company has sent a copy of the minutes to the SET, post on its website: www.richasiacorp.com within 14 days from the date of the meeting and inform the SET of such notification. The meeting has also been recorded in VDO and be posted in clip file on the company's website.

The Company did not hold the Annual General Meeting of Shareholders for the year 2018.

Chapter 2 Equitable Treatment of Shareholders

The Company believes in equitable treatment of all shareholders, whether they are major shareholders, minor shareholders, institutional investors, or foreign shareholders.



1. The Company recognizes the rights of shareholders and treatment of all shareholders on a fair and equitable basis. It gives opportunity for minor shareholders to propose issues considered beneficial to the Company for inclusion in the agenda and qualified candidates for directorship at least three months before the ordinary meeting of shareholders. The criteria and procedure have been posted on the Company's website: www.richasiacorp.com.

2. Voting rights in the meeting has been determined according to member of shareholding on the basis of one share for one vote.

3. The Company has set up a policy regarding securities trading and use of inside information not yet disclosed to the public to prevent Directors, Managements and Employees from using inside information for personal and others' benefits, and instructed all people in the organization to follow. Directors and Managements have duty to report their securities holding as prescribed by the Office of the Securities and Exchange Commission to the Board (SEC) on a regular basis.

4. The Board and Managements shall disclose information of beneficial interests and related parties for Board's consideration on the transactions that may have conflict of interest and has decision for the Company's benefits. Directors and Managements are duty-bound to report the Company of their or related parties' beneficial interests, which are related to administration and management of the Company and subsidiaries. The Company has prepared the form on reporting interests of Directors and Managements as prescribed by law. Directors and Managements have to report any change to the Company and review such report on immediate report prior making any connected transaction. Company Secretary will send copies of such report to Chairman of the Board and Chairman of Audit Committee for information. Directors and Management who have beneficial interests in any transaction will not be entitled to vote on such transaction. The Company will strictly comply with the laws, notifications and criteria of the SET and the SEC.

Chapter 3 Role of Stakeholders

The Company recognized the importance of stakeholders' rights, engages in no conduct that violates the stakeholders' rights and promotes the cooperation between the Company and stakeholders concerned which will enhance ensure the Company's sustainable stability.

Stakeholders of the Company comprise of shareholders, customers, trade partners/creditors, competitors, employees, government sector, community/society, and environment.

1. The Company has developed and adopted a code of business ethics for all its Directors, Management and employees to acknowledge and strictly follow as guidelines in work performance, and imposed penalty in case of non-compliance, which has disclosed through Company's website: www.richasiacorp.com in topic "Code of Business Ethics".

2. The Company has established a corporate social responsibility policy and conducted activities that represent its implementation of such policy, as well as promoted and supported its



employees' participation in such implementation, which have show in item 10. "Corporate Social Responsibility" (CSR).

3. The Company has mapped out an anti-bribery and anti-corruption policy, and supported activities that promote and encourage all employees to perform in conformity to the relevant rules and laws, which has disclosed through Company's website: www.richasiacorp.com in topic "Code of Business Ethics".

4. The Board has imposed whistle blowing and complaint measures in relation to possible legal offenses, accuracy of financial report, defective internal control system, or breach of code of ethics, and put in place mechanism to protect the rights of whistle blowers and complainants, such as keeping their identities in confidentiality, etc., to encourage stakeholders to join in taking care of the interests of the Company more efficiently.

Direct channel for whistle blowing or complaint filing to Audit Committee members (independent directors) of the Company are

1. By post: Send to Audit Committee members of Rich Asia Corporation Plc., No. 636 Bangkhunthian-Chaithalay Road, Thakham Subdistrict, Bangkhunthian District, Bangkok 10150

2. By email: audit@richasiacorp.com

Chapter 4 Disclosure and Transparency

The Board gives importance to complete, timely and transparent disclosure of important information relating to the Company, both financial and non-financial, to the shareholders and investors as well as parties concerned on an equitable and reliable basis.

1. The Company provide dissemination of news and information according to SEC and SET regulation, including other relevant information such as financial statements, operating results, annual disclosure registration (form 56-1), annual report, and other information disclosed to the public via the SET's electronics system for investors on complete, timely and equal access.

2. Besides information disclosure as per regulation via SET channel, the Company has disclosed major information relating to the Company, such as business information, list of Directors and Managements, financial report, shareholding structure, structure of group of companies, details on shareholders' meeting, form 56-1, annual report, news report to the SET, and corporate governance policy on the Company's website. Investors may read and/or download updated information at www.richasiacorp.com.

3. The Board has report of the Board of Directors' responsibility for financial reports accompanied with auditor's report in the annual report to exhibit the accuracy, truthful and reasonably Company's financial reports in compliance with the accounting standards and appropriated policies on a consistency practice.



4. The Board encourage the Company to provide clarification of management discussion and analysis (MD&A) to disclosed in annual financial statements so that investors can better acknowledge information and understand changes occurring in the Company's financial position and operating results in each year which is not solely numeral data in the financial statements.

5. The Board ensures to disclose audit fee and other service fees.

6. The Board ensures to disclose of name-list, roles and responsibilities of the Board and Committees, number of meetings held, and number of meeting attendance by each director in each year, including professional knowledge and training of Board and committee members.

7. The Board ensures to disclose policy on remuneration payment Directors and top Managements, and amount of remuneration paid to top four Directors and Managements from Chairman of Executive Committee downward. The amount disclosed will also include remuneration received by each director in subsidiaries (if any).

8. The Company assigns Company Secretary to take charge of communicating with investors/shareholders as center for disseminating the Company's news and information. For more information, investors/shareholders may contact Company Secretary, telephone: 0 2453 6277 ext. 313, or email: secretary@richasiacorp.com.

Chapter 5 Responsibilities of the Board

The Company recognized the importance of the Board of Directors' roles and responsibilities for the Company and the shareholders, whereby the Board is responsible for overall performance of duties in the best benefits of the Company and the shareholders.

1. Board structure

1.1 The Board is composed of at least five members, and half of them must have domicile in the kingdom. Independent directors shall represent at least one-third of the total number of Board members and be no fewer than three.

1.2 The Board members comprise professionals with leadership, vision, knowledge, capabilities and experience in the fields beneficial to the Company, and possessing qualifications as prescribed by law and articles of association of the Company, as well as dedication of time and efforts in performing duties properly with integrity, prudence and due care for the best benefits to the Company and fairness to the shareholders.

1.3 The Board requires qualifications of independent directors to be more strictly than those prescribed by the notification of the Capital Market Supervisory Board as follows,

1) Not hold shares of the Company in excess of 0.5% of the total number of voting shares of the Company, or the Company's parent, subsidiary or associated company, or the Company's major shareholder, or the person having controlling power over the Company, while the number of shares held by any person related to the independent director must also be counted.



2) Not be and have not been a director participating in management role, an employee, an officer, an advisor who receives regular salary, or a person having controlling power over the Company, the Company's parent company, subsidiary, associated company, subsidiary at the same level, or major shareholder, or a person having controlling power over the Company, unless such independent director has not been a person referred to above for at least two years, excluding independent director who has been a government official or advisor to a government agency which is the Company's major shareholder or a person having controlling power over the Company.

3) Not be a person having relationship either through bloodline or legal registration as the father, mother, spouse, sibling and child, as well as the spouse of a child of an Management, major shareholder, a person having controlling power, or a person to be nominated as the Management or that who has controlling power over the Company or its subsidiary.

4) Have no or have had no any business relationship with the Company or its parent company, subsidiary, associated company, major shareholder, or person having controlling power over the Company, in a manner that may prevent his/her due and independent use of discretion; and also not be and have not been a shareholder in material respect or a person who has controlling power over the person with business relationship with the Company, its parent company, subsidiary, associated company, major shareholder, or a person having controlling power over the Company, unless such independent director has not been a person referred to above for at least two years.

Business relationship in the above paragraph shall cover any ordinary course of business or trade for business engagement purpose, property rent or lease, transaction relevant to asset or service, giving or receiving financial assistance in form of loan or guarantee, offering assets as collateral, and any other similar conduct, which causes the Company or its counterparty to be liable for debt settlement to another party in an amount equivalent to 3% or more of the net tangible assets of the Company or 20 million Baht or more, whichever is lower. The calculation of the said debt shall accord with the calculation of a connected transaction prescribed in the Capital Market Supervisory Board's notification regarding criteria on connected transactions mutatis mutandis. However, consideration of the said debt shall include the debt incurred during the 1 year period prior to the date on which such business relationship takes place.

5) Not be and have not been an auditor of the Company, its parent company, subsidiary, associated company, major shareholder, or a person having controlling power; and not be and have not been a shareholder in material respect, a person having controlling power, a partner of an auditing firm for which the auditor of the Company, or that of its parent company, subsidiary, major shareholder, or a person with controlling power over the Company has been working, unless such independent director has not been a person referred to above for at least two years.



6) Not be and have not been a professional advisor, including legal or financial advisor, who obtains fee more than two million Baht a year from the Company, its parent company, subsidiary, associated company, major shareholder, or a person having controlling power over the Company; and not be and have not been a shareholder in material respect, a person with controlling power, or a partner of such professional service provider, unless the independent director has not been a person referred to above for at least two years.

7) Not be a director who has been appointed as a representative of the Company's director, the major shareholder, or the shareholder related to the Company's major shareholder.

8) Not engage in the business of the same nature as or competing with that of the Company or its subsidiary; or not be a partner in material respect in a partnership, or director participating in management role, an employee, officer, or advisor obtaining regular salary, or a shareholder holding more than 1% of total voting shares of any other company which engages in the business of the same nature as or competing with that of the Company or its subsidiary.

9) Not have any characteristics that prevent the director from giving independent opinions on the Company's operations.

1.4 The Company has segregated responsibilities between the Board of Directors and top Managements. Chairman of the Board shall be an independent director, not being the same person as the top Management and having no relationship with the management. The Board shall take the lead and play a vital role in deciding on policies, supporting and giving suggestions on business operations, and not being involved in normal daily operation which is under the management's responsibilities. Particularly, the independent director has a significant role of giving opinions to the Company. This will help balance the power of reviewing the Company's business administration.

1.5 The Board has appointed a qualified person as Company Secretary to perform as below:

1) Arrange shareholders' meetings and Board meetings in accordance with the applicable law, articles of association of the Company, and other relevant procedures.

2) Prepare and retain directors register, invitation notice and minutes of Board meetings, invitation notice and minutes of shareholders' meetings, and annual report.

3) Maintain reports of beneficial interests of directors and Managements for submission as required by law.

4) Ensure disclosure of news and information in the part under responsibility to the relevant regulatory bodies.

5) Provide preliminary advice and recommendations pertaining to legal, regulatory and governance issues and practices to the Board.



6) Follow up activity and support performance of duties of the Board and the Company to conform to the applicable law, the Board resolutions, the resolutions of the shareholders' meetings, and relevant rules and regulations.

2. Term of directorship

2.1 At every annual general meeting of shareholders, at least one-third of the directors shall retire by rotation. If the number of directors is not a multiple of three, the number of directors closest to one-third shall vacate. The director to vacate in the first year and the second year after the Company's establishment registration shall be determined by drawing lots, and in the years afterward, the director who has held office longest shall vacate. A retiring director is eligible for re-election.

The Company has not stipulated the number of term of directorship each director is entitled to, viewing that its directors knowledgeable and competent, having set policies and given advice on solutions of problems in the business operations at the standards expected by the Company. Therefore, to ensure consistency in the business management and for the benefits of the Company, election of qualified persons to assume directorship is the right of the shareholders to decide on the persons to perform duties on their behalf in formulating policies and overseeing the Company owned by the shareholders.

Besides retiring by rotation, a director shall vacate in any of the following cases:

- (1) death
- (2) resign
- (3) disqualified or prohibited as prescribed by public company law
- (4) resolution of the shareholders' meeting
- (5) the court's order

2.2 Any vacancy among Board members occurring otherwise than by rotation, the Board may elect any person having qualifications and not prohibited as prescribed by the public company law as director to fill the vacancy at the next meeting, unless the remaining duration of the director's term of office is less than two months. Any person who be appointed on substitution shall retain the remaining term of the vacating director.

2.3 Each director may hold directorship not more than five listed companies.

2.4 Directorship of Chairman of the Executive Committee and top Managements of the Company in other companies shall be subject to approval by the Board.

3. Roles, duties and responsibilities of the Board

3.1 Perform duty in conformity to the law, and the objectives and articles of association of the Company, as well as the resolutions of the general shareholders' meetings; and have the power to perform as specified in the memorandum of association or those related thereto. The Board may assign any one or several persons to perform on the Board's behalf. By such assignment, the assignee shall have no power to approve the transaction in which he/she or a person that may have conflict ("person



that may have conflict” shall be defined as prescribed in the notification of the SEC) has beneficial interests or may have conflict of interest in any other nature with the Company or subsidiary.

3.2 Oversee and determine the Company’s significant policies regarding principles in business operations, finance, fund raising, capital management, and risk management.

3.3 Consider investment matters, by approving budgets for investment projects of the Company, and monitoring the implementation of such projects in line with the plans set out.

3.4 Oversee the Company’s business operation to make sure it meets or exceeds the targets set forth, and lay down solution guidelines to cope with any problems and obstacles in order to meet or exceed the targets set forth.

3.5 Ensure the Company prepares reports on general and financial information to be submitted to the shareholders and stakeholders or investors in general in an accurate and timely manner and as prescribed by the law.

3.6 Acknowledge significant audit reports of Audit Committee or Internal Audit Department as well as the external auditor and advisors of the Company, and have the duty to establish guidelines for improvement or remedy in case of finding any material deficiencies.

3.7 Review and opine on adequacy and appropriateness of the Company’s internal control and risk management systems.

3.8 Put in place a succession plan for human resource management.

3.9 Appoint Audit Committee members and endorse scope of power, duties and responsibilities of Audit Committee

3.10 Appoint Executive Committee and endorse scope of power, duties and responsibilities of Executive Committee.

3.11 Consider matters with conflict of interests with prudence, with clear guidelines and in the best interests of the Company and the shareholders as a whole, as well as ensuring persons with beneficial interests not participating in the decision making process; and monitor to ensure performance conforms to the criteria and procedure in place and disclosure of such transactions is accurate and complete.

3.12 Establish written corporate governance policy and ensure review of the policy and the implementation of which is carried out at least once a year.

3.13 Draw up written code of business ethics for all Directors, Managements and employees to understand the business framework and work procedure and practice; and ensure review of the code and the implementation of which is carried out at least once a year as well as there is strict compliance with which regularly.

3.14 Institute an internal audit work unit to take charge of examining the internal control system and significant transactions on a regular basis, to make sure the system is efficient which will enhance



reliability of the Company's financial statements. Audit Committee shall be tasked with supervising the internal audit work unit, covering operation, compliance, dealing with irregularities, and appropriate risk management for the maximum benefits of the Company.

3.15 Make available whistle blowing channel to Audit Committee members via the Company's website.

3.16 Put in place a governance mechanism on subsidiaries to protect the Company's investment benefits, thereby the Company will consider candidates qualified for charging on the boards of subsidiaries to control subsidiaries' operations in line with the Company's policy and to ensure their transactions are carried out with adherence to the law, and the SET and the SEC criteria.

4. Nomination and appointment Directors and top Management

The Nomination Process for Directors and top Management, the Nomination and Remuneration Committee will consider qualified persons pursuant to Section 68 of the Public Limited Companies Act, B.E. 2535 (1992) and other relevant laws, and focusing on persons with capabilities, knowledge, competence, experience and expertise from diverse fields.

5. Board meeting

5.1 Meeting schedule for each year is planned and sent to each director in advance.

5.2 Board meeting is held at least four times a year.

5.3 Chairman of the Board and Chairman of the Executive Committee will jointly consider issues to be put on the agenda, and also allow directors to propose issues considered beneficial to the Company for the agenda.

5.4 Invitation notice and meeting documents are sent to all directors at least five business days in advance so that directors will have enough time to consider and study the details, except in urgent case where the document may have to be sent less than five business days in advance.

5.5 Each director should attend the meeting at least 75% of the total number of meetings held in each year.

5.6 Chairman of the Board will allocate adequate time for the management to present information and discuss major problems, and promote prudent exercise of discretion and adherence to good corporate governance.

5.7 The Board encourages top Managements to attend the meeting to give additional details of the issues under consideration as they are related directly to such issues.

5.8 The Board can acquire additional information as required from the management and company secretary, and if necessary, the Board may seek independent opinions from external advisors or professionals at the Company's expense.

6. Assessment of Board's performance

The Board has laid down criteria and made available assessment of the whole Board's performance once a year using the assessment form according to the SET guidelines and adjusted to be



appropriate for the Company. The assessment form covers six topics, i.e. Board structure and qualifications; roles, duties and responsibilities of the Board; Board meeting; Board's performance of duties; relationship with the management; and Board's self-development and development of Managements. The assessment is not on an individual basis. It aims to allow all Board members to jointly consider and review their performance, problems and obstacles facing throughout the past year, in order to work out improvement and rectification. Result of the assessment will be concluded by the management and proposed for the Board's information. In 2018, the assessment of Board's performance is 90.16%.

7. Director remuneration

The Nomination and Remuneration Committee has considered the appropriateness of director remuneration based on the company's performance, assigned level of responsibilities, in comparison with similar businesses of similar size. It is then submitted to the shareholders' meeting for approval every year.

Director remuneration is composed of meeting allowance and performance bonus.

Committee members whose assigned duties are additional duties from normal Board duties, i.e. Audit Committee members, are entitled to receive meeting allowance.

Managements receive remuneration in form of monthly salaries and annual bonus, mainly performance-based.

The Company's annual payment of remuneration for Board and committee members and Managements shall not be too high when compared with average remuneration of listed companies on the SET and with maximum benefits of the Company taken into account.

The details of Director and Management remuneration have shown in item 8. Management Structure.

8. Development of directors and Managements

8.1 The Board encourages and supports training and provision of knowledge to Board members, Audit Committee members, and company secretary to ensure consistent improvement of their performance.

8.2 When a new director is appointed, the management or the persons assigned will prepare and make available documents and information beneficial to performance of duty of the new director, including introduction of the Company's nature of business and business direction to the new director.

8.3 The Board ensures the Company has drawn up a Management development and succession plan to cope with the situation when any of the top Managements cannot perform duty.

9. Committees

The Board has set up the Committee to assist in monitoring and scrutinizing significant issues. Currently, there are 4 committees consisting of Audit Committee, Executive Committee, Nomination and Remuneration Committee, and Risk Management Committee.



9.1 Audit Committee

Audit Committee is composed of at least three independent directors, with the term of office 3 years, who are not directors assigned by the Board to decide on the business operations of the Company, the Company's parent company, subsidiary, associated company, subsidiary at the same level, or major shareholder, or a person having controlling power over the Company, and not directors of the parent company, subsidiary, or subsidiary at the same level that is a listed company, and appointment of whom shall be made by the Board. At least one of the appointed Audit Committee members shall have adequate knowledge and experience in reviewing the reliability of the financial statements. Duties and responsibilities shall be as assigned by the Board and meeting shall be held at least quarterly.

Currently, Audit Committee consists of 3 members, all of whom are Independent Directors. In 2018, Audit Committee's named and attending meeting as follow:

Name	Position	Attending Meeting / Total Meeting (Times)
1. Mr. Surapong Churangsarit	Chairman of Audit Committee	3/3
2. Asst.Prof.Dr. Nakhun Thoraneenitiyan	Audit Committee	3/3
3. Pol.Lt.Gen. Mongkol Kamolbutra	Audit Committee	3/3

Members of the Audit Committee No.1 and 2 have sufficient knowledge and experience to review the reliability of financial statements.

Scope of power, duties and responsibilities of Audit Committee

- 1) Review the Company's financial statements to ensure accuracy and adequacy.
- 2) Review and ensure that the Company has suitable and efficient internal control system and internal audit system, and review to ascertain that internal audit function is independent, as well as concur appointment, transfer or removal of head and/or officers of internal audit work unit or any other unit with task related to internal audit.
- 3) Review to ensure compliance with the laws on securities and exchange, the SET regulations, and other applicable laws relevant to the Company's business.
- 4) Select, nominate and recommend appointment of a person with independence as the Company's external auditor and fixing of the audit fee, as well as attend the meeting with the external auditor without participation by the management at least once a year.
- 5) Review connected transactions or transactions that may lead to conflict of interest to ensure transactions are conducted in compliance with the law and regulations of the SET and that transactions are entered with reasonableness for the maximum benefits to the Company.
- 6) Prepare Audit Committee report, signed by the Audit Committee Chairman, and disclose it in the annual report of the Company, containing at least the following information:



- (a) Opinion on the accuracy, completeness and integrity of the Company's financial statements.
 - (b) Opinion on the adequacy of the Company's internal controls.
 - (c) Opinion on compliance with the laws on securities and exchange, the SET regulations, and other applicable laws relevant to the Company's business.
 - (d) Opinion on suitability of the Company's external auditor.
 - (e) Opinion on transactions that may lead to conflict of interest.
 - (f) Number of meeting held during the year and number of each member's attendance.
 - (g) Overall opinion and remark from performance of duties according to the charter.
 - (h) Other information, within the scope of the roles and responsibilities assigned by the Board, which is deemed necessary for the shareholders and general investors.
- 7) Other functions as assigned by the Board and with the consent of the Audit Committee.

9.2 Executive Committee

Executive Committee is prescribed by the Board to be composed of at least three members, but not exceeding five members, selection of whom is made from among Board members or employees or persons with knowledge and competence and not being members of Audit Committee. Duties and responsibilities shall be to supervise the Company's business operations as assigned by the Board and with reporting directly made to the Board.

Currently, Executive Committees consist of 3 members as follow:

- | | | |
|-------------------|----------------|-------------------------|
| 1. Miss Angkakarn | Tantiviroon | Chief Executive Officer |
| 2. Mr. Somkiat | Vongsarojana | Executive Committee |
| 3. Mr. Teera | Phoncharoensuk | Executive Committee |

Scope of power, duties and responsibilities of Executive Committee

- 1) Have power to decide on the Company's significant operational issues by determining scope, type or size of the business, objectives, business framework and policy within the scope of power delegated, and supervising and monitoring the overall business operations, productivity, and relationship with customers, as well as having accountability for the Board.
- 2) Consider and approve the Company's procurement and investments for business expansion, including acquisition of fixed assets, for submission to the Board for approval in case such procurement and investments for business expansion, including acquisition of fixed assets, are beyond the scope of power and duties assigned by the Board.
- 3) Have power to decide on procurement and selling of raw materials in the production and/or the products and/or the component parts of the products, which is in the normal course of business operations, at the weight of not exceeding 30,000 tons per transaction.
- 4) Have power to approve expenses in the normal course of business operations.



- 5) Have power to conduct and express oneself as representative of the Company to external parties in the business related to and beneficial to the Company.
- 6) Consider the Company's fund raising activity for submission to the Board meeting.
- 7) Approve appointment of advisors in various fields as necessary to the business operations.
- 8) Conduct activity in relation to general business administration of the Company.
- 9) Consider and approve action plans of all departments, and requests submitted by them on the issues beyond their scope of authority.

For the purpose, the Executive Committee may authorize each Executive Committee, if any, to conduct any activities within the specified scope of work, duties and responsibilities of the Executive Committee. Therefore, the authorized persons have no authority to approve any transaction which himself or any person who will be beneficiary or conflict of interest to the company or subsidiaries. All this matter must pass the approval of the Board of Director's meeting and/or the shareholder's meeting. Except the matter that is a normal company's business or the matter that already approved to ensure compliance with the securities and exchange law, regulations of the Exchange or laws. (Definition of "The person who may has conflict" means according to the announcement of Securities and Exchange Commission)

Establishment of Authority Approval

Executive Committee has authority to approve purchasing and procedure under the scope as specified in Regulations of Executive Committee's Authority which details as following.

1. Executive Committee has authority approval to purchase raw material and/or finished goods and/or which is normal business transaction not over 1,200 million Baht per transaction, and can approve to purchase and sell assets including normal business transaction i.e. operating expense and selling and administration expense not over 50 million Baht per transaction. In case of beyond authorized limit, must propose to Board of Directors for approval.
2. Chief Executive Officer has authority approval to purchase raw material and/or finished goods and/or which is normal business transaction not over 200 million Baht per transaction, and can approve to purchase and sell assets including normal business transaction i.e. operating expense and selling and administration expense not over 20 million Baht per transaction. In case of beyond authorized limit, must propose to the Executive Committee for approval.
3. Managing Director has authority approval to purchase raw material and/or finished goods and/or which is normal business transaction within approval limit by Board of Directors, and can approve to purchase and sell assets including normal business transaction i.e. operating expense and selling and administration expense not over 0.5 million Baht per transaction. In case of beyond authorized limit, must propose to Chief Executive Officer for approval.



Authorities and responsibilities of Chief Executive Officer

- 1) Oversee all managerial matters.
- 2) Ensure that all company plans and managements reach the company's policy and the approved budget and/or the company's Executive committee.
- 3) Have authority and delegate to representative approve to purchase and employ for company's benefit. Such approval to purchase raw material and/or finished goods and/or which is normal business transaction not over 200 million Baht per transaction and can approve to purchase and sell assets include expenses which is normal business transaction i.e. operating expense, selling and administration expense not over 20 million Baht per transaction. In case of beyond the budget or authorized limit, must propose to the Executive Committee for approval.
- 4) Issuing order, regulation, announcement and report that will make the company reach their policy and benefit to the company.
- 5) Empower to act as the company representative with other person for any transaction which is benefit to the company.
- 6) Assign and approve all counselors for the company.
- 7) Be the authorized person who is charge in manage the company to reach their objective, policy, rules and regulation, and also meet the Board of Director's minute of meeting.

However, this authorization of Director/Chief Executive Officer or other authorized person, are excluded the approval of the matter that will be conflict of interest to the company or subsidiary. All this matter must pass the approval of the Board of Director's meeting and/or the shareholder's meeting. Except the matter that is a normal company's business or the matter that already approved to ensure compliance with the securities and exchange law, regulations of the exchange or laws.

Authorities and responsibilities of Managing Director

- 1) Oversee all managerial matters.
- 2) Ensure that all company plans and managements reach the company's policy and the approved budget and/or the company's Executive committee.
- 3) Have authority and delegate to representative approve to purchase and employ for company's benefit. It is approval to purchase and sell raw material and/or finished goods and/or which is normal business transaction within approval limit by Board of Directors and can approve to purchase and sell assets include expenses which is normal business transaction i.e. operating expense and selling and administration expense not over 0.5 million Baht per transaction. In case of beyond the budget or authorized limit, must propose to the Chief Executive Officer for approval.



- 4) Issuing order, regulation, announcement and report that will make the company reach their policy and benefit to the company.
- 5) Empower to act as the company representative with other person for any transaction which is benefit to the company.
- 6) Assign and approve all counselors for the company.
- 7) Be the authorized person who is charge in manage the company to reach their objective, policy, rules and regulation, and also meet the Board of Director's minute of meeting.

However, this authorization of Managing Director or other authorized person, are excluded the approval of the matter that will be conflict of interest to the company or subsidiary. All this matter must pass the approval of the Board of Director's meeting and/or the shareholder's meeting. Except the matter that is a normal company's business or the matter that already approved to ensure compliance with the securities and exchange law, regulations of the exchange or laws.

9.3 Nomination and Remuneration Committee

Nomination and Remuneration Committee consists of at least three directors, and 1 of the 3 members must be an independent director with duration term of 3 years, whereby the director of The Nomination and Remuneration Committee who has vacated their term may be reappointed by the Company's Board of Directors. The Nomination and Remuneration Committee is directly responsible to the Board of Directors for their duties and responsibilities and shall hold meetings at least once per year.

Currently, Nomination and Remuneration Committee consist of 3 members as follows:

Name	Position
1. Dr. Rittirong Intarajinda	Chairman of Nomination and Remuneration Committee
2. Mr. Surapong Churangsarit	Nomination and Remuneration Committee
3. Miss Angkakarn Tantiviroon	Nomination and Remuneration Committee

Remark: In 2018, there is no meeting of Nomination and Remuneration Committee.

Scope of power, duties and responsibilities of Nomination and Remuneration Committee

1. Recruitment

- 1.1 Consider the suitability of the structure and composition of the company's Board of Directors
- 1.2 Defining the suitable characteristics of the Directors, Managing Directors, and Chief Executive Officer, as well as the methods for recruitment to fill the position of Director, Managing Director, and Chief Executive Officer. In addition to a review of the qualifications of the Directors, Managing Directors, and Chief Executive Officer and evaluate performance of Director, Managing Director, and Chief Executive Officer whose term has been due.



- 1.3 Determine the methods and procedures for the preparation of suitable personnel to serve as Directors, Managing Directors, and Chairman

2. Remuneration

- 2.1 To set a fair and reasonable remuneration policy for Directors, Chief Executive Officer, Managing Directors and other Committees who have been appointed by the Company's Board of Directors.
- 2.2 Determine the remuneration, reward, meeting allowance, bonuses and other benefits for the Board of Directors and other Committees who have been appointed by the Board of Directors and submit to the Board of Directors for approval consideration by shareholders' meeting.
- 2.3 Performance evaluation, as well as consideration for remuneration and other benefits for Chief Executive Officer.
- 2.4 The Board of Directors may also assign the Remuneration Committee to deal with matters relating to the remuneration and other benefits of senior executives, in order to achieve the objectives of the company on the following matters:
 - 1) To define and implement policies, including Human Resources plans for top executives to be in accordance with the company's business goals.
 - 2) To ensure that the remuneration and benefits for top executives are competitive level compared to other business in the same industry.
 - 3) To maintain qualified top executives with the company

9.4 Risk Management Committee

The Risk Management Committee consists of at least 3 members, whereby at least 1 of 3 must be an expert in Finance, Accounting, or Risk Management. The Risk Management Committee may not be a director of the Company. Duration term of is 3 years, and being in accordance with the term of Directorship (In the event that the member of The Risk Management Committee is also a member of the Board of Directors). Risk Management Committee who has vacated their term may be reappointed as a member of the Risk Management Committee and the meeting must be held at least twice per year.

Currently, Risk Management Committees consist of 3 members whom attended meetings in 2018 as follows:

Name	Position	Attend Meeting / Total Meeting (Times)
1. Asst.Prof.Dr. Nakhun Thoraneenitiyan	Chairman of Risk Management Committee	2/2
2. Pol.Lt.Gen. Mongkol Kamolbutra	Risk Management Committee	2/2
3. Mr. Somkiat Vongsarojana	Risk Management Committee	2/2



Scope of power, duties and responsibilities of Risk Management Committee

1. Reviewing Risk that the company is currently experiencing or anticipate future risks that may have affects to the Company, as well as define policies and comments on risk management both outside and within the organization, to include the following 4 items.
 - 1) Financial Risk
 - 2) Operational Risk
 - 3) Strategic Risk
 - 4) Compliance Risk
2. Determine the strategies, structures, and resources for risk management to be in accordance with risk management policies and business' strategies and directions.
3. Set limits or types of risk-based activities, in which would be a criteria to perform according to each type of risk, situation to be proposed for Board of Directors' approval.
4. Monitor and review policies, strategies, and practices to ensure that the risk management strategy is properly implemented.
5. Has authority to appoint a working group to assess and monitor risk throughout the organization.
6. Perform any other duties as assigned by the Board of Directors.

Overseeing the operations of its subsidiaries

The Board of Directors has oversight mechanisms that enable to manage and responsible for the subsidiaries' operations in order to maintain interest in the company's investment by nominated Directors and Managements to be directors in Subsidiaries and such nomination has been approved by the Board of Directors.

In addition, the Directors and Managements who have been appointed by the subsidiaries must monitor its subsidiaries to have regulations regarding the related transaction, the acquisition or disposition of assets, or any other major transaction of subsidiaries to be complete and correct and apply the rules relating to the disclosure and the above transaction in the same manner as the Company's criteria including monitoring the information storage and accounting system of the subsidiaries that can be audited and gathered for consolidation the financial statements in due time.

Use of inside information policy

The Company has instituted a policy on securities trading and use of inside information not yet disclosed to the public for personal or others' benefits and pass consent from Board of Directors as follows.

1. The Company has informed the Board members and the management of their duties to report their securities holding in the Company and that by spouse and underage children, to the Office of the Securities and Exchange Commission pursuant to Section 59 and penal provision pursuant to Section 275



of the Securities and Exchange Act, B.E. 2535 (1992), including the change in their securities holding in the Company and that by spouse and underage children, and to send a copy of the report to the Company on the same day as that of sending the report to the Office of the Securities and Exchange Commission.

2. The Board members, the management, and the employees are forbidden from using inside information not yet disclosed to the public and that of material respect in the way that may impact the Company's securities price for his/her own benefit; and from trading securities of the Company in the period of one month before the Company's financial statement or such inside information is disclosed to the public; as well as from disclosing material information to other persons.

The Company has imposed disciplinary penalty on the person seeking gains from using or disclosing inside information that may cause damage to the Company by penalizing that person as reasonable for the case, including verbal warning, written warning, probation, and termination of employment by way of dismissal, removal, or discharging, as the case may be.

**Corporate Social Responsibility : CSR****1. Overall Policy**

The Company and Subsidiaries have policies to process the corporate social responsibility (CSR) projects continually and efficiency for corporate social responsibility management and corporate social responsibility monitoring by focus on CSR in process that concerned to the stability of economics, social, and environment under social responsibility which benefits to organization development and strengthen the business operation to grow stability.

2. Guidelines of operate in Corporate Social Responsibility

The Company operates under the governance and ethical principles coupled with attentive care, environment and society, regardless to stakeholders involving both internal and external organization. In order to, contribute sustainable business development. Currently, the Company has implemented CSR, as follows:

Fair Business Operation

The Company Carries on its business in line with fair and equitable trading framework under business laws and ethics; adheres to the work guidelines in the honest, virtual, transparent, and examinable manner. The Company recognized the importance of stakeholders' rights, engages in no conduct that violates the stakeholders' rights and promotes the cooperation between the Company and stakeholders concerned which will enhance ensure the Company's sustainable stability. Stakeholders of the Company comprise shareholders, customers, trade partners/creditors, competitors, employees, the government sector, the community/society and the environment, by having process and guidelines for creating the participation, as follows:

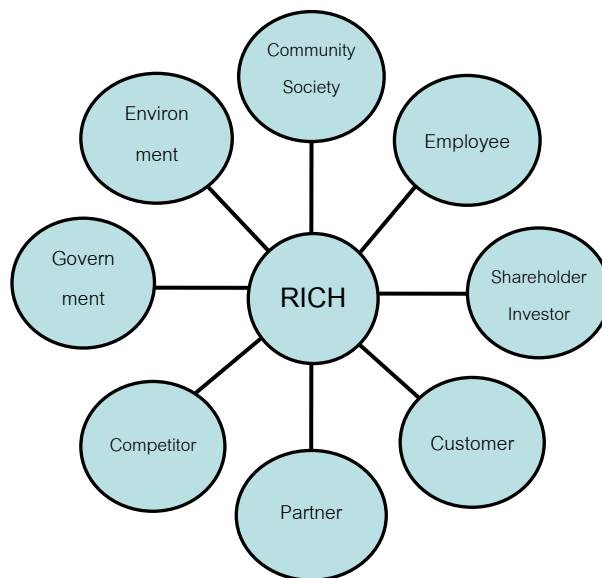
Stakeholders	Participation Channel	Anticipation	Guidelines
Community / Society	- Participate with community in accordance with the activities	- Operate with will not affect to life quality of community, environment and society - Support activities of community	- Conduct project for community, support occupation, education, etc. when have a chance
Employee	- Activities of the Company	- Good remuneration - Good career, be developed knowledge and ability to comply with	- Pay proper remuneration and welfare - Encourage with the progress according to knowledge and capability of employee



Stakeholders	Participation Channel	Anticipation	Guidelines
		career progress - Good quality of working life	- Provide an opportunity for employee to participate in management of quality of working life such as Occupational Health and Safety Committee
Shareholder / Investor	- Annual General Meeting - Annual Report	- Good Corporate Governance - Sufficient information disclosure for investment decision - Good return on investment	- Treat shareholder according to Code of Business Ethics with adherence to fair and equitable treatment of shareholders as specified by the Stock Exchange of Thailand (SET) and Securities Exchange and Commission (SEC)
Customer	- Communicate via electronic media and telephone - Meeting with customer on various occasions	- Quality product, delivery on time, with proper price - Supplying products to a wide range and intact (One-Stop-Service)	- Deliver safely quality products with fair prices that can timely and consistently meet demand of customers and are of the standard proper for application by customers. - Customer service center on the Company's website.
Partner	- Meeting with partner - Communicate via electronic media and telephone	- Fair and transparency selection - Acceptable payment term	- treat partners equitably and fairly, giving truth and timely information, and strictly performing the contractual obligations in relation for maintain good relationship
Competitor	- Operating for business	- Perform under the rules of fair competition	- Encourage free and fair competition policy - Not unethically or inappropriately seek its partner's confidential information such as bribing the



Stakeholders	Participation Channel	Anticipation	Guidelines
			directors and staffs of its competitors, etc. - Not destroy competitor's reputation by negative accusing
Government	<ul style="list-style-type: none">- Submit report to government- Participate in activity and project of government	<ul style="list-style-type: none">- Perform under related laws	<ul style="list-style-type: none">- Legal compliance and strictly reporting result- Pay taxes and other expenses according to regulations as specified by government
Environment	<ul style="list-style-type: none">- Participate in the environmental activities of the relevant authorities	<ul style="list-style-type: none">- Practice and realize to resource and environmental sustainability	<ul style="list-style-type: none">- Develop and seek for knowledge necessary for management and prevention of pollution- Realize the significance of sustainable resource consumption- Promote activities aimed at reducing and improving global warming crisis



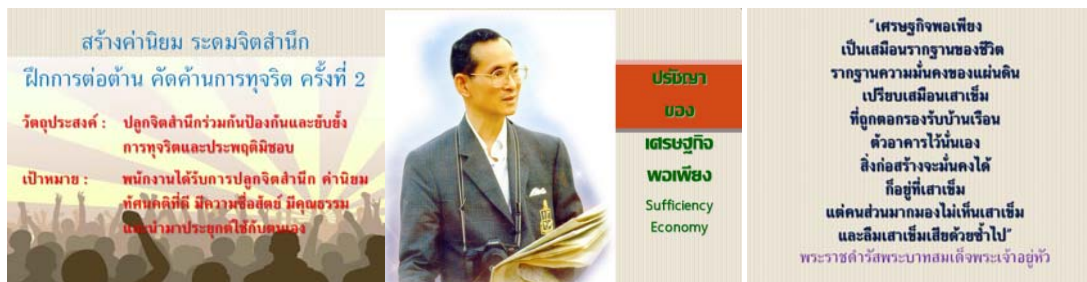
Anti-Corruption

The Company gives importance to an anti-bribery and anti-corruption, and supported activities that promote and encourage all employees to perform in conformity to the relevant rules and laws, with the following guidelines:

1. Employee, his/her family members, and friends have no direct or hidden beneficial interests with the Company, such as any conduct to sell goods and services to the Company or in competition with the Company.
2. Refrain from being entertained by parties with business relations with the Company or by others who may benefit from employee's performance of duty or performing duty in the Company's name.
3. Demand or obtain no wrongful gains, either directly or indirectly, or any other gains in return for acquisition of business benefits; and make no use of gains from bribe or fraud in business operations.
4. In case where giving or receiving gifts or is in a manner of festive or customary practice, such gifts or other benefit should not be in a too high value, be illegal, impact decision in performing duty, and cause the Company to lose any business gains.

Training of Creating the values, raising awareness, practicing against and Anti-Corruption

The Company is educating employees by providing training to raise awareness the values of life by follow up initiative of His Majesty The King Rama IX Sufficiency Economy by encouraging the employees to create the values of life with sufficient way and prevent misconduct by observing their responsibly works; what is risk behavior that may entail the scope of corruption in the organization. Thus, this is concept of training name's "Creating the values, raising awareness, practicing against and Anti-Corruption."



In addition to the awareness training for the whole staff, The Company recognizes the importance of cultivating honesty in new employees from the first day of operation. The Company provides content related to creating good attitudes and work ethic, included in the new employee orientation guide by training before commencing work with the Company.

The Company has indicated Policy of anti-corruption in Code of Ethics in Business which has been approved by the Board of Directors and announced to the Directors, Management and Employees to aware of and adheres to the guidelines in their operation. The audit committee and the auditors have also reviewed the adequacy of internal control systems. The Company provides the channel for reporting



if anyone notices the inappropriate behavior, fraud, non-compliance with laws or regulations issued by government agencies which has been posted on the Company's website: "www.richasiacorp.com" under the topic of "business ethics" and the Board of Directors has determined to review the appropriateness of policy annually. The latest the Code of Business Ethics has reviewed by the Board of Directors' Meeting on November 14, 2017.

Respect of Human Rights

The Company gives importance to respect for and adherence to relevant laws, rules, and regulations, with the following practice put in place:

1. Comply with laws, rules and regulations, and observe customary practice relevant to its business.
2. Comply with regulations of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission.
3. Comply with good corporate governance principles as prescribed by the Stock Exchange of Thailand.
4. Give no support to any conduct in breach of the laws and regulatory criteria.
5. Treat all persons without discrimination on the grounds of race, religion, gender, or status.

Exercise of social and political rights:

Employee has rights and freedom to participate in any social activity, with avoidance of any impropriety that violates the law or morality, or causes social disorder, and with maintaining of individual honor and dignity, as appropriate for the status in the society and community where the Company is situated, with the following guidelines to be observed:

1. Not engage in any conduct that may lead to understanding that the Company takes part in or gives support to any particular political party.
2. Not engage in any conduct that may cause or lead to disunity among employees or with the community where the Company is situated.

Labor Treatment with Fairness

The Company recognizes the employees as a vital resource that will support and push for its achievement of targets. The Company thus has a policy to take care of the employees to ensure good quality of life, fair employment conditions, appropriate welfare, and career development opportunities. The following practice guidelines are in place:

1. Determine remuneration for employees of all levels at fair and appropriate rates, mainly giving importance to welfare, security, and advancement in career path of employees.
2. Make available tools and equipment, and prepare operational control and training procedure with due regard for security in life and property of employees.



3. Adhere strictly to laws, bylaws, and provisions in relation to employees, and aim to adopt international management standards in case of no laws, bylaws, and provisions applicable at present.

4. Appoint and rotate, as well as give reward and impose penalty to employees, in a fair and sincere way, and on the basis of their knowledge, competence and appropriateness.

5. Support, promote, and give importance to development of knowledge, competence and skills of employees, with opportunities opened for all levels organization-wide and on a regular basis.

6. Make available provident fund for employees to apply as members from which employees are guaranteed to receive welfare remuneration upon their termination of employment for whatever reason unless the termination results from conduct causing damage to the Company.

7. Allow employees who face work problems, whether regarding work conditions, employment conditions or work command, and cannot work out solutions by themselves, to file complaints through the channel, system and procedure in place.

8. Be open for comments and suggestions from employees of all levels fairly and equitably.

Training and Development in 2018

To increase staff's general knowledge, the Company has set up in-house training and development according to the following:

1. Offenses regarding computer-related Crime Act
2. Money management Salaryman
3. Know how to happy is happiness
4. GEN X Y unite to adjust working style for 4.0 modernize
5. CPR and first aid
6. How to coordinate to obtain both heart and work
7. Arts of communication for supervisors
8. Crafts / cooking hobbies

Furthermore, in 2018, the Company has consistently supported long-term weekly programs to enhance skills in learning, meditation, and intelligence for the fourth year consecutively. The programs are led by knowledgeable, skillful experts within the Company. The 2 programs are "English for Business" and "Meditation: Discussions and Exchanging of Knowledge". The aforementioned programs are long term staff development programs, in which the skills attained from the program can be adopted and utilized for staff's sustainable work efficiency.

Moreover, the Company also encourages staff to gain training knowledge outside of the office according to each department's roles in order to adapt the skills gained to enhance the quality and capability of employees in their roles. Whereby, the outside training programs include:



1. Smart Disclosure Program (SDP)
2. Rehearse guideline for the use of the IPOS system in accordance with the new debt instrument regulations.
3. Draft of Financial Reporting Standards No. 9 Financial Instruments
4. Preparation of financial statements and filling in the P.N.D. 50 form
5. Rehearse an understanding of investors warning measures
6. Disclosure of information in accordance with the new CG Code
7. Withholding tax correctly with Revenue Department.
8. Good IT Governance: Risk Management and data Responsibility
9. Future of Financial Industry: Growth Through Innovation
10. CG Code disclosure guidelines according to principles of apply or explain
11. Fraud and violation of the accounting standards of listed companies, generation 2/61
12. Exchange ideas on the Backdoor Listing process improvement
13. Get to know: Financial reporting standards - Financial instruments
14. Insights into TFRS15, new accounting principles for revenue recognition
15. Warning signs found from the business and the observation of accounting figure
16. Assorted problems regarding the implementation of financial reporting standards and adjustments to the financial statements
17. INNOVATION-Innovation toward future society with AI and IOT
18. How to protect your organization and yourself against cyber and IT risk
19. Get ready to cope with the significant changes regarding financial reports

Occupational Health and Safety

1. All work units concerned in the organization shall perform in compliance with the laws and regulations in relation to occupational safety, sanitation and environment in a concrete manner.
2. In case of witnessing any damage risk or incident in the factory or office premises, whether such incident is caused by employees, machines, or any other factors, including any accidental incident, and whether there are any casualties from which or not, it shall be the duty of the witnessing employee to immediately report to the supervisor, or safety committee members, or any party concerned.
3. Work systems in place give importance to workplace safety and sanitation, i.e. work stations are kept clean and in sanitary conditions in line with the 5S principles, to ensure employees and visitors are safe from accidents and diseases at the workplace and the surrounding areas.
4. Executives and employees pay serious attention to activities in promotion of occupational safety, sanitation and environment, by performing duties with safety consciousness and awareness of environmental protection on a consistent basis.

Fire prevention and protection in the workplace

The Company has set up a fire prevention and protection program (fire crisis management plan manual), which is in line with the announcement from the Ministry of Interior on “fire prevention and protection in the workplace, for work safety of employees”. This is so employees can use as guideline in case of a fire crisis. The program invited lecturers and speakers accepted or approved by the government to educate and train no less than 40% of employees in basic fire protection and prevention. Whereby, in year 2018 the Company and the Department of Disaster Prevention and Mitigation has set a mutually schedule of the firefighting and prevention in the workplace program of 2018 on March 2, 2018 .



5S objects

The Company's' employee have joined CSR activity under 5S objects which are SEIRI, SEITON, SEISO, SEIKETSU and SHITSUKE in order to manage and improve office and factory work place for convenience, tidiness and cleanness that can create a good environment and conducive to good performance, safety and work quality as a basis for increase productivity. Whereby, in 2016 until now the Company has continuously upheld the 5S guidelines, until it has become engrained into each employee's daily routine, according to the fifth S - SHITSUKE. To further spread the awareness, gain cooperation, and promote the disciplines in a clear and substantial manner. Rewards have been given towards the department that best follows the 5S objects practices with the best intentions and most sustainable discipline.



Consumer Responsibility

The Company focuses to satisfy customer, therefore, the Company has set up policy on customer treatment as follows:

1. Deliver safely quality products with fair prices that can timely and consistently meet demand of customers and are of the standard proper for application by customers.
2. Make no distortion, cheating, nor misleading of the details on the products, and conduct survey of customers' satisfaction for use to improve service and develop products on a regular basis.

3. Give importance to and maintain confidential information of customers and use no information of customers for personal and others' benefits.

4. Set up a complaint dealing center where customers can complain about the products and service.

Operation

License TIS . 24-2548 steel bars for concrete reinforcement : deformed bar.

Steel Bars for concrete reinforcement (deformed bars) of the Company is a product that has passed the standard the requirements of the Thai Industrial Standards Institutes (TISI) i.e. passes all technical requirements, including effectiveness of usage, quality of raw materials to produce, and the testing methods according to the TISI standards. The result has been achieved standard of TIS. 24-2548 steel bars for concrete reinforcement: deformed bar No. T 2585-1218/24 on October 26, 2015 which can ensure the quality of the Company's product and the safety of the consumers, as well as fairness of consumption of our products.



Participation in Community and Social Development

The Company projects to develop the community and society, with the following practice put in place:

1. The Company assists in developing personnel in various occupations to accommodate shortage of labor force and promotes occupational skills and potential as well as knowledge for people in the community and society, by employing qualified staff whom reside nearby the office, in order to support and generate income within the nearby community.

2. Personnel of all levels are responsible for and committed to taking care of the community nearby and stakeholders as a whole, with CSR training courses arranged for them by the Company.

3. The Company organizes activities that foster the nearby community and society to promote better quality of life.

4. The Company responds quickly and efficiently to incidents that may affect the community and society as a result of its business operations with full cooperation given to relevant government authorities and agencies.



5. The Company participates in religious activities by offering necessities and making donation to temples in nearby community and other areas in such occasions as Buddhist Lent Candle procession, Kathin ceremony, Phapa ceremony, etc.

6. The Company participates in making merit and donations, both money and necessities, including the used ones that are still usable and beneficial to others and steel products of the Company, to both public and private agencies, foundations, associations, or victims of natural disasters, to help relieve hardship and for use as necessary for the particular place and situation.

Operation

Donation and support programs for the underprivileged

Join "Rest - Request" 1 in the project of "Ban Nokkamin Foundation", a public benefit organization that provides assistance and support for children and youth with family problems, and no person responsible for support, being an homeless, orphan and abandoned, by the support of education, food and basic factors for daily living of children. At present, the Baan Nokkamin Foundation has sponsored over 200 children aged between 3 - 20 years, with Thailand children sponsorship of 17 housing. The Baan Nokkamin Foundation has been adopted more children, participation of this project will be a part of innovations transformation for the better social as the Company's objective.



Religion

The Company participates in religious activities, giving support through donation of basic needs to religious institutions, such as temples, places of worship, monastic centers in the surrounding communities, especially religious festivals such as offering Buddhist Lent Candles at Hua Kra Bue Temple, Tha Kham, Bangkhuntien Bangkok, whereby located in the vicinity of the headquarters.





Environmental Management

The Company awareness of duties and responsibilities to environment with the following practices:

1. Emphasis is placed on optimizing the use of resources, and preserving the environment by safeguarding against any environmental impacts.
2. Promote and instill in all employees awareness of the value of natural resources, energy saving, and environmental protection, and encourage promotion of the reuse of resources.
3. Employees shall strictly comply with work safety rules; supervisors and safety committee members in direct charge shall also ensure employees do not violate the rules; and employees who witness any breaching incidents shall report such incidents to the parties concerned without delay.
4. The Company shall give cooperation to government agencies and organizations in solving environmental problems and developing good environment to the society, as well as dealing with emergency cases or accidents at work in a quick and efficient manner.
5. The Company shall put in place measures to prevent accidents and control disposal of factory waste within the limit prescribed by law.
6. Personnel of all levels are responsible for and committed to taking care of the community nearby and stakeholders as a whole, with CSR training courses arranged for them by the Company.
7. The Company organizes activities that foster the nearby community and society to promote better quality of life.
8. The Company responds quickly and efficiently to incidents that may affect the community and society as a result of its business operations with full cooperation given to relevant government authorities and agencies.

Operation

Conservation of Nypa palms' forest in areas outside the factory

The Company has engaged in Nypa palms' forest conservation in area nearby the factory, situated at Bhang Phrong sub-district, Muang Samut Prakhon district, Samut Prakhon. There are homes and communities that live nearby, therefore the Nypa palms' forest helps to sustain the natural balance, and to also filter noise and dust from steel production. Besides this, the Company has planted Horse radish trees, Coconut trees, to further filter noise and dust. Furthermore, employees are able to use the product e.g., the sheath of the Horse radish plant and the Coconut plant can be cooked as food and medicine, for instance. Also, in the past year 2015, the Company notices allow employees to plant homegrown vegetables e.g., tomatoes, eggplant, morning glory, bog choy, corn in the land space of the Company. This project can support the employee's free time to create benefit and they can take the products from farm to cook for their foods.



Sedimentation

In the process of steel production, when going through the rolled steel process, the water used in the steel rolling process will be transferred to the sedimentation tank, until the steel scale leftover. Steel from sediment (Scale) is able to be utilized in road repairs of potholes. Such sedimentation is one methodology to reduce water pollution because it can filter steel scale separately from water before being recycled to be used once again.



Internal Audit and Risk Management

Board of Director's Meeting No. 3/2019 on October 18, 2019 which all 3 Audit Committees were in the meeting. They evaluated the adequacy of Internal Audit System of Rich Asia Corporation Public Company Limited in 5 areas of Internal Audit System which are organization and environment, risk management, controlling management performance, information system and follow up system. The meeting has an opinion that the company has adequate internal control system as follow:

1. Organization and Environment

The company has set up appropriate business goals, explicit and measurable investment plan to be operation criterion for employees. The operation goals are determined by assessment of possibility expectation which being careful consideration by Board of Directors prior to determine targets including monthly performance evaluation. The company has concise structured organization which can be manage effectively and also have written policy, regulations and procedure of work for operation.

2. Risk Management

The Management all time assess business and economic circumstances and analyze internal and external risk factors, opportunity and possible effects to the company in order to define measurement to reduce risk levels. Providing that there also be risk assessment by internal audit department, who presented to Audit Committee and Management for seeking the methodology of preventive and reduction risk including follow up the assessment review and information update periodically.

3. Controlling Management Performance

The company has clearly and in written set authority and approval limits for each level of management and divide important responsibilities separately for instance approval authority, accounting records and information, and assets controlling. For transactions with major shareholders, directors or Managements and related company are based on normal business transactions and treated similar to other parties which be optimized benefits to the company. The Audit Committee has considered such transactions quarterly and assigned internal auditor to verify such transactions and report to the Audit Committee including company's disclosure of details and conditions of such transaction in Notes to financial statements which reviewed by the external auditor. The company has arranged supervisors meeting in order to follow up the operation result thru Key Performance Indicator, analyze and consult inter department which would be a channel to exchange information and efficiency of controlling.



4. Information System & Communication

The Company realized on information technology systems and focused to develop organization's network for efficient management which can be served information storage, the efficient and real time reporting. The company has contacted consultants to study and analyze workflow system for information systems assessment including propose and select the most appropriate information system which result to Enterprise Resources Planning (ERP) selection for replacement previous system. This ERP system can be served current and future necessity of the company and there are new functions that can be developed continually.

5. Follow up System

The company provides meeting between the Audit Committee and top executive quarterly. In 2018 there are three times meeting to summarize internal audit report and monitoring report with Management.

The company has established the Internal Audit Department on 3 October 2005 to assess, analyze risk factors and provide feedback of internal control system which is including the financial audit, operation audit, compliance audit, reviewing related transactions, and arrange audit report presented to the Audit Committee. The recommendation of the Audit Committee regarding credit term approval is in accordance. There is also a meeting with management to consider about the observations and recommendations from the review of financial statement by external auditor regarding the transaction of extension of deposit for investment.

Board of Directors conclude that the company conform good corporate governance and adequate Internal control system according to SEC'S evaluation form especially the internal control of related transaction with major shareholders, directors, management and related to such person.

Head of internal audit

In the meeting of Audit Committee No.6/2007 which was held on 13 November 2007 endorse that Mr. Vorapoj Chaisantana was in the position head of internal audit since November 2007, Mr. Vorapoj has experienced in internal audit for 20 years and has trained in Internal Audit Course at Internal Auditors of Thailand. So, he is appropriate to perform in this position because he understands in all activities and operations of the company.

Thus, the consideration to appoint, rotate, lay off head of Internal Audit should be consent from Audit Committee.



Related Parties Transactions

The transactions between the Company and any person who may have conflicts of interest that occurred in 2017 and the year 2018, are as follows:

Company / People	Relationship	Transaction Account	2017 (Million Baht)	2018 (Million Baht)	Necessity, reasonableness and Audit Committee's Opinion
Rich Asia Industry Co., Ltd. Nature of business: production and distribution of steel pipes. Structural Steel and various types of steel products.	The Company holds 51.88% shares and some directors have been being directors of Rich Asia Industry Co., Ltd. The Company holds shares since 2011	1. Receivables on share price 2. Allowance for doubtful accounts. 3. Loans 4. Interest receivable 5. Advance payment for goods 6. Penalty waiting to be collected 7. Payables 8. Income from products	5.296 (5.296) 391.600 28.500 67.289 - 9.907 58.319	5.296 (5.296) 595.943 71.753 - (58.957) 6.607 -	- The 1 st and 2 nd items occurred by Rich Asia Industry Co., Ltd. diluted share value as per the resolution in Extraordinary General Meeting of Shareholders No. 1/2011 from the original par value Baht 100 per share to par value of Baht 31 per share. - The 3 th item 4 th , 6 th , 10 th and 15 th items occurred by The Company provided loans to Rich Asia Industry Co., Ltd. for working capital in business operations. - The 5 th item 7 th , 11 th and 14 th items occurred by The Company engaged Rich Asia Industry Co., Ltd. to slit and manufacture products according to The Company's policy, to achieve maximum efficiency, whereby the commercial terms, prices, and conditions of the contract are in accordance with normal business operation when compared with other non-related parties.



Company / People	Relationship	Transaction Account	2017 (Million Baht)	2018 (Million Baht)	Necessity, reasonableness and Audit Committee's Opinion
Rich Asia Industry Co., Ltd. (continue)		9. Income from raw material	41.237	-	<p>- The 8th, 9th and 13th items occurred through Rich Asia Industry Co., Ltd. ordering products to manufacture and trade, whereby the commercial terms, prices, and conditions of the contract are in accordance with normal business operation when compared with other non-related parties.</p> <p>- The 12th item occurred by the mortgage and legal advisor fees on Rich Asia Industry Co., Ltd. agrees to mortgage the land as collateral for the debenture creditors of the Company</p> <p><u>Audit Committee's Opinion</u></p> <p>These related parties transactions are reasonable and benefit to the company. Terms and conditions are normal business transactions.</p>
		10. Interest	31.145	-	
		11. Buy	212.972	147.168	
		12. Other expenses	0.003	0.286	
		13. Discount	0.133	-	
		14. Cuts and productivity	1.337	0.297	
		15. Allowance for doubtful accounts Accrued interest	-	(12.795)	



Company / People	Relationship	Transaction Account	2017 (Million Baht)	2018 (Million Baht)	Necessity, reasonableness and Audit Committee's Opinion
<p>G.Y.T. Engineering Co., Ltd.</p> <p>Nature of Business: Supply of equipment and technology, including co-investment in infrastructure and infrastructure.</p>	<p>The Company holds shares in the proportion of 1,967,500 shares, as 94.82% shares and some directors holds shares of 1.5% (Establish on February 2015).</p>	<p>1. Other receivables</p> <p>2. Other income</p> <p>3. Interest</p>	<p>0.020</p> <p>0.240</p> <p>0.001</p>	<p>0.020</p> <p>0.240</p> <p>-</p>	<p>- The 1st and 2nd items occurred by The Company charged office rental from G.Y.T. Engineering Co., Ltd.</p> <p>- The 3th item. The Company provided G.Y.T Engineering Co., Ltd. a short-term loan in the amount of Baht 60 Million for 1 day with 1% interest.</p> <p><u>Audit Committee's Opinion</u></p> <p>These related parties transactions are reasonable and benefit to the company. Terms and conditions are normal business transactions.</p>
<p>Rich Asia Utilities Co., Ltd.</p> <p>Nature of Business: Carries out business related to water resources and other utilities.</p>	<p>The Company is the holding by 499,997 shares, representing 99.99 per cent and the company's director. Some participants held Including 2 shares (Opening March 2016).</p>	<p>- No Item -</p>			



Company / People	Relationship	Transaction Account	2017 (Million Baht)	2018 (Million Baht)	Necessity, reasonableness and Audit Committee's Opinion
<p>Thai National Product Co., Ltd.</p> <p>Nature of Business: Spun pile manufacturer and distributor with services transportation and piling rigs. Selling prefabrication of concrete products.</p>	<p>The Company holds 29.89% shares. Some directors have been being shareholders. (The Company holds shares at the midyear of 2010)</p>	<p>1. Trade receivables</p> <p>2. Income from products</p>	<p>0.416</p> <p>0.388</p>	<p>-</p> <p>0.824</p>	<p>- The 1st and 2nd items are occurred by Thai National Product Co., Ltd. purchase of raw materials for production, whereby the commercial terms, prices, and conditions of the contract are in accordance with normal business operation when compared with other non-related parties</p> <p><u>Audit Committee's Opinion</u></p> <p>These related parties transactions are reasonable and benefit to the company. Terms and conditions are normal business transactions.</p>
<p>G. T. Steelwork Co., Ltd.</p> <p>Nature of Business: Manufacturer and distributor of steel bar and scrap iron.</p>	<p>Miss Angkakarn Tantiviroon, director and shareholder of the Company, and family held 34.81% shares in G.T. Steel Work Co., Ltd.</p>	<p>1. Payable</p> <p>2. Other creditors</p>	<p>8.646</p> <p>3.100</p>	<p>8.646</p> <p>3.100</p>	<p>- The 1st item occurred by The Company purchased round bars from G.T. Steel Co., Ltd. for distribution to its customers during the period that Bangprong (Suansom) Factory had not yet started its production line whereby the commercial terms, prices, and conditions of the contract are in accordance with normal business operation when compared with other non-related parties.</p>



Company / People	Relationship	Transaction Account	2017 (Million Baht)	2018 (Million Baht)	Necessity, reasonableness and Audit Committee's Opinion
G. T. Steelwork Co., Ltd. (continue)					<p>- The 2nd item occurred by The Company purchased materials from G.T. Steel Co., Ltd. the commercial terms, prices, and conditions are in accordance with normal business operation when compared with other non-related parties.</p> <p>* The above transaction occurred in 2011.</p> <p><u>Audit Committee's Opinion</u></p> <p>These related parties transactions are reasonable and benefit to the company. Terms and conditions are normal business transactions.</p>
Miss Angkakarn Tantiviroon	Chief Executive Officer, director and shareholder of Rich Asia Steel PCL. representing 1.81% shares, Newly appointment as Chief Executive Officer held on February 1, 2015.	<p>1. Other creditors</p> <p>2. Other expenses</p> <p>3. Guarantee agreement</p>	<p>0.005</p> <p>0.127</p> <p>No charges</p>	<p>0.004</p> <p>0.131</p> <p>No charges</p>	<p>- The 1st and 2nd items are transportation and overseas visiting expenses paid for director of the Company.</p> <p>- Ms. Angkakarn Tantiviroon enter agreement as guarantor with a financial institution for The Company, without charging any compensation from the company.</p> <p><u>Audit Committee's Opinion</u></p> <p>Such transaction is beneficial to company's operation and reasonable.</p>



Company / People	Relationship	Transaction Account	2017 (Million Baht)	2018 (Million Baht)	Necessity, reasonableness and Audit Committee's Opinion
Mr. Somkiat Vongsarojana	Managing Director and Director	1. Other creditors	0.007	0.007	<p>- The 1st and 2nd items are transportation costs paid for director of the Company.</p> <p><u>Audit Committee's Opinion</u></p> <p>Such transaction is beneficial to company's operation and reasonable</p>
		2. Other expenses	0.100	0.104	
			-		
Mr. Teera Phoncharoensuk	Directors And Production Director	1. Other creditors	0.007	0.006	<p>- The 1st and 2nd items are the transportation costs paid to directors of the Company.</p> <p><u>Audit Committee's Opinion</u></p> <p>Such transaction is beneficial to company's operation and reasonable</p>
		2. Other expenses	0.080	0.087	



The measures or steps for approval of the related transactions

At present, the company has set the measures and procedures - for approval of the related transactions, which will take the company's benefit into consideration, with the utmost importance. The company also compared such transactions with transactions to the non-related parties by prohibiting related executives to participate in the approval of such transactions. The company also allows The Audit Committee to check and offer opinions for the suitability of such transactions.

Policy and tendencies of future related transaction

1. Related transaction between the company and the related persons

1.1 Other companies in the related parties transactions section: The Company will continuously trade with other company by having referable market price.

1.2 Ms. Angkakarn Tantiviroon: the securing of loan of the company in the director's name for the company by using director's own asset will be carried on.

2 Policy for the future other related parties transactions

In the future, if the company has the necessity to make transactions with related parties including companies that used to be related with the company (presently, not related to the company as disclosed in the related transaction table) or if the company has to make the related transaction with persons who might have conflict of interest or might have the conflict of interest in the future, such transactions will be made incase the company has the necessity. The company also has the policy to set any condition according to normal business term and market price which can be compared with the price of non-related parties. The Audit Committee will be the one who gives opinion about the necessity and suitability of such transaction. In the case where The Audit Committee has no expertise to inspect the related transaction that might happen, the company will ask for the opinion about such related transaction from the companies' auditor or independent experts in order to use such opinion for the consideration of the board of directors or the share holders depending on the case.

The board of directors will act in accordance with the law concerning the securities and stock exchange rules, notifications, orders, or the regulations of the Stock Exchange of Thailand including to practice of related transactions and the acquisition or sale of the important assets of the company or its subsidiary in order to make the decision to make such transaction unable to create conflict of interest and create the utmost benefit to all the share holders. The company will disclose such related transactions in the annual information disclosure (form 56-1), companies' annual report, and notes to financial statements which have already been inspected by the auditor of the company.



Financial Highlights

(Unit : Million Baht)

STATEMENTS OF INCOME (CONSOLIDATED)	2018	2017	2016
Revenue from sales and services	264.24	666.88	3,215.28
Cost of goods sold and services	304.47	702.41	3,092.70
Gross Profit (Loss)	40.23	(35.53)	122.58
Other incomes	5.60	15.49	13.51
Profit (Loss) before share of profit on investment in associate			
before financial cost and income tax	(433.75)	(1,235.48)	(1,038.48)
Finance costs	195.23	183.13	156.14
Profit (Loss) before share of profit on investment in associate			
and income tax	(628.98)	(1,418.61)	(1,194.62)
Share of loss on investment in associate	(14.19)	(13.77)	(11.92)
Profit (loss) for the year	(632.35)	(1,422.30)	(1,200.99)
Profit for equity holders of the parent company	(522.86)	(1,320.40)	(1,144.83)

(Unit : Million Baht)

STATEMENTS OF FINANCIAL POSITION (CONSOLIDATED)	2018	2017	2016
Total assets	974.80	1,433.22	2,782.22
Total liabilities	2,887.32	2,713.39	2,656.30
Share capital-common shares			
Authorize share capital, par 1.00 baht	9,600.00	9,600.00	9,600.00
Issued and fully paid-up share capital, par 1.00 Bath	3,115.27	3,115.27	3,115.27
Total equity attributable to equity holders of the parent company	(1,880.97)	(1,358.11)	(53.92)
Non - controlling interests	(31.55)	77.95	179.85
Total shareholders' equity	(1,912.52)	(1,280.17)	125.93

Financial Ratio	2018	2017	2016
Liquidity Ratio (times)	0.05	0.21	0.72
Gross Profit Ratio (%)	(15.22)	(5.33)	3.81
Net Profit Ratio (%)	(193.76)	(193.50)	(35.46)
Return on Equity Ratio (%)	32.28	187.02	(277.97)
Debt to Equity Ratio (times)	(1.51)	(2.12)	21.09



Management's Discussion and Analysis (MD&A)

1. Analysis of past performance

(Unit : Million Baht)

STATEMENTS OF INCOME (CONSOLIDATED)	2018		2017		2016	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenue from sales and services	264.24	100.00	666.88	100.00	3,215.28	100.00
Cost of goods sold and services	304.47	115.22	702.41	105.33	3,092.70	96.19
Gross Profit (Loss)	(40.23)	(15.22)	(35.53)	(5.33)	122.58	3.81
Other incomes	5.60	2.12	15.49	2.32	13.51	0.42
Profit before expenses	(34.63)	(13.11)	(20.04)	(3.01)	136.09	4.23
Expenses*	399.12	151.04	1,215.44	182.26	1,174.57	36.53
Profit (Loss) before share of profit on investment in associate before financial cost and income tax	(433.75)	(164.15)	(1,235.48)	(185.26)	(1,038.48)	(32.30)
Financial cost	(195.23)	(73.88)	(183.13)	(27.46)	(156.14)	4.86
Share of profit (loss) on investment in associate	(14.19)	(5.37)	(13.77)	(2.06)	(11.92)	(0.37)
Profit (loss) before income tax	(643.17)	(243.40)	(1,432.37)	(214.79)	(1,206.54)	(37.53)
Income tax revenue	10.82	4.09	10.07	1.51	5.54	0.17
Profit (loss) for the years	(632.35)	(239.31)	(1,422.30)	(213.28)	(1,200.99)	(37.36)
Profit for equity holders of the parent company	(522.86)	(197.87)	(1,320.40)	(198.00)	(1,144.83)	(35.61)

Remark : Expense* In 2017, the amount of Baht 1,215.44 million, of which Baht 1,130.25 million was doubtful account.

: Expense* In 2018, the amount of Baht 399.12 million, of which Baht 299.11 million was doubtful account.

Overview of Operating Performance

Company and its subsidiaries had revenue classified by product category consist revenue from the distribution of round bar, steel products and structural steel products. Associated company had revenue from the distribution of spun piles, concrete square pile include delivering and pile driving and revenue from sale of concrete railway sleepers.

Operating performance in 2018 with revenue from sales and services amount of 264.24 million Baht, revenue in 2017 amount of 666.88 million Baht. In 2018 revenue decreased 402.64 million Baht or 60.38% of the last year due to the Company and its subsidiaries received increase orders from customers. Other revenue decrease 9.89 million Baht or 63.85% compared to the same period of last year due to the decrease of other services revenue.



The main cost of products such as steel, which is the main raw material in steel. In 2018, the steel price remained fluctuation, uncertain. Therefore, the Company has planned stock procurement to manage the changing of steel price in order to no loss from procurement and stock inventory

The company had sales volume decrease in 2018 as result to the costs of goods and services decreased amount of 397.94 million Baht or decreased 56.65 % compared with the same period last year., which results to year 2018 the Company has Gross loss 40.23 million Baht.

The Company had selling and administrative and other expenses amount of 100.01 million Baht, increase from the same period of last year amount of 14.83 million Baht or decreased 17.40%.

In 2018 the Company has estimated for doubtful accounts decrease to 299.11 million Baht from the same period last year 831.14 million Baht or decrease 73.54%, which the estimate from the receivable accounts which have not been paid. Such estimation is based on the company's procedures which is generally accepted accounting principles.

The Company and its subsidiaries had financial cost in year 2018 amount of 195.23 million Baht, which increased from the same period of last year amount of 12.10 million Baht or increased 6.61% due to the company's financial costs from interest of bond issuance and financial institution increased from the same period last period.

Therefore from the company's sale revenue and service was decreased, whereas expenses was increased from financial cost and the estimation for doubtful accounts which result to the Company's sale revenue was not sufficient to support the Company's expenses which effect to the company's net loss for this period amount of 522.86 million Baht that represented decrease loss 797.54 million Baht or 60.40% comparing to the same period of last year.

Operating performance of the company and its subsidiaries for the periods as of December 31, 2018 as summarizes the follows:

1) Operating performance

Revenue

For the year ended 31 December 2016, 2017 and 2018, the company had sales and service revenue amount of 3,215.28 million Baht, 666.88 million Baht and 264.24 million Baht, respectively. For the year 2016 revenue decrease 14.47%. For the year 2017 the revenue decreased 79.26% and year 2018 the company had sales and service revenue decreased 60.38% from the same period of the last year due to decreased orders from customers.

Cost of sales and services

For the year ended 31 December 2016, 2017 and 2018, the company and its subsidiaries had the cost of sale and service amount of 3,092.70 million Baht, 702.41 million Baht and 304.47 million Baht or 99.19%, 105.33% and 115.22% of the revenue of sale and services, respectively.



In 2018 the proportion of the cost of sales and service to sales and services revenue increased from the same period last year due to lower order quantity, results to the increase of the Company's sales and services.

Expenses

For the year ended 31 December 2016, 2017 and 2018, the company had selling and administrative expenses amount of 73.82 million Baht, 85.18 million Baht and 100.01 million Baht, respectively (this expense included management benefit expenses).

For the year 2018, the company had proportion in selling and administrative expenses as mentioned above decrease amount of 14.83 million Baht or 17.40% from the same period of the last year due to the company had the decreased expenses.

Doubtful accounts

For the year 2018, the company estimated for doubtful accounts amount of 299.11 million Baht consist of 1) allowance of doubtful of trade receivables amount of 296.11 million Baht and 2) allowance doubtful amount of 3.00 million Baht, which is in accordance with the rules of the Company which has been applied since 2015. Considering both accounts receivable and other receivables, expected to be unpaid or overdue which is in accordance with the Company's allowance for doubtful accounts based on previous experience from debt collection and aging analysis, classified by age of debtors as follows:

1) Debtors with outstanding overdue but not exceeding 180 days	Not yet within the criteria for determining allowance for doubtful accounts.
2) Debtors with overdue debt more than 180 days, but not exceeding 365 days	Consider estimation allowance for doubtful accounts of 50%, depending on the suitability and individual considerations.
3) Debtors overdue debt more than 365 days	Consider 100% allowance for doubtful accounts depending on the suitability and individual considerations.

In the case of unusual occurrences, where the debtor is expected to be unable to repay debt to the Company. The Company will make an allowance for doubtful accounts as is appropriate and actual, without waiting for the overdue term as classified by debtor's aging.

The Company has tracked payments from the receivables, which estimated the allowance for doubtful accounts by strictly following the accounting procedure and practices of the Company. In the event, there is no response from the customers or is unable to be contacted or the debtor has defaulted



twice for more the Company has submit to legal department to proceed debt collection and claim payment in order for the Company not to lose its benefits.

According to Company procedure, In case the Company has prepaid for the goods and not received the product according to the contract, the Company will proceed to collect the outstanding payment in full as well as a fine at the rate of 7.50%, which is interest rate for missed debt repayment in accordance to civil and commercial law section 224, paragraph one. The refund is considered the status of the counterparty as a debtor of the Company. Therefore, the Company will pursue the claim and follow the same procedure as the debtor. If the Company has pursued payment request to the end and received no response from the customer or cannot contact debtor or the debtor has defaulted payment after extension more than twice, the Company will submit the case to the legal department to pursue debt and claim the rights to receive payment in order for the Company not to lose its benefits.

Financial costs

For the year ended 31 December 2016, 2017 and 2018, the company had financial costs amount of 156.14 million Baht, 183.13 million Baht and 195.23 million Baht, respectively. In 2018 the financial cost increased from the same period of the last year amount of 12.10 million Baht or 6.61%. Due to the Company calculates interest at the default rate caused the financial costs are higher than the same period of last year.

Gross Profit

For the year ended 31 December 2017 the company and its subsidiaries had gross profit amount of 122.58 million Baht. For the year 2017 and 2018 the company and its subsidiaries had gross loss amount of 35.53 million Baht and 40.23 million Bath respectively or profit 3.81%, loss 5.33% and loss 15.22% of revenue from selling and service, respectively. Year 2018, the company had gross loss ratio increased due to selling prices has volatility and increased sales costs and increased management costs, as a result to the Company's gross loss increased.

Net profit

For the year ended 31 December 2016, the company and its subsidiaries loss for the year 1,200.99 million Baht, which were loss attributable to equity holder of the parent amount of 1,144.83 million Baht. In 2017, the company had loss for the year 1,422.30 million Baht, which were loss attributable to equity holder of the parent amount of 1,320.40 million Baht and in 2018, the company had loss for the year 632.35 million Baht, which were loss attributable to equity holder of the parent in the amount of 522.86 million Baht, which was attributable to non - controlling interests equity holders' amount of 109.49 million Baht



In 2016, 2017 and 2018, the company had net profit ratio, which is the ratio of net profit and loss for the year attributable to equity holders of the Company ratio to total revenue (35.46)%, (193.50)% and (193.76)%, respectively.

In consideration profit and loss for 2018, attributable to equity holder of the Company was loss amount of 522.86 million Baht, which decrease from the same period of the last year amount of 797.54 million Baht or 60.40% due to gross profit were insufficient for the company's expenses, including financial cost and doubtful accounts as result to the operating performance still continued loss.

2) Financial position of company

(Unit : Million Baht)

	2018		2017		2016	
	Million Baht	%	Million Baht	%	Million Baht	%
Total current assets	147.20	15.10	552.84	38.57	1,837.83	66.06
Total non - current assets	827.60	84.90	880.38	61.43	944.39	33.94
Total assets	974.80	100.00	1,433.22	100.00	2,782.22	100.00
Total current liabilities	2,815.86	288.87	2,632.08	183.65	2,565.05	92.19
Total non - current liabilities	71.46	7.33	81.31	5.67	91.25	3.28
Total liabilities	2,887.32	296.20	2,713.39	189.32	2,656.30	95.47
Share capital						
- 9,600,000,000 shares, Baht 1.00 par value	9,600.00		9,600.00		9,600.00	
Issued and fully paid - up share capital						
- 3,115,268,236 shares, Baht 1.00 par value	3,115.27	319.58	3,115.27	217.36	3,115.27	111.97
Premium (Discount) on share capital	(1,062.82)	(109.03)	(1,062.82)	(74.16)	(1,062.82)	(38.20)
Deficit	(4,007.11)	(411.07)	(3,484.25)	(243.11)	(2,180.05)	(78.36)
Other component of equity	73.69	7.56	73.69	5.14	73.69	2.65
Total equity attributable to equity holders of the parent company	(1,880.97)	(192.96)	(1,358.11)	(94.76)	(53.92)	(1.94)
Non - Controlling interests	(31.55)	(3.24)	77.94	5.44	179.85	6.46
Total Shareholders' equity	(1,912.52)	(196.20)	(1,280.17)	(89.32)	125.93	4.53



2.1) Asset Components

For the period ended 31 December 2018, the company and its subsidiaries had total assets 974.80 million Baht decreased from end of the year 2017 amount of 458.42 million Baht, or decreased 31.99 %, main transaction of decreased assets were the trade and other receivable decreased 239.78 million Baht, which due to the allowance for doubtful accounts, cash and cash equivalents items decreased 109.65 million Baht from debt payments according to the terms of the debt restructuring contracts, advance payment for goods decreased 40.45 million Baht from receiving of goods as per contract , inventory decreased 58.06 million Baht, Property, Plant and Equipment decreased 37.99 million Baht, investment in associate decreased 14.20 million Baht, bank deposit pledged as collateral decreased 0.75 million Baht and investment in property decreased 0.93 million Baht.

The major items of increased assets consist of short-term loans to others increased 2.30 million Baht and other non-current assets increased 1.09 million Baht. The significant of increased and decreased assets are as follows:

Trade accounts receivable

As end of 2016, 2017 and 2018 the company and subsidiaries had trade and other receivables-others 1,305.83 million Baht, 335.29 million Baht, and 95.51 million Baht respectively of which such amount were trade accounts receivable to related parties. In 2016, no accounts receivable to related parties. In 2017 amount of 0.42 million Baht and in 2018, no accounts receivable to related parties.

Trade account receivable in 2016, 2017 and 2018 were 1,289.51 million Baht, 321.92 million Baht and 35.99 million Baht respectively, which represented aging of trade accounts receivable as follows:

Aging of trading accounts receivable

(Unit : Million Baht)

	2018	2017	2016
Within credit term	35.42	306.99	492.40
Over due 1 to 90 days	0.00	2.03	783.08
Over due 91 to 180 days	17.46	11.61	543.19
Over due 181 to 365 days	301.29	431.53	203.44
Over due over 1 year	1,825.65	1,412.77	8.93
Total	2,179.82	2,164.92	2,031.04
Less : Allowance for doubtful	(2,143.83)	(1,843.42)	(741.53)
Total	35.99	321.51	1,289.51



As at 31 December 2018, trade accounts receivable of the company and its subsidiaries were within credit term amount of 35.42 million Baht, no receivables that are overdue more than 1-90 days. The over due 91 days to overdue over 1 year total amount of 2,144.40 million Baht. In 2018 had estimated for doubtful accounts receivable of 2,143.83 million Baht.

The overdue 1-90 days account receivable has been decrease comparing to account receivable end of 2017 and 2016. The over due 91 days to over 1 year account receivable at end of 2018 is over than end of 2017 and 2016, in 2018 the company's receivables are affected from economic conditions and steel demand as result to revenue on sales decreased and some account receivable faced liquidity problem. The company has closely tracked the payment of accounts receivable and strictly in consideration credit to account receivable.

Inventories (Net)

Component of Inventories

(Unit : Million Baht)

	2018	2017	2016
Finished goods	26.17	44.88	85.72
Raw materials	6.63	44.75	33.68
Goods in transit	0.00	0.00	0.00
Work in process	0.00	0.00	0.00
Supplies	4.57	4.61	4.90
Less : Allowance for declining in value of inventories	(6.89)	(5.70)	(7.55)
Total	30.48	88.54	116.75

As at 31 December 2018, the Company and its subsidiaries have inventories amount of 30.48 million Baht decreased from end of 2017 amount of 88.54 million Baht or decreased 65.57 % due to the Company has sold goods and raw material and delivery as per customer's order could be done faster than 2017.

Property, plant and equipment

As December 31, 2018, Property, plant and equipment amount of 648.93 million Baht, decreased from end of 2017 amount of 37.99 million Baht due to some assets are disposed and written-off, which the value decreased mainly due to the depreciation of assets.



2.2) Liquidity

Cash Flow

(Unit : Million Baht)

Statement of Cash Flow	2018	2017	2016
Profit (loss) from operating activities before change in operating assets and liabilities	(69.94)	(50.48)	119.16
Net cash receive (payment) from operating activities	(42.12)	30.15	5.04
Net cash provided by (used in) from operating activities	(112.06)	(20.33)	124.20
Net cash provided by (used in) from investing activities	3.03	1.37	1.15
Net cash provided by (used in) from financing activities	(0.62)	(34.35)	(469.95)
Net increase or (decreased) in cash and cash equivalents	(109.65)	(53.30)	(344.60)
Cash and cash equivalents-Beginning of year	128.56	181.86	526.46
Cash and cash equivalents-End of period	18.91	128.56	181.86

Remark: Cash flow statement from the consolidated financial statement

In 2018 the company had cash flow balance 18.91 million Baht. In the year 2018 cash received from working capital to be used in business in 2018 as details below:

Statement of cash flows of the Company and its subsidiaries for 2018, the company received and used cash flow in the following activity.

The Company had loss from operating activities before changes in operating assets and liabilities amount of (69.94) million Baht and net cash paid in assets and liabilities from operating activities amount of 42.12 million Baht as following details.

- Net cash items in operating assets and liabilities amount of 58.31 million Baht, net cash flow received from inventories amount of 56.86 million Baht, advance payment for goods 0.45 million Baht and non-current liabilities amount of 1.00 million Baht

- Net cash paid from operating assets and liabilities amount of 100.43 million Baht, the major items such as trade and other receivable 88.22 million Baht. Non-current assets amount of 1.09 million Baht. Trade account payables and other account payables 210.14 million Baht. Employee benefit obligations 0.18 and cash payment for tax 0.80 million Baht.

The company has net cash received in investing activities amount of 3.03 million Baht, the major items as the following:

- Net cash received from interest income 0.52 million Baht. Cash paid from bank deposit pledged as collateral 0.75 million Baht. Short-term loans from other persons and parties 2.00 million Baht and cash received from sales of property, plant and equipment 0.01 million Baht.



- The company paid cash from buying the property, plant and equipment 0.25 million Baht

The company has net cash paid in financing activities amount of 0.62 million Baht, the major items as the following:

- Net cash paid from Short-term loans from financial institutions 0.60 million Baht and interest expenses 0.02 million Baht

Liquidity Ratio

For the year 2016, 2017 and 2018, the Company and its subsidiaries had current asset to current liability ratio equal 0.72 times, 0.21 times and 0.05 times. The Company's liquidity in 2018 decreased from end of 2017 due to the Company did not completely repay debt in accordance with debt restructuring agreement, the Company reclassified all debts as current portion of liabilities under debt restructuring agreement as a result to current liabilities increased, which affected to liquidity ratio of the company and the company had receivables and advance payment for goods decreased from the estimated allowance for doubtful accounts as a result to the company's current assets in this portion decreased. This main reason mentioned above result to the company's financial liquidity decreased from the last year.

2.3) The source of fund

Liability

As of December 31, 2018 the Company and subsidiaries had liabilities amount of 2,887.32 million Baht, increase from end of the year 2017 amount of 173.93 million Baht or increase 6.41% due to the Company paid to the debt of financial institute under the terms of the restructuring agreement. The major debts of the Company in 2018 were debentures which will due within one year amount of 1,230.00 million Baht and the current portion of liabilities under debt restructuring agreement amount of 1,037.93 million Baht.

Debt to equity ratio as of December 31, 2018 equal (1.51) times increase from end of 2017, which had debt to equity ratio (2.12) times.

Shareholder's Equity

As of December 31, 2018 the Company and subsidiaries had shareholder's equity amount of (1,912.52) million Baht, decreased 1,280.17 million Baht from end of the year 2017 or decreased 49.40%, which equity holders of the parent amount of (1,880.97) million Baht, decreased from end of year 2017 amount of 22.86 million Baht or decreased 38.50% due to the Company had loss for the year 2018 amount of 632.35 million Baht, which was loss for equity holders of the parent amount of 522.86 million Baht that result to as at 31 December 2018 the Company had return on equity ratio 32.28%, which decreased from end of the year 2017 that return on equity ratio was 187.02%.



From such above the performance, the company's liquidity in 2018 remain decreased, which current assets' worth less than current liabilities. Due to the postponement of the payment of trade receivables and the allowance for doubtful accounts and advance payment for goods. The turnover of inventories ratio in 2018 had turnover rate less than 2017 and the Company's current liabilities increased from reclassifying all amount of the liabilities under debt restructuring agreement to current liabilities. The overall mentioned above had affected to the Company's liquidity decreased.

Debt to Equity ratio in 2018 was (1.51) times, which decreased from 2017, due to in 2018, the Company had loss amount of 632.35 million Baht, which had loss for the year attributable to equity holders of the company amount of 522.86 million Baht, thus affected to decreasing of shareholders' equity as result to the company had debt to equity ratio huge increased.

In 2018, the Company had net profit ratio (193.76%), which rate of return decreased from 2016 and 2017 due to the Company had high loss. The main cost items, which affected to net loss this year, were doubtful account and financial costs. In case of the Company receives payment from the account receivable, doubtful accounts mentioned above will be reversed to be revenue in the period of receiving payment. In addition, in case of the company could find new sources of fund, the company could reduce the burden of current financial costs, which as result to the company's net profit ratio could be increased.

Net loss in 2018 that a lot of loss as mentioned above as a result to return on equity ratio in 2018 as 32.28%, which rate of return decreased from the year 2017 but increased from the year 2016

The Company's Management recognized to the operating problem both of loss from financial costs and the estimation for doubtful debts of the company include financial liquidity and liability problems. The company is in process of acceleration to resolve the above problems for the administration, controlling and monitoring of payments from account receivables. Management in controlling and procurement of raw materials including searching new investors, business partners, source of fund and opportunity to expand the business. In order to the company have more liquidity to repay debt and reduce financial cost of the Company as a result to the company's profitability and strengthen financial structure.

2. Factors affecting the performance in future

The Company and subsidiaries have analyzed factors that will affect the future operations of the group companies, which conduct business in the construction industry as follows:

1. The investment policy of the Government

In the first half of 2018, the implementation of many government construction projects encountered some limitations, such as financing sources, Environmental impact study, public opinion survey, legislative procedures for the convenience of construction projects, as well as procurement



procedures following to the Government Procurement and Supplies Management Act B.E. 2560 and the Ministry of Finance's Regulations on Procurement and government supplies management in 2017, which take time to select the contractors through bidding .Therefore, in the beginning of 2018, the government construction projects has expanded in a limited manner.

However, due to the clarity of the government investment projects in the first half of the year affect the second half of the year and in 2019. The investment of government projects will increase at an accelerated rate compared to the beginning of the year, through large-scale mega projects that are in the bidding process and expected to start construction in 2019 with a total investment budget of over 1.03 trillion baht, including from other projects aside from the infrastructure development strategy such as the Thai Popularity Sustainable Project according to the government policy to improve the people quality of life in each area, consisting of 14,362 thoroughfare in the village project, 8,960 community hall project, and 6,103 village water supply renovation and repair project, and the investment plan of the Ministry of Transport to accelerate the construction networks 48 routes in the year 2019 with a budget of 48,000 million baht

In addition, when considering the draft of the Annual Budget Expenditure Act B.E. 2562, on August 30, which approved a budget of over 3 trillion baht, in which the Ministry of Transport received a budget allocation of 183,732.5 million baht increased by 8.9 percent from the previous year, which is the Ministry that received the highest money proportion of the group. The ministry that received a budget in excess of 50,000 million baht reflects the money that will be dispersed into the system by Thailand base structure investment during the 4th quarter of 2018 continuously to 2019

Source: K SME analysis, Thai construction direction, year 262, Kasikorn Thai Research Center

Therefore, the Management confident that government investment projects in 2019 will be the key factor that encourages investment in private sector to be grown and expanded as well which will lead to investment in both construction for commercial and residence, and expected that such construction projects will expand in next 3-5 years from 2018 various projects will cause to increase the demand for various types of construction materials including steel used in construction, particularly round bars, wire rods , steel pipes, structural steel and railway steel including concrete pile, concrete sleeper and other concrete products, which is the opportunity to increase sales volume and profitability of the group.

Source: K SME analysis, Thai construction direction, year 262, Kasikorn Thai Research Center



2. Change of exchange rate

The tendency of the baht appreciation from the end of last year due to both international and domestic factors, for the international factors are due to the US dollar index which has stabilized at the end of last year after appreciation in 2018, as the domestic factor, both surplus current account balances in high level and the gold selling for profit gain, including the structural factors such as Thai low inflation, which result to strengthening baht in the medium term.

For the Yuan currency factor seem that the Yuan may appreciate if the trade war is cleared in the second half of 2019, while the first quarter of this year is better developed.

As the company imports raw materials, products and equipments from abroad, which the change of exchange rates is an important factor for the company's purchase, therefore, in case the baht trend is appreciate will benefit the company for various equipment import. However, in case it is the import of raw materials or steel products, although the baht appreciation will be good for imports of goods and raw materials, but the company must simultaneously consider the legal changes regarding anti-dumping measures that the government has issued new laws., whether the various import costs will affect the costs and make the company get the most benefits. In addition, the company is aware of financial planning to prevent the risk from purchasing goods from foreign countries with financial institutions in advance to reduce the risk of foreign exchange losses as well.

3. Oil price

In steel production, there is necessity to consume gas or oil in production, including delivery to customer. Therefore, fuel cost is one of major factor of steel business operation.

Trend of oil price in 2019, the issue of "China-US trade war" is still an important factor affecting the world trade. Although the two countries reached an agreement to temporarily armistice for approximately 90 days until March 2019 to open the channel for negotiations, there are many parties expected that the negotiation is unlikely to be successful. In addition, the global stock market are worry about the 3rd government shutdown in the United States occur, which may be linked to weak oil demand while the condition of oil production is still oversupply, which depends on the balancing of oil production in OPEC and non-OPEC countries consideration to "extend" the period of the agreement enforcement to reduce oil production, which former will end in June 2019 because the mentioned agreement will result in global oil supplies disappear by 1.2 million barrels per day. The OPEC meeting for the next oil production policy will be held in April 2019.

Trend of oil price in 2019 still fluctuate which affected to cost of production and transportation costs of the company's business. Therefore, the management has to plan for control closely in production cost, the selling price, as well as transportation cost in order to manage efficiency business operation.

**Audit Fee****1. Audit fee**

The company and subsidiaries had the audit fee in 2018 to office of the auditor was Sam Nak-Ngan A.M.C Co., Ltd. total amount of 2.11 million Baht as detail follows:

Item	Name of Company Payer	Auditor Name	Audit Fee (Baht)
1	Rich Asia Corporation Public Company Limited	Mr. Naris Saowalagsakul	1,350,000.00
2	Rich Asia Industry Company Limited	Mr. Naris Saowalagsakul	520,000.00
3	Rich Asia Engineering Company Limited	Mr. Naris Saowalagsakul	120,000.00
4	Rich Asia Utilities Company Limited	Mr. Naris Saowalagsakul	120,000.00
Total audit fee			2,110,000.00

2. Non-audit fee

The company and subsidiaries had the other compensation in 2018, such as due diligence audit, transportation, allowances when working outside normal working hours and legal expenses as the actual expenses (if any) as detail follows:

Item	Name of Company Payer	Type of other service	Other service fee (Baht)	
			Payment during the fiscal year	Payment in the 2019
1	Rich Asia Corporation Public Company Limited	Audit Expenses	24,466.00	16,050.00
2	Rich Asia Industry Company Limited	Audit Expenses	16,976.00	4,124.00
3	G.Y.T. Engineering Company Limited	Audit Expenses	3,233.00	879.00
4	Rich Asia Utilities Company Limited	Audit Expenses	2,333.00	776.00
Total non-audit fee			47,008.00	21,829.00

Auditor, Mr. Naris Saowalagsakul and Sam Nak-Ngan A.M.C Co., Ltd., who are not related or there are conflicts of interest with the Company and subsidiaries, executive directors, the major shareholders, or related to such person.



Resume of Directors and Managements as of December 31, 2018

Name Age / Position	Education	Relationship with Other management	* % of Shareholders as of Dec. 31, 2018	Experience	
General Watanachai Chaimuanwong Age : 75 Chairman (Independent Director)	Bachelor of Science Chulachomklao Royal Military Academy Command and Staff College#51 Royal Thai Army War College#28 National Defence College of Thailand#399 Director Accreditation Program (DAP) 89/2011	-None-	-None-	18 Mar. 2011- Present 2010 – Present 2002 – 2003 2001 – 2002 1999 - 2001	- Chairman Rich Asia Corporation Public Company Limited - Chairman Royal Turf Club of Thailand under Royal Patronage - Deputy Commander in Chief, Royal Thai Army - Assistant Commander in Chief, Royal Thai Army - Army Area Commander
Mr. Surapong Churangsarit Age : 63 Vice Chairman / Chairman of Audit Committee (Independent Director) / Nomination and Remuneration Committee	Master Degree Business Administration Ramkhamhaeng University Bachelor Degree Business Administration Ramkhamhaeng University Certified Internal Auditor (CIA) Director Accreditation Program (DAP) 52/2006	-None-	-None-	2 Apr. 2010 - Present 27 Jan. 2006 - 2010 Nov. 11 2016 - Present 2016 – Present 2016 – Present 2016 – Present 2014 - 2015 2002 - 2011 1999 - 2001	- Vice Chairman / Chairman of Audit Committee Rich Asia Corporation Public Company Limited - Independent Director / Audit Committee Rich Asia Corporation Public Company Limited - Nomination and Remuneration Committee Rich Asia Corporation Public Company Limited - Independent Director Chaopraya Mahanakorn Public Company Limited - CAC Certification Committee Thai Institute of Directors - Advisor The Institute of Internal Audit of Thailand - Chairman of the Board The Institute of Internal Audit of Thailand (Agenda year 2014 - 2015) - First Vice President Internal Audit Department Siam City Bank PLC. - AVP. Internal Audit DBS Thai Danu Bank PLC.



Name Age / Position	Education	Relationship with Other management	* % of Shareholders as of Dec. 31, 2018	Experience	
Mrs. Pimsiri Keeratitiensiri Age : 68 Director	Diploma Degree Accounting Bangkok Business College Director Accreditation Program (DAP) 51/2006	Aunt of Ms. Angkakarn Tantiviroon	2.15%	27 Jan. 2006 - Present 2000 – 2003 1992 - 1999	- Director Rich Asia Corporation Public Company Limited - Accounting Manager Thanasarn Import-Export Ltd. (Agricultural) - Auditor Assistant GT Steel Works Co., Ltd. (Produce and sell steel bars and scrap)
Dr. Rittirong Intarajinda Age : 55 Director / Chairman of Nomination and Remuneration Committee	- Ph.D. Electrical Engineering Thammasat University - Master Degree Engineering King Mongkut's institute of Technology North Bangkok - Bachelor Degree Electrical Engineering Rajamangala University of Technology Phra Nakhon Chotiwet Campus - Advanced Certificate Course in Politics and Governance in Democratic Systems for Executives - Diploma, National Defence College, The State , Private Sector and Political Sectors Course Class 5 Director Accreditation Program (DAP) 52/2006	-None-	-None-	27 Jan. 2006 - Present Nov. 11 2016 - Present 2014 2013 - Present 2013 - Present 2010 - Present 2007 - Present 1994 – Present 1991 – Present	- Director Rich Asia Corporation Public Company Limited - Chairman of Nomination and Remuneration Committee Rich Asia Corporation Public Company Limited - Secretary of Transportation Senate Committee - Lecturer, Faculty of Science and Technology Bangkokthonburi University - Managing Director Ban-non Co., Ltd. (Housing business) - Managing Director Cmac Esco Thailand Co., Ltd (LED Lamp business) - Managing Director Team Service System Co., Ltd. (Management Electrical system, water system and Air-condition system) - Managing Director Team Vis Construction Co.,Ltd. - Managing Partner Team Electric Engineering Partnership (Install Electrical system, Air-condition system and Communication system)



Name Age / Position	Education	Relationship with Other management	* % of Shareholders as of Dec. 31, 2018	Experience	
Ms. Angkakarn Tantiviroon Age : 54 Director / Chief Executive Officer / Nomination and Remuneration Committee	Bachelor Degree Economics Ramkhamhaeng University Bachelor Degree Business and Finance Hasting College UK. University Director Accreditation Program (DAP) 51/2006	Granddaughter of Mrs. Phimsiri Keeratithiansiri	1.49%	17 Apr. 2015 - Present 1 Feb. 2015 - Present 11 Nov. 2016 - Present Mar. 2016 - Present Feb. 2015 - Present Oct. 2005 - May 2014 2011 - May 2014 2010 - May 2014 10 May 1999 - 30 Sep. 2005 2003 - 21 Jun. 2010 1989 - 2001	- Director Rich Asia Corporation Public Company Limited - Chief Executive Officer Rich Asia Corporation Public Company Limited - Nomination and Remuneration Committee Rich Asia Corporation Public Company Limited - Director Rich Asia Utilities Co., Ltd. - Director G.Y.T. Engineering Co., Ltd. - Director / Chief Executive Officer Rich Asia Corporation Public Company Limited - Director Rich Asia Industry Co., Ltd. - Director Thai National Product Co., Ltd. - Director Rich Asia Trading (Thailand) Co., Ltd. - Planner Administrator Rich Asia Industry Co., Ltd. - Manufacturing Director GT Steel Works Co., Ltd. (Produce and sell steel bars and scrap)
Mr. Somkiat Vongsarojana Age : 56 Director / Managing Director / Risk Management Committee	Bachelor Degree Business Administration (First Honor) Bangkok University Director Accreditation Program (DAP) 51/2006	-None-	0.13%	27 Jan. 2006 - Present 1 Oct. 2005 - Present 11 Nov. 2016 - Present 2011 - Present	- Director Rich Asia Corporation Public Company Limited - Managing Director Rich Asia Corporation Public Company Limited - Risk Management Committee Rich Asia Corporation Public Company Limited - Director Rich Asia Industry Co., Ltd.



Name Age / Position	Education	Relationship with Other management	* % of Shareholders as of Dec. 31, 2018	Experience	
Mr. Somkiat Vongsarojana (Continue)				2010 - Present 1 Mar. - 30 Sep. 2005 2001 - 2005 1993 - 2001	- Director Thai National Product Co., Ltd. - Asst. Managing Director Rich Asia Corporation Public Company Limited - Project Finance Manager Felix Hotel Management Co., Ltd. - Project Finance Manager Rich Asia Industry Co., Ltd.
Mr. Teera Phoncharoensuk Age : 48 Director / Production Director	- Bachelor Degree Engineering King Mongkut's University of Technology Thonburi Director Accreditation Program (DAP) 51/2006	-None-	0.10%	27 Jan. 2006 - Present Feb. 2015 - Present 1 Oct. 2005 - Present 2011 - Present 2010 - Present 1 Apr. - 30 Sep. 2005 1999 - 2004	- Director Rich Asia Corporation Public Company Limited - Director G.Y.T. Engineering Co., Ltd. - Production Director Rich Asia Corporation Public Company Limited - Director Rich Asia Industry Co., Ltd. - Director Thai National Product Co., Ltd. - Production Manager Rich Asia Corporation Public Company Limited - Factory Manager GT Steel Works Co., Ltd. (Produce and sell steel bars and scrap)
Asst.Prof.Dr. Nakhun Thoraneenitiyan Age : 43 Director / Audit Committee (Independent Director) / Chairman of Risk Management Committee	- Doctoral Degree Banking and Finance The University of Queensland, Australia - Master Degree Banking and Finance Sripatum University	-None-	-None-	30 Apr. 2010 - Present 11 Nov. 2016 - Present 2017 - Present	- Independent Director / Audit Committee Rich Asia Corporation Public Company Limited - Chairman of Risk Management Committee Rich Asia Corporation Public Company Limited - Assistant Professor, Department of Cooperatives, Faculty of Economics, Kasetsart University



Name Age / Position	Education	Relationship with Other management	* % of Shareholders as of Dec. 31, 2018	Experience	
Asst.Prof.Dr. Nakhun Thoraneenitiyan (Continue)	<ul style="list-style-type: none"> - Bachelor Degree Finance Bangkok University - Bachelor Degree Business Economics Sukhothai Thammatirat Open University - Bachelor Degree , Law Sukhothai Thammatirat Open University - Bachelor of Accountancy, Sukhothai Thammatirat Open University - Bachelor of Public Administration (Human Resources Management), Sukhothai Thammatirat Open University - Bachelor of Political Science (International Relations), Sukhothai Thammatirat Open University <p>Director Accreditation Program (DAP) 84/2010</p>			2013 - Present 2015 - 2017 2011 - 2017 2013 - 2015 2009 - 2013 2007 - 2008 2007 - 2008 2000 - 2009 1998 - 2000 1997 - 1998	<ul style="list-style-type: none"> - Member of Revenue and Asset Management Board, Pathumwan Institute of Technology - Director, Sripatum Business Incubator, Sripatum University - Lecturer, Master of Business Administration Program for Finance Manager, Faculty of Business Administration, Kasetsart University - Assistant Dean for Academic Affairs Sripatum Business School, Sripatum University - Head of Finance and Banking Department Faculty of Business Administration, Sripatum University - Advisor, Thai Rating Information Service Co., Ltd. - Performance Auditor Ministry of Natural Resources and Environment - Lecturer, Department of Finance and Banking Faculty of Business Administration Sripatum University - Business Analyst P.S. Consulting Group Co., Ltd. - Securities Marketing Officer Jardine Fleming Thanakorn Co., Ltd.
Pol.Lt.Gen. Mongkol Kamolbutra Age : 75 Director / Audit Committee (Independent Director) / Risk Management Committee	<ul style="list-style-type: none"> Master of Public Administration, Major Public Management, Chulalongkorn University Bachelor of Public Administration, Major Police Management, Royal Police Cadet Academy 	-None-	-None-	27 Feb. 2013 - Present Nov. 11 2016 - Present 2019 2016 - 2018	<ul style="list-style-type: none"> - Independent Director / Audit Committee Rich Asia Corporation Public Company Limited - Risk Management Committee Rich Asia Corporation Public Company Limited - Chairman of Central Investigation Bureau Special Branch Forensic Science Savings And Credit Cooperative Limited - Vice Chairman



Name Age / Position	Education	Relationship with Other management	* % of Shareholders as of Dec. 31, 2018	Experience	
Pol.Lt.Gen. Mongkol Kamolbutra (Continue)	Director Accreditation Program (DAP) 89/2011			2016 - Present	Central Investigation Bureau Special Branch Forensic Science Savings And Credit Cooperative Limited - Vice Chairman The Federation of Savings and Credit Cooperatives of Thailand Limited
				2012 - Present	- Instructor, Advanced Power Management Program, Ministry of Energy
				2007 - Present	- Advisor, Chairman, Royal Turf Club of Thailand under Royal Patronage
				2007 - 2008	- Chairman, Police Printing Bureau
				2005 - 2008	- Lecturer, Master of Public Administration Program, Bansomdejchaopraya Rajabhat University
				2006 - 2007	- Advisor, Advisor of the Prime Minister's Office
				2004 - 2006	- Chief Inspector, SME Bank
Ms. Nongluck Sarochsuwan Age : 51 Company Secretary** / Manager of CEO. Office	Bachelor Degree Business Administration (Accounting) Rajamangkala University of Technology Thanyaburi Bachelor Degree Business Administration (General Management) Sukhothai Thammathirat Open University - passed the training course "Law and regulation for new secretary of the Securities and Exchange Law" from Research of Law and Development Center, the Faculty of Law of Chulalongkorn University - passed the training course " Anti-Corruption: The Practical Guide" from IOD	-None-	-None-	1 Feb. 2008 - Present 1 Jan. 2008 - Present 1997 - 2007	- Company Secretary Rich Asia Corporation Public Company Limited - Manager of CEO. Office Rich Asia Corporation Public Company Limited - Project Finance Manager Rich Asia Industry Co., Ltd.***

Remark * Including share of related person under section 258 of SET Law

** Duty of company secretary show in title "Corporate Governance"



Authority Details of Director and Management of Rich Asia Corporation Public Company Limited as of December 31, 2018

Name	Position in the Company	Position in subsidiary and affiliate			
		Rich Asia Industry Co., Ltd.	G.Y.T. Engineering Co., Ltd.	Rich Asia Utilities Co., Ltd.	Thai National Product Co., Ltd.
		The company owns 51.88%	The company owns 94.82%	The company owns 99.9994%	The company owns 29.89%
1. Gen. Watanachai Chaimuanwong	W	-	-	-	-
2. Mr. Surapong Churangsarit	X, N	-	-	-	-
3. Mrs. Pimsiri Keeratitensiri	/	-	-	-	-
4. Dr. Rittirong Intarajinda	/	-	-	-	-
5. Ms. Angkakarn Tantiviroon *	/, V, //, U	-	/	/	-
6. Mr. Somkiat Vongsarojana	/, //, ///, U	/	-	-	/
7. Mr. Teera Phoncharoensuk	/, //, U	/	/	-	/
8. Asst.Prof.Dr. Nakhun Thoraneenitiyan	/, Z	-	-	-	-
9. Pol.Lt.Gen. Mongkol Kamolbutra	/, Z	-	-	-	-

Remark:

W = Chairman

X = Vice Chairman

/ = Director

V = Chief Executive Officer

U = Management

N = Chairman of Audit Committee

Z = Audit Committee

// = Executive Committee

/// = Managing Director



Authority Details of Director of Subsidiaries and affiliate as of December 31, 2018

Name	Position in subsidiaries and affiliate			
	Rich Asia Industry Co., Ltd.	G.Y.T. Engineering Co., Ltd.	Rich Asia Utilities Co., Ltd.	Thai National Product Co., Ltd.
	The company owns 51.88%	The company owns 94.82%	The company owns 99.9994%	The company owns 29.89%
1. Ms. Angkakarn Tantiviroon	-	/	/	-
2. Mr. Somkiat Vongsarojana	/	-	-	/
3. Mr. Teera Phoncharoensuk	/	/	-	/

Remark: / = Director



Report of Board of Director's Responsibilities to Financial Statements

Board of Directors recognizes the importance and responsibility for the financial statement of Rich Asia Corporation Public Company Limited and the consolidated financial statement of the Company and its subsidiaries. These financial statements are prepared in accordance with generally accepted accounting standards using appropriate accounting policies that are applied on a consistent basis. The financial statements are also prepared after careful consideration and, when applicable, use of appropriate estimates and judgments. Adequate significant information has been disclosed in the notes to these financial statements for transparent use by shareholders and investors.

Board of Directors has assigned the Managements to provide and maintain an effective internal control system to ensure that the accounting records are accurate, complete and sufficient to safeguard the assets of the Company and prevent corruption or abnormal operation significantly.

The Audit Committee, comprising independent directors, has responsibility for monitoring and reviewing the quality of the financial reports and internal control system. In this respect, the Audit Committee's view regarding such matters is stated in the Annual Report under the Audit Committee's Report.

Board of Directors opine that the Company has an adequate internal control system and internal audit and confidence that separated financial statement and consolidated financial statement of the Company and its subsidiaries as of December 31, 2018 are reliable under generally accepted accounting standards, legally and related regulations.

General

(Watanachai Chaimuanwong)

Chairman

(Miss Angkakarn Tantiviroon)

Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of RICH ASIA CORPORATION PUBLIC COMPANY LIMITED

Opinion

I have audited the accompanying consolidated and separate financial statements of RICH ASIA CORPORATION PUBLIC COMPANY LIMITED and its subsidiary companies (the Group) and also of RICH ASIA CORPORATION PUBLIC COMPANY LIMITED only (the Company) respectively, which comprise the consolidated and separate statements of financial positions as at December 31, 2018, and the related consolidated and separate statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended and the consolidated and separate notes to financial statements including a summary of significant accounting policies and other explanatory notes.

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the consolidated and separate financial position of RICH ASIA CORPORATION PUBLIC COMPANY LIMITED and its subsidiary companies and also of RICH ASIA CORPORATION PUBLIC COMPANY LIMITED only respectively as at December 31, 2018, and of their consolidated and separate 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 and the Company in accordance with the Federation of Accounting Professions' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Material uncertainty on going concern

I draw attention to the note to financial statements No. 2.1 the Group and the Company incurred a net loss for the year ended December 31, 2018 in the consolidated financial statements amount of Baht 632.35 million and in the separate financial statements amount of Baht 623.01 million and as at December 31, 2018 the Group and the Company had current liabilities exceeded current assets by amount of Baht 2,668.66 million and amount of Baht 2,179.27 million and total liabilities exceeded total assets by amount of Baht 1,912.52 million and amount of Baht 1,889.54 million respectively. These conditions, along with other matters as set forth in note to financial statements No. 2.2, 16, 18, 19, 20, 29 and 34.3 indicate the existence of a material uncertainty that may cast significant doubt about the Group and the Company's ability to continue as a going concern. My opinion is not qualified in respect of these matters.

Emphasis of matter and event

I draw attention to the note to financial statements as follows:-

1. As mention in note to financial statements No. 7.2(a) as at December 31, 2018 the Group and the Company has foreign account receivable in amount of Baht 318.75 Million and amount of Baht 227.47 million which recognized allowance for doubtful account in whole amount. Such receivable has condition to payment by letter of credit within 180 days, deliver goods at the factory of the Group (Ex-work). When payment is due, the debtor requests to postpone the repayment schedule and the debtor still requests to postpone the repayment several times in later. Finally, the Group and the Company filed a lawsuit against the Intellectual Property and International Trade Court to exercise the right to force the debtor to pay the debt. Afterward, on February 15, 2019, I informed the fact finding of such foreign receivable transaction to the Audit Committee of the Company under Section 89/25 of the Securities and Exchange Act B.E. 2535. Subsequently, I received a letter from the Audit Committee that the result of preliminary examination of such trade transaction and of asking the management of the Company about the details of the transaction, they found that the management has exercised judgment in accordance with the principles of corporate governance together with the general guidelines and practices in general business operations and Audit Committee instructed the management to be more careful in business management as well as to find various preventive measures to reducing the Company's credit risk to prevent the problem in the future. However, on August 15, 2019, The Group has withdrawn the case to bring the lawsuit to file the court which has jurisdiction. Because the case is the sale and delivery of goods in Thailand which are not the international trading under the jurisdiction of the Intellectual Property and International Trade Court. Currently, on September 2019 the debtor has entered into a letter of debt acceptance with the Group and the Company which will gradually pay the debt by 36-39 installments. However, the Group has not yet filed any additional lawsuits, due to being in the process of following up debt collection in according to the debt acceptance letter.

2. As mention in note to financial statements No. 7.2(b) and No. 10 the Group and the Company has trade accounts receivable and advance payment receivables for goods that have defaulted to repayment which the Group and the Company has recognized allowance for doubtful accounts in whole amount. Whereby, the Group and the Company is in the process to collect debt according to the compromise agreement. Therefore, as at December 31, 2018, the consolidated and separate financial statements the receivables of Group A amount of Baht 1,641.15 million and amount of Baht 1,479.79 million were defaulted to repayment in accordance with the compromise agreement. The Group and the Company appealed against the Civil Court to request an order to appoint the Enforcement Officer to enforce the debtors to pay debts under the civil court judgment. Including, the Group and the Company traced the land of the debtors with Land Department and not found their property. Thus, the Group and the Company filed the lawsuit to debtors against the Bankruptcy Court to request such debtors to pay the debts. Later, Central Bankruptcy Court has ordered to seize the debtor's assets under the Bankruptcy Act B.E. 2483 to enter the process of filed a request for payment with the Official Receiver. After the reporting period, the Central Bankruptcy Court has ordered 2 debtors for bankrupt. The amount of debt in the consolidated financial statements amount of Baht 315.51 million and in the separate financial statements amount of Baht 283.19 million. Furthermore, the receivables of Group B as in the consolidated and separate financial statements amount of Baht 401.28 million have been filed the lawsuit against the bankruptcy court by other companies and the central bankruptcy court has order to seize the debtor's assets. The Group and the Company is in the process to file a request for payment with the Official Receiver for futher process. After the reporting period, the Central Bankruptcy Court has ordered 2 debtors for bankrupt. The amount of debt in the consolidated financial statements and in the separate financial statements amount of Baht 401.28 million. Anyway, the management has explained that, in the execution of the lawsuit against the debtors in the bankruptcy case with the Central Bankruptcy Court. The management has taken civil and criminal rights to the court till the ended of debt enforcement process and has enforced the debtors to pay the debt by followed the judgment of court or the court order till the ended. Therefore, the Group and the Company filed the lawsuit to debtors in the bankruptcy case against the court in order to ultimate debt enforcement.

3. As mention in note to financial statements No. 7.5 the consolidated financial statement as at December 31, 2018, a subsidiary company has advance payment for future project-related person amount of Baht 12.00 million which according to the agreement of construction project acquirement. The agreement has continuously extended the term of service because the coordinating construction project has been postponed. The management believed that there is no risk to refund the advance payment if contract party cannot reach an agreement. And as mention in note to financial statements No. 7.6 such subsidiary has deposit payment for future project to 2 other companies amount of Baht 35.00 million. However, the projects did not start as in the plan. Anyway, the management believes that the subsidiary will be able to refund the whole amount of deposit payment because of the subsidiary received the post-dated cheques and title deed as collateral which is considered as a risk mitigation that is appropriate and sufficient for this situation.
4. As mention in the note to the financial statements No.33 the Company has restated adjustment the consolidated financial statements which regarding to correction an error of under recognition of investment in associate company with recognize by equity method. The consolidated statement of financial position as at December 31, 2017 and as at January 1, 2017, the consolidated statements of comprehensive income, the consolidated statements of changes in shareholders' equity and cash flows for the year ended December 31, 2017 presented as comparative information, have already been restated in order to reflect the adjustments.

Hereby, my opinion is not modified in respect of these matters.

Key audit matters

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

Allowance for doubtful accounts

The adequacy of allowance for doubtful accounts is one of key matters that the management is required to make significant judgement. Determination the recoverable amount which is an inherently uncertainty involving various assumption and factors including the current financial status of receivables, aging of receivable and the payment historical data. As aforementioned matter is significant to the financial statements and involves a significant management judgment and various assumptions applied; therefore, I have determined as a key audit matter. The accounting policies and details of allowance of doubtful accounts were disclosed in note to financial statements No. 4.2, 7, 8 and 10.

How my audit addressed the key audit matter

I assessed and tested the internal controls of the Company relevant to the determination of allowance for doubtful debts 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 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 doubtful debts and reviewing the consistency of the application of that basis. I reviewed the preparation of the accounts receivable aging report and tested the calculation of allowance for doubtful debt in accordance with these policies, reviewing subsequent collections, especially receipt from long outstanding receivable, reviewing any disputed receivable and any receivable which has legal proceeding. In addition, I reviewed the meeting minutes with respect to the debtor monitoring to consider an indicator and reviewed the provisions set aside for specific trade receivables.

Other information

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

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

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate 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 consolidated and separate financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company'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 and the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate 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 and the Company'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 and the Company'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 consolidated and separate 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 and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is

SAM NAK-NGAN A.M.C. Co., Ltd.



(Mr. Naris Saowalagsakul)

Certified Public Accountant Registration No. 5369

Bangkok,

October 18, 2019

RICH ASIA CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

As at December 31, 2018

(Unit : Baht)

	Notes	Consolidated financial statements			Separate financial statements	
		December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017
			(Restated)	(Restated)		
Assets						
Current assets						
Cash and cash equivalents items	6	18,907,241.48	128,561,997.20	181,863,110.25	714,920.04	126,672,560.38
Trade and other receivable	5.1 and 7	95,508,859.54	335,286,592.37	1,305,828,916.66	8,530,128.13	219,592,607.35
Short-term loans to related parties	5.1	-	-	-	595,943,000.00	391,600,000.00
Short-term loans to other person	8	2,300,000.00	-	30,000,000.00	2,300,000.00	-
Inventories	9	30,483,050.10	88,537,046.69	116,750,215.53	3,617,035.65	65,498,876.82
Advance payment for goods	5.1 and 10	-	451,148.61	203,393,689.19	-	67,336,448.59
Total current assets		147,199,151.12	552,836,784.87	1,837,835,931.63	611,105,083.82	870,700,493.14
Non-current assets						
Bank deposit pledged as collateral		3,078,128.13	3,833,925.90	3,799,060.52	1,350,623.60	1,931,431.34
Investment in subsidiaries	11	-	-	-	53,947,249.93	208,056,070.29
Investment in associate	12	165,573,836.73	179,771,237.73	193,565,145.04	157,977,611.48	198,477,611.48
Investment property	13	6,085,831.72	7,006,140.45	7,926,449.18	6,085,831.72	7,006,140.45
Property, plant and equipment	14	648,926,613.15	686,925,025.67	752,415,067.13	72,161,507.27	52,571,270.34
Other non-current assets		3,938,685.09	2,849,318.06	2,887,699.54	683,548.38	238,005.00
Total non-current assets		827,603,094.82	880,385,647.81	960,593,421.41	292,206,372.38	468,280,528.90
Total assets		974,802,245.94	1,433,222,432.68	2,798,429,353.04	903,311,456.20	1,338,981,022.04

Notes to financial statements are an integral part of these financial statements.

RICH ASIA CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

As at December 31, 2018

(Unit : Baht)

	Notes	Consolidated financial statements			Separate financial statements	
		December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017
			(Restated)	(Restated)		
Liabilities and shareholders' equity						
Current liabilities						
Short-term loans from financial institutions	16	15,400,000.00	16,000,000.00	20,000,000.00	15,400,000.00	16,000,000.00
Trade and other payable	5.1 and 17	407,533,643.97	293,274,847.07	275,760,992.97	382,049,544.99	265,164,806.00
Short-term loans from other persons and parties	18	125,000,000.00	125,000,000.00	133,481,503.27	125,000,000.00	125,000,000.00
Debentures	19	1,230,000,000.00	1,230,000,000.00	1,224,917,030.54	1,230,000,000.00	1,230,000,000.00
Liabilities under debt restructuring agreement	20	1,037,925,398.42	967,804,171.79	910,888,464.90	1,037,925,398.42	967,804,171.79
Total current liabilities		2,815,859,042.39	2,632,079,018.86	2,565,047,991.68	2,790,374,943.41	2,603,968,977.79
Non-current liabilities						
Employee benefit obligations	21	3,404,269.76	3,428,694.76	3,289,024.72	1,480,784.36	1,552,243.04
Deferred tax liabilities	22	67,060,180.70	77,883,924.46	87,958,623.58	-	-
Other non-current liabilities		1,000,000.00	-	-	1,000,000.00	-
Total non-current liabilities		71,464,450.46	81,312,619.22	91,247,648.30	2,480,784.36	1,552,243.04
Total liabilities		2,887,323,492.85	2,713,391,638.08	2,656,295,639.98	2,792,855,727.77	2,605,521,220.83
Shareholders' equity						
Share capital	23					
Authorized share capital						
9,600,000,000 ordinary shares @ Baht 1.00		9,600,000,000.00	9,600,000,000.00	9,600,000,000.00	9,600,000,000.00	9,600,000,000.00
Issued and paid-up share capital						
3,115,269,786 ordinary shares @ Baht 1.00		3,115,269,786.00	3,115,268,236.00	3,115,268,236.00	3,115,269,786.00	3,115,268,236.00
Discount on share capital		(1,062,822,976.61)	(1,062,822,976.61)	(1,062,822,976.61)	(1,062,822,976.61)	(1,062,822,976.61)
Deficit		(4,007,108,677.96)	(3,484,248,782.93)	(2,163,848,899.40)	(3,941,991,080.96)	(3,318,985,458.18)
Other component of shareholders' equity		73,689,101.23	73,689,101.23	73,689,101.23	-	-
Total shareholders' equity of the Company		(1,880,972,767.34)	(1,358,114,422.31)	(37,714,538.78)	(1,889,544,271.57)	(1,266,540,198.79)
Non-controlling interests		(31,548,479.57)	77,945,216.91	179,848,251.84	-	-
Total shareholders' equity		(1,912,521,246.91)	(1,280,169,205.40)	142,133,713.06	(1,889,544,271.57)	(1,266,540,198.79)
Total liabilities and shareholder's equity		974,802,245.94	1,433,222,432.68	2,798,429,353.04	903,311,456.20	1,338,981,022.04

Notes to financial statements are an integral part of these financial statements.

RICH ASIA CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2018

(Unit : Baht)

	Notes	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
			(Restated)		
Revenue					
Revenue from sales		264,242,189.00	666,883,865.01	224,847,751.07	604,735,164.42
Other incomes		5,604,536.20	15,485,623.02	955,600.97	29,199,769.32
Total revenues		269,846,725.20	682,369,488.03	225,803,352.04	633,934,933.74
Expenses					
Cost of sales	9	304,468,060.68	702,406,543.06	214,081,445.06	587,490,288.03
Selling expenses		2,627,711.48	10,986,513.64	1,814,412.33	7,060,735.18
Administrative expenses		53,886,656.46	63,185,137.44	39,216,577.98	48,972,565.11
Loss on impairment of investment in subsidiaries	11	-	-	154,108,820.36	97,017,850.55
Loss on impairment of investment in associate	12	-	-	40,500,000.00	-
Doubtful accounts	7, 8 and 10	299,115,388.72	1,130,253,820.04	193,372,093.66	1,023,900,100.82
Expenses from defaulted of advance payment for goods	10	32,963,498.05	-	-	-
Directors and Management's benefits	5.3	10,537,614.16	11,012,594.11	10,537,614.16	11,012,594.11
Finance cost		195,227,729.92	183,129,914.73	195,178,011.27	183,058,687.01
Total expenses		898,826,659.47	2,100,974,523.02	848,808,974.82	1,958,512,820.81
Loss before share of loss on investment in associate and income tax		(628,979,934.27)	(1,418,605,034.99)	(623,005,622.78)	(1,324,577,887.07)
Share of loss on investment in associate		(14,197,400.99)	(13,772,582.59)	-	-
Loss before income tax		(643,177,335.26)	(1,432,377,617.58)	(623,005,622.78)	(1,324,577,887.07)
Income tax revenue	26	10,823,743.75	10,074,699.12	-	-
Loss for the year		(632,353,591.51)	(1,422,302,918.46)	(623,005,622.78)	(1,324,577,887.07)
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		(632,353,591.51)	(1,422,302,918.46)	(623,005,622.78)	(1,324,577,887.07)
Loss for the year attributable to :					
Equity holders of the Company		(522,859,895.03)	(1,320,399,883.53)	(623,005,622.78)	(1,324,577,887.07)
Non-controlling interests of the subsidiaries		(109,493,696.48)	(101,903,034.93)	-	-
		(632,353,591.51)	(1,422,302,918.46)	(623,005,622.78)	(1,324,577,887.07)
Total comprehensive income attributable to :					
Equity holders of the Company		(522,859,895.03)	(1,320,399,883.53)	(623,005,622.78)	(1,324,577,887.07)
Non-controlling interests of the subsidiaries		(109,493,696.48)	(101,903,034.93)	-	-
		(632,353,591.51)	(1,422,302,918.46)	(623,005,622.78)	(1,324,577,887.07)
Basic loss per share					
Equity holders of the Company	27	(0.17)	(0.42)	(0.20)	(0.43)

Notes to financial statements are an integral part of these financial statements.

RICH ASIA CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended December 31, 2018

(Unit : Baht)

	Notes	Other component of shareholders' equity						
		Issued and paid - up share capital	Discount on share capital	Deficit	Other changes resulting from shareholders			
					Surplus from change in equity interest in subsidiary company	Total Other component shareholders' equity	Total shareholders' equity of the Company	Total shareholders' equity
Balances as at January 1, 2017 (previously reported)		3,115,268,236.00	(1,062,822,976.61)	(2,180,053,623.75)	73,689,101.23	73,689,101.23	(53,919,263.13)	125,928,988.71
The effect of correction of errors	33	-	-	16,204,724.35	-	-	16,204,724.35	16,204,724.35
Balances as at January 1, 2017 (restated)		3,115,268,236.00	(1,062,822,976.61)	(2,163,848,899.40)	73,689,101.23	73,689,101.23	(37,714,538.78)	142,133,713.06
Loss for the year (restated)		-	-	(1,320,399,883.53)	-	-	(1,320,399,883.53)	(1,422,302,918.46)
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive income for the year		-	-	(1,320,399,883.53)	-	-	(1,320,399,883.53)	(1,422,302,918.46)
Ending balance as at December 31, 2017 (restated)		3,115,268,236.00	(1,062,822,976.61)	(3,484,248,782.93)	73,689,101.23	73,689,101.23	(1,358,114,422.31)	(1,280,169,205.40)
Loss for the year		-	-	(522,859,895.03)	-	-	(522,859,895.03)	(632,353,591.51)
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive income for the year		-	-	(522,859,895.03)	-	-	(522,859,895.03)	(632,353,591.51)
Increased ordinary shares	23	1,550.00	-	-	-	-	1,550.00	1,550.00
Ending balance as at December 31, 2018		3,115,269,786.00	(1,062,822,976.61)	(4,007,108,677.96)	73,689,101.23	73,689,101.23	(1,880,972,767.34)	(1,912,521,246.91)

Notes to financial statements are an integral part of these financial statements.

RICH ASIA CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

SEPARATE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended December 31, 2018

(Unit : Baht)

		Issued and paid-up	Discount		
	Note	share capital	on share capital	Deficit	Total
Balance as at January 1, 2017		3,115,268,236.00	(1,062,822,976.61)	(1,994,407,571.11)	58,037,688.28
Loss for the year		-	-	(1,324,577,887.07)	(1,324,577,887.07)
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	(1,324,577,887.07)	(1,324,577,887.07)
Ending balance as at December 31, 2017		3,115,268,236.00	(1,062,822,976.61)	(3,318,985,458.18)	(1,266,540,198.79)
Loss for the year		-	-	(623,005,622.78)	(623,005,622.78)
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	(623,005,622.78)	(623,005,622.78)
Increased ordinary shares	23	1,550.00	-	-	1,550.00
Ending balance as at December 31, 2018		3,115,269,786.00	(1,062,822,976.61)	(3,941,991,080.96)	(1,889,544,271.57)

Notes to financial statements are an integral part of these financial statements.

RICH ASIA CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CASH FLOWS

For the year ended December 31, 2018

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(Restated)			
Cash flows from operating activities				
Loss before income tax	(643,177,335.26)	(1,432,377,617.58)	(623,005,622.78)	(1,324,577,887.07)
Adjustments to reconcile loss before income tax for cash received (paid) from operation				
Depreciation	61,205,593.91	66,115,276.70	3,613,308.02	8,495,753.90
Depreciation for investment property	920,308.73	920,308.73	920,308.73	920,308.73
Doubtful accounts trade receivable and other receivable and advance payment for goods	303,415,388.72	1,100,253,820.05	197,672,093.66	993,900,100.82
Doubtful accounts short-term loans to other person (reversal)	(4,300,000.00)	30,000,000.00	(4,300,000.00)	30,000,000.00
Loss from declining in value of inventories (reversal)	1,189,672.52	(1,855,583.49)	(765,894.43)	(359,955.87)
Impairment loss on investment in subsidiaries	-	-	154,108,820.36	97,017,850.55
Impairment loss on investment in associate	-	-	40,500,000.00	-
Share of loss on investment in associate	14,197,400.99	13,772,582.59	-	-
Share of loss on inventories of investment in associate	-	21,324.72	-	-
Unrealized (gain) loss on exchange rate	1,843,749.10	(7,955,112.78)	1,028,509.74	(8,033,131.64)
(Profit) loss from disposal and write-off of assets	(6,541.06)	3,259.57	(6,541.06)	3,259.57
Employee benefits expense	67,938.34	456,961.04	71,555.68	227,337.04
Interest income	(523,034.54)	(2,961,587.54)	(135,369.18)	(18,231,338.26)
Interest expenses	195,144,393.06	183,020,498.73	195,144,393.06	183,009,759.01
Interest expenses of employee benefits	84,265.52	109,416.00	33,614.50	48,928.00
Loss from operation before changes in operating assets and liabilities	(69,938,199.97)	(50,476,453.26)	(35,120,823.70)	(37,579,015.22)
Operating assets (increase) decrease				
Trade and other receivable	(88,225,832.86)	(131,827,867.69)	(11,125,284.47)	(45,367,419.77)
Inventories	56,864,324.07	30,068,752.33	62,647,735.60	13,890,401.89
Advance payments for goods	451,148.61	205,992,073.29	67,336,448.59	142,377,801.35
Other non-current assets	(1,089,367.03)	38,381.48	(445,543.38)	539.96
Operating liabilities increase (decrease)				
Trade and other payable	(10,143,240.04)	(73,524,768.62)	(7,517,297.95)	(96,296,750.24)
Employee benefit obligation	(176,628.86)	(426,707.00)	(176,628.86)	(328,109.00)
Other non-current liabilities	1,000,000.00	-	1,000,000.00	-
Cash received (paid) from operation	(111,257,796.08)	(20,156,589.47)	76,598,605.83	(23,302,551.03)
Cash paid for income tax	(806,316.98)	(171,661.34)	(63,344.29)	(104,209.09)
Net cash received from (used in) operating activities	(112,064,113.06)	(20,328,250.81)	76,535,261.54	(23,406,760.12)

Notes to financial statements are an integral part of these financial statements.

RICH ASIA CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CASH FLOWS

For the year ended December 31, 2018

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(Restated)			
Cash flows from investing activities				
(Increase) decrease in bank deposits pledged as collateral	755,797.77	(34,865.38)	580,807.74	(17,804.97)
Cash payment for short-term loans from related parties	-	-	(249,532,687.00)	(65,000,000.00)
Cash received from short-term loans from related parties	-	-	45,189,687.00	62,600,000.00
Cash received from short-term loans from other person	2,000,000.00	-	2,000,000.00	-
Cash payment for purchase of property, plant and equipment	(254,631.43)	(628,494.81)	(250,994.99)	(75,682.00)
Cash received from sale of property, plant and equipment	6,542.06	-	6,542.06	-
Cash received from interest	523,283.23	2,036,885.53	135,377.60	7,348,779.10
Net cash received from (used in) investing activities	3,030,991.63	1,373,525.34	(201,871,267.59)	4,855,292.13
Cash flows from financing activities				
Decrease in short-term loans from financial institutions	(600,000.00)	(4,000,000.00)	(600,000.00)	(4,000,000.00)
Cash received from short-term loans from other persons and parties	-	1,000,000.00	-	-
Cash payment for short-term loans from other persons and parties	-	(11,000,000.00)	-	(10,000,000.00)
Cash paid for interest expenses	(23,184.29)	(20,346,387.58)	(23,184.29)	(20,335,647.86)
Cash received from increased ordinary capital shares	1,550.00	-	1,550.00	-
Net cash used in financing activities	(621,634.29)	(34,346,387.58)	(621,634.29)	(34,335,647.86)
Cash and cash equivalent items decrease-net	(109,654,755.72)	(53,301,113.05)	(125,957,640.34)	(52,887,115.85)
Cash and cash equivalent items at the beginning of the years	128,561,997.20	181,863,110.25	126,672,560.38	179,559,676.23
Cash and cash equivalent items at the end of the years	18,907,241.48	128,561,997.20	714,920.04	126,672,560.38
<u>Supplemental cash flow information</u>				
Non-cash transactions				
- Debtor settlement by transferred property, plant and equipment	22,952,550.96	-	22,952,550.96	-

Notes to financial statements are an integral part of these financial statements.

RICH ASIA CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2018

1. General information

RICH ASIA CORPORATION PUBLIC COMPANY LIMITED (The Company) was registered as a Company Limited in accordance with the Civil and Commercial Law Code on May 10, 1999, with the registered number 0107549000050, and registered as the Public Company Limited on March 27, 2006, with its registered head office at 636 Bangkhuntien-Chaitaley Road, Thakham, Bangkhuntien, Bangkok 10150, Thailand.

The Company and its subsidiaries (collectively called “the Group”) operate in the business of production and distribution of steel pipe, steel products and service of steel production and procurement of material, equipment, and technology as well as investment in utilities and infrastructure, and distributor electric vehicles.

2. Basis of financial statements preparation

2.1 Going concern

The Group and the Company incurred a net loss for the year ended December 31, 2018 in the consolidated financial statements amount of Baht 632.35 million and in the separate financial statements amount of Baht 623.01 million (For the year ended December 31, 2017, the Group and the Company incurred a net loss in the consolidated financial statement amount of Baht 1,422.30 million and in the separate financial statement amount of Baht 1,324.58 million) and as at December 31, 2018 the Group and the Company had current liabilities exceeded current assets by amount of Baht 2,668.66 million and amount of Baht 2,179.27 million and total liabilities exceeded total assets by amount of Baht 1,912.52 million and amount of Baht 1,889.54 million respectively (As at December 31, 2017, the Group and the Company has current liabilities exceeded current assets by amount of Baht 2,079.24 million and amount of Baht 1,733.27 million and total liabilities exceeded total assets by amount of Baht 1,280.17 million and amount of Baht 1,266.54 million respectively).

The Board of Directors' meeting No. 4/2017 has the resolution to enter debt restructuring under the rehabilitation through the Bankruptcy Court. However, on December 27, 2017 the Central Bankruptcy Court has ordered to revoke the Company's petition for Business Rehabilitation as mention in note to financial statements No. 2.2. These conditions, along with other matters as set forth in note to financial statements No. 16, 18, 19, 20, 29 and 34.3 indicate the existence of a material uncertainty that may cast significant doubt about the Group and the Company's ability to continue as a going concern and therefore the Group and the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

Presently, the Company is in the process of improving its operating, coordinate and cooperates with creditors to find the appropriate the debt restructuring process and finding new source of funds. The Company's management believes that it is able to improve its operation and find out the debt restructuring plan with the creditors and obtain adequate credit facilities for continuing its operation.

The consolidated and separate financial statements have been prepared on the going concern basis on the assumption that the debt restructuring with the creditors and the business rehabilitation will be successful and such further capital and credit facilities will be secured to the extent that the Group's and the Company's operations require. The validity of this assumption is, however, dependent on the success of the debt restructuring plan and the business rehabilitation plan.

2.2 Submission of a petition for Business Rehabilitation to the Central Bankruptcy Court

The Board of Directors' meeting No. 4/2017 of the Company has the resolution approved the Company to submit a petition for Business Rehabilitation to the Central Bankruptcy Court on March 6, 2017, and approved the Company to be Rehabilitation Planner. The Central Bankruptcy Court has already accepted such petition. The Court scheduled the inquiry on the petition on May 29, 2017, however upon the date to inquiry the petition, 20 creditors had submitted request to object the petition. The Court has scheduled to inquiry the witness of requesting party in September to October 2017 and the witness of objection party in October to December 2017. Later, on December 27, 2017 the Central Bankruptcy Court has ordered to revoke the Company's petition for Business Rehabilitation. However, the Company has concluded the debt restructuring plan with debentures payables as mention in note to financial statements No. 19, 29.2(d) and 34.2 and preparing to new submit a petition for Business Rehabilitation to the Central Bankruptcy Court.

- 2.3 The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.
- 2.4 The consolidated and the separate financial statements were prepared in accordance with the generally accepted accounting principles under the Accounting Act B.E. 2543, which include the already announced accounting standards, financial reporting standards and their interpretation including accounting guidance issued by the Federation of Accounting Professionals (“FAP”) established under the Accounting Professions Act B.E. 2547 and regulations in accordance with the determination of the Office of the Securities and Exchange Commission on the subject of preparation and presentation of the financial reports.

The presentation of financial statements is in accordance with the determination stated in the Notification of the Department of Business Development dated September 28, 2011, issued under the Accounting Act, B.E. 2543.

The financial statements are prepared and presented in Thai Baht. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand Baht unless otherwise stated.

These financial statements were prepared by using historical cost basis except those disclosed otherwise in the accounting policies.

2.5 New financial reporting standards

2.5.1 Financial reporting standards that became effective in the current year

During the year, the Group has adopted the revised financial reporting standards and financial reporting interpretations (revised 2017) including guidance promulgated issued by the Federation of Accounting Professions which are effective for fiscal years beginning on or after January 1, 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Group and the Company’s financial statements.

2.5.3 Financial reporting standard that will become effective in the future

The Federation of Accounting Professions has published new and revised accounting standards, financial reporting standards and interpretations financial reporting standards that are mandatory for annual periods beginning on or after January 1, 2019 and 2020. The Group has not yet early adopted these new and revised financial reporting standards which are as follows:-

<u>Reference standard No.</u>	<u>Name</u>	<u>Effective date</u>
<u>Thai Accounting Standards (TAS)</u>		
TAS 32	Financial Instruments: Presentation	January 1, 2020
<u>Thai Financial Reporting Standards (TFRS)</u>		
TFRS 7	Financial Instruments: Disclosures	January 1, 2020
TFRS 9	Financial Instruments	January 1, 2020
TFRS 15	Revenue from Contracts with Customers	January 1, 2019
TFRS 16	Leases	January 1, 2020
<u>Thai Financial Reporting Interpretations (TFRIC)</u>		
TFRIC 16	Hedges of a Net Investment in a Foreign Operation	January 1, 2020
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	January 1, 2020

The management of the Group is in the process to assess the impact of this financial reporting standard to the financial statements in the year when it is adopted.

- 2.6 Preparation of the financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are resulted from experience and other factors that the management has reasonably assurance under such circumstance. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised and in any future periods affected. The significant estimates and assumptions are as follows:-

Lease agreement

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

Allowance for doubtful debt

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

Reduction of inventories to become net realizable value

In estimating the reduction of inventories to become net realizable value, the management uses the discretion in estimating the net realizable value of inventories. The sum of money expected to receive from inventories is considered from the change in sale price or cost directly related to the events occurring after of report period.

Allowances for decline in value of dilapidated inventories and non-movement inventories

Allowances for decline in value of dilapidated inventories and non-movement inventories are estimated from inventories which are subject to dilapidation and non-movement.

Impairment of investments

The Group treat investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of which is “significant” or “prolonged” require judgment of the management.

Property, plant and equipment / Investment property

In determining depreciation of plant and equipment and investment property the management is required to make estimates of the useful lives and residual values of the plant and equipment and investment property 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 and investment property for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments 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 post-employment benefit 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.

Deferred tax assets

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

Litigation

The Group have contingent liabilities as a result of the litigation. The management has used judgment to assess of the results of the litigation and believes that no significant loss will be resulted. Therefore no contingent liabilities are recorded as at the end of reporting period.

3. Basis of the consolidated financial statements preparation

- 3.1 The consolidated financial statements have been prepared by consolidating the financial statements of the Company and of three subsidiary companies (collectively called “The Group”) The detail of structure and shareholding ratio of the Group is as follows:-

<u>Name of subsidiaries</u>	<u>Nature of business</u>	<u>Country of incorporation</u>	<u>Percentage of shareholdings</u>	
			<u>2017</u>	<u>2016</u>
Rich Asia Industry Co., Ltd.	Production and distribution of steel pipe, steel product and service of steel production	Thai	51.88	51.88
G.Y.T. Engineering Co., Ltd.	Procurement of material, equipment, and technology as well as investment in utilities and infrastructure	Thai	94.82	95.00
SKYWELL (THAILAND) Co., Ltd. (Formerly : Rich Asia Utilities Co., Ltd.)	Distributor electric vehicles	Thai	99.99	99.99

- 3.2 Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.
- 3.3 The consolidated financial statements have been prepared using the same accounting policy for the same accounting items and other events in the similar situation.
- 3.4 The accounting periods of subsidiary companies ended the same date as that of Rich Asia Corporation Public Company Limited.

- 3.5 The consolidated financial statements combine the accounts of the Company and subsidiary companies after eliminating inter-company transaction items. The balances between the Company and subsidiary companies, significant intra-group transactions, investments in subsidiary companies and share capital of subsidiary companies have already been eliminated from the consolidated financial statements.

4. Summary of significant accounting policies

- 4.1 Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.
- 4.2 Trade and other receivable are stated at their invoice value less allowance for doubtful accounts. 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. Bad debts are written off when incurred.
- 4.3 Investments in subsidiaries in the separate financial statements are accounted for using the cost method less accumulated impairment losses (if any).
- 4.4 Investment in associate is accounted for the consolidated financial statements by the equity method and in the separate financial statements by the cost method net of allowance for impairment (if any).
- 4.5 Investments in other debt and other equity securities held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognized in profit or loss.

Debt securities that the Group have the positive intent and ability to hold to maturity are classified as held-to-maturity investments, which are stated at amortized cost less any accumulated impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortized using the effective interest rate method over the period to maturity.

Debt securities and marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than accumulated impairment losses are recognized directly in equity. Impairment losses are recognized in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognized in profit or loss.

Equity securities which are not marketable are stated at cost less any accumulated impairment losses (if any).

The fair value of financial instruments classified as held-for-trading and available-for-sale is determined as the quoted bid price at the reporting date.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognized in profit or loss.

If the Group dispose of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying amount of the total holding of the investment.

- 4.6 Inventories are stated at the lower of cost and net realizable value. Cost determined by the moving average method. Cost comprises both purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads, the latter being allocated on the basis of normal operating activities.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

- 4.7 Non-current assets held for sale (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower end of the carrying amount and fair value less cost to sell.
- 4.8 Investment property is defined as land or a building or part of a building, or both, held to earn rental or for capital appreciation or both, rather than for use in the production or supply of goods and services, for administrative purposes, or for making sales in the ordinary course of business.

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

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 20 years. Depreciation of the investment properties is included in determining in profit or loss.

No depreciation is provided on investment properties-land.

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

- 4.9 Property, plant and equipment are stated at cost less accumulated depreciation and allowance for impairment losses (if any).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income or other expense in profit or loss.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:-

Land improvements	5	years
Buildings and Improvements	5, 20	years
Machines	5, 10, 20	years
Furniture, fixtures and office equipment	3, 5	years
Tools and equipment	5	years
Vehicles	5	years

No depreciation is provided on freehold land or assets under construction.

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

- 4.10 Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and allowance for impairment losses (if any).

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

Amortization is calculated over the cost of the asset, less its residual value

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives are as follows:

Software license	5	years
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Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

4.11 Impairment of Assets

The carrying amounts of the Group assets are reviewed at each statements of financial position date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and as when indicators of impairment are identified.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognized in profit or loss.

Calculation of recoverable amount

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

Reversals of impairment

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

- 4.12 Trade and other payable are stated at cost.
- 4.13 Loan is initially recognized by fair value of the remuneration received deducted by cost of transactions preparation incurred. Later, loan value is measured by amortization of cost price method. The discrepancy between remuneration (deducted by cost of transaction preparation incurred) when compared against the repayable value to repay debt will be recognized in profit or loss. Fee for providing loans is amortized to financial costs by over the period of the borrowings by using the effective rate method.
- 4.14 Provision is recognized in the statements of financial position when the Group have a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

4.15 Long-term leases

Leases of property or equipment which substantially transfer all the risks and rewards of ownership to the lessees are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss. When a sale and leaseback results in a finance lease, any gain on the sale is deferred and recognized as income over the lease term. The property or equipment acquired under finance leases is depreciated over the useful life of the asset.

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period expires, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which the termination takes place.

4.16 Employee benefits

Short-term employee benefits

The Group recognized salaries, wages, bonuses and contributions to the Social Security Fund as expenses when incurred.

Share-based payments

The grant-date fair value of share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met.

Post-employment benefits (Defined contribution plans)

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity (Provident Fund) and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Post-employment benefits (Defined benefit plans)

The Group have obligations in respect of the severance payments, they must make to employees upon retirement under labor law and other employee benefit plans. The Group treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plans is determined by a professionally qualified actuary based on actuarial techniques, using the projected unit credit method on a regular basis. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past service costs are recognized on a straight-line basis over the average period until the amended benefits become vested.

Actuarial gains and losses arising from post-employment benefits are recognized immediately in other comprehensive income in the period in which they arise.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment.

- 4.17 Change in shareholding ratio in subsidiary companies under common control is the difference between the investment for the change in proportion in subsidiary companies and book value of the subsidiary companies resulted from the change in proportion of investment in that subsidiary. The difference is shown as a separate item in the consolidated statements of financial position under the shareholders' equity and will be written off when the investment is disposed.
- 4.18 Non-controlling interests of subsidiary companies represent the portion of book value of the net assets of the subsidiary companies under the shareholding ratio that are not held by the Group and are presented separately under the shareholders equity in the consolidated statements of financial position and net profit (loss) of the non-controlling interest are presented separately in the consolidated statement of comprehensive income.
- 4.19 Revenue excludes value added taxes and is arrived at after deduction of trade discounts.
 - 4.19.1 Revenue from sales is recognized in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognized if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

- 4.19.2 Service income is recognized when the service are provided. Service income from producing steel pipes is recognized when service are provided and deliver the product and the customer acceptance.
- 4.19.3 Rental income from operating lease contracts is recognized in profit or loss on a straight line basis over the term of the lease.
- 4.19.4 Dividend income is recognized in profit or loss on the date the Group right to receive payments is established.
- 4.19.5 Interest income is recognized in profit or loss on the accrual basis.

4.20 Expenses

- 4.20.1 Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease.
 - 4.20.2 Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.
 - 4.20.3 Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.
- 4.21 Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in profit or loss except to the extent that related to items recognized in other comprehensive income or recognized directly in equity which will recognize in other comprehensive income or recognized directly in equity as same as that items.

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. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

The Group recognize deferred tax liabilities for all taxable temporary differences while they recognize 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 utilized.

At each reporting date, the Group review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

4.22 Basic earnings per share are calculated by dividing the profit or loss attributable to equity holders of the parent company (excluding other comprehensive income) by the weighted average number of common shares outstanding during the year.

4.23 Foreign currency transactions are translated to Thai Baht at the foreign exchange rates ruling at the occurrence dates.

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

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

4.24 The related parties with the Group meant individuals or enterprises which have the controlling power over the Group or are controlled by the Group either directly or indirectly, or under the same control with the Group. Furthermore, the related parties or related companies also meant the associated companies and the parties whose holding the shares with voting rights, either directly or indirectly, and have significant influence to the Group, important management, directors or the employees of the Group who have the power to plan and control the operations of the Group including the family members close to the said persons which could persuade or power to persuade to act in compliance with the said persons and business that the said persons have control power or significant influence, either directly or indirectly.

- 4.25 The sectoral business operation is disclosed under the separate business sectors of the Group, by the business sector that source products or provide services which have different risks and return from the risks and return of the products or services provide by other business sectors.
- 4.26 Financial instruments consisted of financial assets and liabilities which were carried on the financial statements include cash and cash equivalents, trade accounts receivable and payable, other accounts receivable and payable, investments and loan receivables and payables. The important accounting policies and measurement of these items are disclosed in the respective accounting policies for related items.
- 4.27 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 apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categories 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 determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Related parties transaction

The Company has business transactions with related entities, which have the same group of shareholders or mutual directors. Such transaction which have been concluded on commercial terms and based agreed up on between the company and related parties and are in ordinary course of business which can be summarized as follow:-

5.1 Inter-assets and liabilities

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Trade and other receivable</u>				
Rich Asia Industry Co., Ltd.	-	-	18,092	18,092
G.Y.T. Engineering Co., Ltd.	-	-	20	20
Thai National Product Co., Ltd.	-	416	-	416
Total	-	416	18,112	18,528
<u>Less</u> Allowance for doubtful debt	-	-	(18,092)	(18,092)
Trade and other receivable-net	-	416	20	436
<u>Advance payment for future project</u>				
Shareholders of the subsidiary companies (Note 7.5)	12,000	8,000	-	-
Total	12,000	8,000	-	-
<u>Advance payment for goods</u>				
Rich Asia Industry Co., Ltd.	-	-	-	67,290
Total	-	-	-	67,290
<u>Short-term loans to related parties</u>				
Rich Asia Industry Co., Ltd.				
Beginning balance	-	-	391,600	389,200
Addition	-	-	249,533	5,000
Repayment	-	-	(45,190)	(2,600)
Ending balance	-	-	595,943	391,600
G.Y.T. Engineering Co., Ltd.				
Beginning balance	-	-	-	-
Addition	-	-	-	60,000
Repayment	-	-	-	(60,000)
Ending balance	-	-	-	-
Total short-term loans to related parties	-	-	595,943	391,600

As at December 31, 2018, the Company had short-term loans to the subsidiary company amount of Baht 595.94 million which due within 2019, is carried by interest rate of 8.00% per annum.

As at December 31, 2017, the Company had short-term loans to the subsidiary company which due within 2018, is carried by interest rate of 8.00% per annum.

Therefore, the Company ceased revenue recognition for interest income since July 1, 2017 onward due to there is uncertainty to collectable. However, the subsidiary company still has commitment to pay interest as stipulated in the loan agreement. The Company will recognize interest income when interest is paid.

As at December 31, 2018 the subsidiary company has mortgaged land, building and certain machinery as collateral to debenture payables of the Company for guarantee the repayment in credit limit amount of Baht 500.00 million temporarily until to repayment. However, these mortgages are belonging collateral part of the short-term loans to the subsidiary company as mention in note to financial statements No. 14, 19 and 29.2(d). After the reporting period, the subsidiary company has sold land and building to the representative of debenture holder and subrogate the right from the existing debenture holders as mention in note to financial statements No. 34.2.

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Trade and other payable</u>				
Rich Asia Industry Co., Ltd.	-	-	6,607	9,908
G.T. Steel Works Co., Ltd.	11,747	11,747	11,747	11,747
Director	617	620	18	21
Total	12,364	12,367	18,372	21,676
<u>Advance received for goods</u>				
Thai National Product Co., Ltd.	-	1,109	-	-
Total	-	1,109	-	-

5.2 Inter-revenues and expenses

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>	<u>Separate financial statements</u>		
	<u>For the year ended December 31,</u>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Transactions with related person and related companies</u>				
Revenues from sales of goods	11,676	389	824	389
Other expenses	323	309	323	309
<u>Transaction with subsidiary companies</u>				
(Eliminated from consolidated financial statements)				
Revenues from sales of goods	-	-	-	58,319
Revenues from sales of raw materials	-	-	-	41,104
Rental income	-	-	240	240
Interest income	-	-	-	15,442
Purchase of goods	-	-	147,168	212,972
Subcontract production cost	-	-	297	1,338
Other expenses	-	-	286	3

5.3 Directors and management's benefits

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Short-term employee benefits	10,449	10,926	10,449	10,926
Post-employment benefits	89	86	89	86
Total	10,538	11,012	10,538	11,012

5.4 Pricing policies

Pricing policies for each transactions are described as follows:-

<u>Type of transactions</u>	<u>Pricing policies</u>
Revenues from sale	Price can be comparative against outside parties
Rental income	Contract price
Purchases of goods	Price can be comparative against outside parties
Subcontract production cost	Price can be comparative against outside parties
Other expenses	Actual price/Contract price
Interest income	Interest rate 8.00% per annum (2017 : Interest rate 1.00%-8.00% per annum)

The Company's director has guaranteed the Company's credit facilities from financial institution and debenture payables as mention in note to financial statements No. 15 and 19. No fees are charged for these guarantees.

The other company has brought land and building guarantee the Company's credit facilities from financial institutions as mention in note to financial statements No.15 and 20. No fees are charged for these guarantees.

5.5 Types of relationship of related parties are as follows:

<u>Name of Companies/Persons</u>	<u>Type of business</u>	<u>Type of relationship</u>
Rich Asia Industry Co., Ltd.	Production and distribution of steel pipe, steel product and service of steel production	Subsidiary
G.Y.T. Engineering Co., Ltd.	Procurement of material, equipment and technology as well as investment in utilities and infrastructure	Subsidiary
SKYWELL(THAILAND) Co., Ltd. (Formerly : Rich Asia Utilities Co., Ltd.)	Distributor electric vehicles	Subsidiary
Thai National Product Co., Ltd.	Foundation pile manufacturing, distribution delivery and pile driving and production of concrete product	Associate
G.T. Steel Work Co., Ltd.	Production and distribution of steel	Closed cousin of executive officer are director and shareholders
Ms. Angkarn Tantiviroon		Chief Executive Officer
Mr. Somkiat Vongsarajana		Director
Mr. Teera Phoncharoensuk		Managing Director
Mr. Thanathorn Boonsiripattanacharoen		Director
		Shareholders of the subsidiary company

6. Cash and cash equivalent items

Consisted of:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash	80	97	53	47
Savings deposits	62	101,623	-	101,180
Current deposits	18,765	26,842	662	25,446
Total	18,907	128,562	715	126,673

7. Trade and other receivable

Consisted of:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Trade receivable-related parties	-	416	-	416
Trade receivable-other parties	2,116,216	2,125,754	1,850,060	1,859,843
Cheques received-other parties	63,607	39,170	36,360	39,170
Total trade receivable	2,179,823	2,165,340	1,886,420	1,899,429
<u>Less</u> Allowance for doubtful accounts	(2,143,833)	(1,843,418)	(1,879,633)	(1,681,961)
Total trade receivable-net	35,990	321,922	6,787	217,468
Other receivable-related parties	-	-	18,112	18,112
Other receivable-other parties	2,213	1,623	1,416	1,450
Revenue department receivable	4,227	7	-	-
Advance-payment for loan procurement	5,000	3,000	-	-
Advance-payment for future project-other persons	3,000	-	-	-
Advance-payment for future project-related persons	12,000	8,000	-	-
Advance payment to guarantee the future project	35,000	-	-	-
Others	2,494	2,150	1,722	2,070
Total other receivable	63,934	14,780	21,250	21,632
<u>Less</u> Allowance for doubtful accounts	(4,415)	(1,415)	(19,507)	(19,507)
Total other receivable-net	59,519	13,365	1,743	2,125
Total trade and other receivable	95,509	335,287	8,530	219,593

Trade and notes receivables were classified by aging as follows:-

7.1 Trade receivable-related parties

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Within credit term	-	416	-	416
Total	-	416	-	416

The normal credit term granted by the Group is 7-120 days.

7.2 Trade receivable-other parties

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Within credit term	35,420	306,989	6,277	214,346
Over due 1 to 90 days	-	2,029	-	2,029
Over due 91 to 180 days	17,459	11,611	17,459	-
Over due 181 to 365 days	301,292	431,525	210,009	402,589
Over due over 1 year	1,825,652	1,412,770	1,652,675	1,280,049
Total	2,179,823	2,164,924	1,886,420	1,899,013
<u>Less</u> Allowance for doubtful debts	(2,143,833)	(1,843,418)	(1,879,633)	(1,681,961)
Net	35,990	321,506	6,787	217,052

The normal credit term granted by the Group is 7-120 days. However, the Company has the credit term for foreign receivable is 180 days with payment by letter of credit.

- (a) As at December 31, 2018 and 2017, the consolidated financial statements, account receivable amount of Baht 318.75 million and amount of Baht 303.69 million (The separate financial statements amount of Baht 227.47 million and amount of Baht 211.59 million) respectively were foreign account receivable with settlement by letter of credit 180 days, deliver goods at the factory of the Group (Ex-work) with amount of foreign currency in the consolidated financial statements is equivalent USD 9.92 million (The separate financial statements is equivalent USD 7.08 million). Such receivable is due to repayment on June 19, 2018 and August 20 and 23, 2018. When due such receivable postpones the repayment to August 31, 2018 and inform the Company regarding the delay payment of debts due to their total credit line is being revised by bank.

When it due as at August 31, 2018 the receivable request to extend the repayment to October 31, 2018 and when it due the receivable request to extend the repayment to November 20, 2018 plus default interest rate 8.00% per annum.

In December 2018, the Group filed a lawsuit against the Intellectual Property and International Trade Court to exercise the right to force the debtor to repayment and the Group has recognized allowance for doubtful in the whole amount of debtor.

Later, in February-May 2019, the Company's Audit Committee has verified such transaction since they acknowledge the notice from the Company's auditor under Section 89/25 of the Securities and Exchange Act B.E. 2535. So, the result of preliminary examination of such trade transaction and of asking the management of the Company about the details of the transaction which executed by the Audit Committee, they found that the management has exercised judgment in accordance with the principles of corporate governance together with the general guidelines and practices in general business operations and instructed the management to be more careful in business management as well as to find various preventive measures to reducing the Company's credit risk to prevent the problem in the future.

However, on August 15, 2019, The Group has withdrawn the case to bring the lawsuit to file the court which has jurisdiction. Because the case is the sale and delivery of goods in Thailand which are not the international trading under the jurisdiction of the Intellectual Property and International Trade Court. However, the Group is continuously asking for debt collection with foreign debtors. On September 6, 2019, foreign debtors authorized a representative in Thailand whom entered into a letter of debt acceptance with the Group, by accepting the trade debts in amount of USD 9.92 million in the consolidated financial statements and amount of USD 7.08 million in separate financial statements which including an interest from defaulted repayment in amount of USD 0.29 million in the consolidated financial statements and amount of USD 0.19 million in separate financial statements. The letter of debt acceptance request to debt repayment by installments in 39 installments and when the payment of trade debt is completed the Group will be release the defaulted interest to the debtor which has details of payment to the Company and subsidiary company as follows.

The detail of monthly installment to the Company for the debt amount of USD 7,075,842.88 which commencing from October 2019 to December 2022 totaling 39 installments are as follows:

<u>Periods</u>	<u>Detail</u>	<u>Total</u> <u>amount (USD)</u>
1 - 6	USD 30,000.00 per installment	180,000.00
7 - 9	USD 50,000.00 per installment	150,000.00
10 - 12	USD 70,000.00 per installment	210,000.00
13 - 15	USD 100,000.00 per installment	300,000.00
16 - 21	USD 200,000.00 per installment	1,200,000.00
22 - 27	USD 250,000.00 per installment	1,500,000.00
28 - 38	USD 300,000.00 per installment	3,300,000.00
39	Remaining USD 235,842.88	235,842.88
	Total	<u>7,075,842.88</u>

The detail of monthly installment to the subsidiary company for the debt amount of USD 2,839,565.74 which commencing from January 2020 to December 2022 totaling 36 installments are as follows:

<u>Periods</u>	<u>Detail</u>	<u>Total</u> <u>amount (USD)</u>
1 - 3	USD 20,000.00 per installment	60,000.00
4 - 7	USD 30,000.00 per installment	720,000.00
28 - 30	USD 200,000.00 per installment	600,000.00
31 - 35	USD 250,000.00 per installment	1,250,000.00
36	Remaining USD 209,566.74	209,565.74
	Total	<u>2,839,565.74</u>

However, the Group has not yet filed any additional lawsuits, due to being in the process of following up debt collection in according to the letter of debt acceptance. In October 2019, the Group has collected debt repayment from such foreign trade receivables in the consolidated financial statements in amount of USD 0.05 million and the separate financial statements in amount USD 0.03 million.

(b) As at December 31, 2018 and 2017, the consolidated financial statements, there are 11 accounts receivable total amount of Baht 1,825.75 million and amount of Baht 1,844.30 million. (The separate financial statements, there are 10 accounts receivable total amount of Baht 1,652.68 million and amount of Baht 1,682.64 million) respectively. Such receivables have defaulted on repayment to the Group. The Group have filed a lawsuit against such receivables to enforce debt repayment. The Group set up the allowance for doubtful accounts in the consolidated and separate financial statements for the whole amount. However, lawsuits have finalized, the debtors and the Company entered into compromise agreement. The debtors agreed to make a repayment to the Group by installment which has installment periods in 36-60 periods. Currently is in the process to collect debt according to the compromise agreement including additional legal action to enforce debt repayment for the debtors which defaulted to repayment. The Group have reversed an allowance for doubtful account from debt collection for the year ended December 31, 2018 in the consolidated amount of Baht 29.95 million. (The separate financial statements amount of Baht 29.80 million). However, such receivables have defaulted to repayment according to the compromise agreement. The Group has taken additional legal action for the defaulted debtor.

As at December 31, 2018 and 2017, the consolidated and separate financial statements, the default trade receivables have detail of follow-up for repayment as followings.

(Unit : Thousand Baht)						
Detail	<u>Consolidated financial statements</u>			<u>Separate financial statements</u>		
	<u>Number of</u>	<u>Book value</u>		<u>Number of</u>	<u>Book value</u>	
		<u>As at December 31,</u>			<u>As at December 31,</u>	
	<u>accounts</u>	<u>2018</u>	<u>2017</u>	<u>accounts</u>	<u>2018</u>	<u>2017</u>
Group A	6	1,440,589	1,466,979	6	1,279,223	1,305,322
Group B	1	245,670	248,524	1	245,670	248,524
Group C	1	122,372	123,022	1	122,372	123,022
Group D	3	17,020	5,770	2	5,410	5,770
Total	11	1,825,751	1,844,295	10	1,652,675	1,682,638
<u>Less</u> Allowance for doubtful accounts		(1,825,081)	(1,843,418)		(1,652,165)	(1,681,961)
Net		570	877		510	677

The receivables of Group A were defaulted to repayment in accordance with the compromise agreement. The Company and subsidiary appealed against the Civil Court to request an order to appoint the Enforcement Officer to enforce the debtors to pay debts to the Group under the civil court judgment. Including, the Group and the Company traced the land of the debtors with Land Department and not found their property. Thus, the Company and subsidiary filed the lawsuit to debtors against the Bankruptcy Court to request such debtors to pay the debts to the Group. Later, Central Bankruptcy Court has ordered to seize the debtor's assets under the Bankruptcy Act B.E. 2483 to enter the process of filed a request for payment with the Official Receiver. After the reporting period, the Central Bankruptcy Court has ordered 2 debtors for bankrupt which the amount of debt in the consolidated financial statements amount of Baht 315.51 million and in the separate financial statements amount of Baht 283.19 million.

The receivables of Group B were defaulted to repayment in accordance with the compromise agreement. The Company traced the land of the debtors with Land Department and not found their property. However, the receivables Group B have been filed the lawsuit against the Bankruptcy Court by other company and the Central Bankruptcy Court has ordered to seize the debtor's assets. The Company is in the process to file a request for payment with the Official Receiver. After the reporting period, the Central Bankruptcy Court has ordered the debtor for bankrupt the amount of debt in the consolidated financial statements and in the separate financial statements amount of Baht 245.67 million.

The receivables of Group C were defaulted to repayment in accordance with the compromise agreement which the Company and subsidiary are in the process to asking the debtors to pay the debts under the compromise agreement.

The receivables of Group D were debtors who are being installment payment to the Group in accordance with the compromise agreement.

However, in the execution of the lawsuit against the debtors in the bankruptcy case with the Central Bankruptcy Court. The management has taken civil and criminal rights to the court till the ended of debt enforcement process and has enforced the debtors to pay the debt by followed the judgment of court or the court order till the ended. Therefore, the Company and subsidiary filed the lawsuit to debtors in the bankruptcy case against the court in order to ultimate debt enforcement.

Movements of allowance for doubtful debts trade and other receivable for the year ended December 31, 2018 and 2017, are as follow:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>	<u>Separate financial statements</u>		
	<u>For the year ended December 31,</u>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Beginning balance	(1,844,833)	(741,529)	(1,701,468)	(704,518)
Increase during the year	(333,362)	(1,105,636)	(227,468)	(999,082)
Reversal during the year	29,947	2,332	29,796	2,132
Ending balance	(2,148,248)	(1,844,833)	(1,899,140)	(1,701,468)

7.3 As at December 31, 2018 and 2017, the consolidated financial statements, advance payment for loan procurement amount of Baht 5.00 million and amount of Baht 3.00 million respectively is advance payment to an agent who will be finding the source of loan for the subsidiary company in the loan amount not less than amount of Baht 600.00 million. The fees for proceed of loan not exceeding 5.00% of loan granted. which approved by the board of director meeting No. 13/2017 of the subsidiary dated on November 23, 2017. However, if the agent cannot find a loan, the advance payment will be refunded to the subsidiary company in full amount plus interest rate at 8.00% per annum.

7.4 As at December 31, 2018, the consolidated financial statements advance payment for future project-other person amount of Baht 3.00 million is advance payment for future construction project which approved by the board of director meeting No. 7/2018 of the subsidiary dated on August 14, 2018. If such project cannot reach an agreement, the advance payment will be refunded to the subsidiary company in full amount. Later, on November 16, 2018, the advance payment has defaulted on repayment to the subsidiary company. The subsidiary company has notified prosecution against the debtor to enforce debt repayment. The subsidiary company set up the allowance for doubtful accounts for the whole amount.

7.5 As at December 31, 2018 and 2017, the consolidated financial statements, advance payment for future project-related persons amount of Baht 12.00 million and amount of Baht 8.00 million respectively is advance payment for future construction project to the Shareholders of the subsidiary company (Percentage of shareholdings is 0.02%) which according to the agreement of construction project acquirement. The transaction has approved by the board of director meeting No. 6/2017 of the subsidiary dated on November 17, 2017 and No. 2/2018 dated on February 21, 2018. The contract determines service fees to compensate for the coordination in order to get the job as the percentage of the project value received. If such project cannot reach an agreement, the advance payment will be refunded to the subsidiary company in full amount plus interest rate at 8.00% per annum. The term of contract is 180 days, when due the counterparty has extended the term, due to such construction project has postpone. However, the management believes that the subsidiary company will receive a full amount of advance payment if the contract party cannot reach agreement.

7.6 As at December 31, 2018, the consolidated financial statements, advance payment to guarantee the project the amount of Baht 35.00 million derived from the contract of hire and accepted to hire for a part of the construction project which the subsidiary company has paid an advance payment to 2 non-related companies as security to guarantee for acceptance of hiring contract which has detail as follows :

The first contract :-

The contract dated September 21, 2018. The contract has determined the director of counterparty company is the guarantor for the deposit in amount of Baht 25.00 million and determined to the director of counterparty handovers the Nor. Sor. 3 Kor. and title deed in Prachuap Khiri Kkan and Bangkok in the amount of 8 title deeds to the subsidiary company for mortgage securities, including handover the postdated cheque, dated December 21, 2018 to the subsidiary company for guarantee in which the case of redeem the advance payment from the counterparty company. The transaction has approved by the board of director meeting No.10/2018 of the subsidiary dated on September 19, 2018. Nevertheless, the counterparty and the subsidiary company did not register such land mortgage with the Department of Lands and does not appraise the value of lands which pledge for collateral. However, the operation of the contract was disrupted. Later, on December 21, 2018, the contract party changed the postdated cheque in the amount of 12 cheques, dated in February to July 2019, with a check value of Baht 1.50-3.00 million each, totaling a value of Baht

25.00 million. Currently, the subsidiary company has collected the cash from 3 cheques amount of Baht 5.00 million. Later, the contract party changed the postdated cheque latest by separate to repayment in 16 installments totaling amount of Baht 20.00 million as followings.

<u>Period</u>	<u>Cheque Dated</u>	<u>Amount</u>	<u>Period</u>	<u>Cheque Dated</u>	<u>Amount</u>
1	Aug 13, 2019	Baht 1.00 million	9	Feb 1, 2020	Baht 0.50 million
2	Aug 28, 2019	Baht 0.50 million	10	Mar 1, 2020	Baht 0.50 million
3	Sep 16, 2019	Baht 0.50 million	11	Apr 1, 2020	Baht 0.50 million
4	Sep 27, 2019	Baht 0.50 million	12	May 1, 2020	Baht 0.50 million
5	Oct 10, 2019	Baht 0.50 million	13	Jun 1, 2020	Baht 0.50 million
6	Oct 31, 2019	Baht 12.00 million	14	Jul 1, 2020	Baht 0.50 million
7	Dec 1, 2019	Baht 0.50 million	15	Aug 1, 2020	Baht 0.50 million
8	Jan 1, 2020	Baht 0.50 million	16	Sep 1, 2020	Baht 0.50 million

Currently, the Company has received payment in the first to fifth installments amount of Baht 3.00 million. The subsidiary company has negotiated with the contract party by requesting to appoint a representative from the subsidiary company for cash monitoring of the counter party's company. By appointed the subsidiary company representative to Co-authorized to approved any withdrawal of the contract party's bank account.

The second contract :-

The contract dated October 26, 2018. The contract has determined the director of counterparty company is the guarantor for the deposit in amount of Baht 10.00 million and determined to the director of counterparty handovers the title deed in Chiang Mai in the amount of 4 title deeds to the subsidiary company for mortgage securities, including handover the postdated cheque, dated on April 26, 2019 to the subsidiary company for guarantee in which the case of redeem the advance payment from the counterparty subsidiary company. The transaction has approved by the board of director meeting No. 12/2018 of the subsidiary dated on October 24, 2018. Nevertheless, the counterparty and the subsidiary company did not register such land mortgage with the Department of Lands and does not appraise the value of lands which pledge for collateral. However, the operation of the contract was disrupted. Later, on July 2, 2019, the contract party has changed the collateral by changing to a new title deed in Chiang Rai replace of the former

and issue 4 cheques for assurance the payments with include interest in total amount of Baht 11.44 million as follows.

<u>Period</u>	<u>Cheque dated</u>	<u>Amount</u>
1	September 20, 2019	Baht 0.68 million
2	September 30, 2019	Baht 5.00 million
3	October 30, 2019	Baht 0.76 million
4	October 30, 2019	Baht 5.00 million

Later, on July 2, 2019, the contract party has changed the cheques for assurance the payments with include interest the first and second installments anew dated in November 30, 2019, for both cheques with value as cheques for assurance the payments have amount of Baht 0.82 million and Baht 5.00 million.

The management of the subsidiary company believes that obtaining such post dated cheque and title deed from counterparty are appropriate and adequate to reduce the risk from refundable deposit and believes that the subsidiary company will refund the deposit in the whole amount.

8. Short-term loans to other person

Consisted of:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Short-term loans to other person	28,000	30,000	28,000	30,000
<u>Less</u> Allowance for doubtful account	(25,700)	(30,000)	(25,700)	(30,000)
Net	2,300	-	2,300	-

Movements of allowance for declining in value of inventories for the year ended December 31, 2018 and 2017, are as follow:-

	(Unit : Thousand Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Beginning balance	(30,000)	-	(30,000)	-
Received during the year	4,300	(30,000)	4,300	(30,000)
Ending balance	(25,700)	(30,000)	(25,700)	(30,000)

As at December 31, 2018 and 2017, the whole amount of short-term loans to other person derived from the Company paid deposits for due diligence before invested in Yala Green Energy Company, in accordance with the minute of the board of director No. 6/2015. Later, the board of management director No. 17/2016, has resolution to cancel an investment due to the result of the due diligence did not meet agreed criteria thus the board resolved to transfer the deposit for investment to short-term loan in the form of loans agreements, maturity within 1 year, which due at June 19, 2017 and interest rates of 6.50% per annum. The borrower has pledged Yala Green Energy Company Limited's common stock of 1,144,950 shares and a post dated cheques amount of Baht 30.00 million as collaterals. Later, the borrower has requested to extend the repayment period to August 31, 2017, which approved by the board of management directors No. 7/2017 dated March 2, 2017, which has interest rate include default interest rate at 8.50% per annum. However, the borrower has defaulted on repayment to the Company when due and request to extend the repayment period to next 6 months. The Company has filed a lawsuit against such borrower to enforce debt repayment. The Company set up the allowance for doubtful accounts for the whole amount.

However, the borrower and the Company entered into compromise agreement, the borrower agreed to repayment to the Company amount of Baht 2.00 million within December 31, 2018, and the remaining will repay by installment 42 periods, with the 1st to 6th installments of Baht 300,000 per installment. The 7th to 41st installments of Baht 500,000 per installment and the final installments of Baht 8,700,000, the first installment commencing in January 31, 2019.

However, The Company have reversed an allowance for doubtful account from debt collection for the year ended December 31, 2018 in the consolidated and the separate financial statements amount of Baht 4.30 million.

9. Inventories

Consisted of:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Finished goods	26,171	44,882	3,032	33,577
Work in process	6	4	-	-
Raw materials	6,627	44,750	733	31,250
Supplies	4,571	4,604	1,388	1,442
Total	37,375	94,240	5,153	66,269
<u>Less</u> Allowance for declining in value of inventories	(6,892)	(5,703)	(1,536)	(770)
Net	30,483	88,537	3,617	65,499

Movements of allowance for declining in value of inventories for the year ended December 31, 2018 and 2017, are as follow:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Beginning balance	(5,703)	(7,558)	(770)	(1,130)
Reversal (increase) during the period	(1,189)	1,855	(766)	360
Ending balance	(6,892)	(5,703)	(1,536)	(770)

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>	<u>Separate financial statements</u>		
	<u>For the year ended December 31,</u>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cost of inventory record as expense				
and include in the cost of goods sold				
- Cost of goods sold	303,279	704,262	213,315	587,850
- Loss from allowance for decline				
in value of inventories (reversal)	1,195	(1,855)	766	(360)
- Loss from allowance for decline in value				
of advance payment for goods (reversal)	(6)	-	-	-
Net	304,468	702,407	214,081	587,490

10. Advance payment for goods

Consisted of:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Advance payments for goods-related parties	-	-	-	67,290
Advance payments for goods-other parties	361,843	362,294	361,843	361,889
Total	361,843	362,294	361,843	429,179
<u>Less</u> Allowance for doubtful accounts	(361,843)	(361,843)	(361,843)	(361,843)
Net	-	451	-	67,336

For the year ended December 31, 2018 and 2017, no movement of allowance for declining in value of inventories of advance payment.

Movements of allowance for doubtful account of advance payment for the year ended December 31, 2018 and 2017, are as follow:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Beginning balance	(361,843)	(364,892)	(361,843)	(364,892)
Increase during the year	(31,798)	-	-	-
Reversal during the year	31,798	3,049	-	3,049
Ending balance	(361,843)	(361,843)	(361,843)	(361,843)

As at December 31, 2018 and 2017, the consolidated and separate financial statements, the Company has advance payment for goods to 3 suppliers with total amount of Baht 361.84 million for both years, such suppliers have been unable to deliver goods to the Company in time according to the contract including they did not refund the prepayment amount to the Company. The Company has filed a lawsuit against such suppliers to enforce debt repayment. The Company set up the allowance for doubtful account in the consolidated and separate financial statements whole amount. Later, 2 debtors and the Company entered into compromise agreement. The debtors agreed to make a repayment to the Company by installment which has installment periods in 36-48 periods. However, such receivables have defaulted to repayment according to the compromise agreement. The Company has taken additional legal action for the defaulted debtor.

As at December 31, 2018 and 2017, the consolidated and separate financial statements, the 2 default receivables have detail of follow-up for repayment as followings.

(Unit : Thousand Baht)		
<u>Consolidated /Separate financial statements</u>		
<u>Detail</u>	<u>Book value</u>	
	<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>
The 1 st amount 1	200,567	200,613
The 2 nd amount 1	155,607	155,607
Total	356,174	356,220
<u>Less</u> Allowance for doubtful accounts	(356,174)	(356,174)
Net	-	46

The 1st default receivable was defaulted to repayment in accordance with the compromise agreement. The Company appealed against the Civil Court to request an order to appoint the Enforcement Officer to enforce the debtor to pay debt to the Company under the civil court judgment. Including, the Company traced the land of the debtors with Land Department and not found their property. Thus, the Company filed the lawsuit to debtor against the Bankruptcy Court to request such debtor to pay the debt to the Company. Later, in January-February 2019 Central Bankruptcy Court has ordered to seize the debtor's assets under the Bankruptcy Act B.E. 2483 to enter the process of filed a request for payment with the Official Receiver.

The 2nd default receivable was defaulted to repayment in accordance with the compromise agreement. The Company traced the land of the debtors with Land Department and not found their property. However, such receivable has been filed the lawsuit against the Bankruptcy Court by other company and the Central Bankruptcy Court has ordered to seize the debtor's assets. The Company is in the process to file a request for payment with the Official Receiver. After the reporting period, the Central Bankruptcy Court has ordered the debtors to be bankrupt, in the consolidated and separate financial statements amount of Baht 155.61 million.

However, in the execution of the lawsuit against the debtors in the bankruptcy case with the Central Bankruptcy Court. The management has taken civil and criminal rights to the court till the ended and has enforced the debtors to pay the debt by followed the judgment of court or the court order till the ended. Therefore, the Company and subsidiary filed the lawsuit to debtors in the bankruptcy case against the court in order to ultimate debt enforcement.

The consolidated financial statements for year ended December 31 2018, the subsidiary company has advance payment for goods which is advance payment for purchase raw material to 2 overseas supplies. The advance payment for first supplier is amount of Baht 34.23 million and the second is amount of Baht 29.37 million and totaling amount of Baht 63.60 million which recognize allowance for doubtful debt amount of Baht 31.80 million. The sale contract is required the subsidiary company to pay in advance at the rate of 10% of the value contract and the remaining 90% of total amount will be payment by letter of credit. The subsidiary company has entered into a business co-operation framework agreement with a foreign company. Under the terms of business co-operation framework agreement, such foreign company will issue letter of credit to pay the remaining 90%. However, when it dues the foreign partner informs to the subsidiary company that they cannot open letter of credit to pay for the goods. The subsidiary company has negotiated with overseas suppliers to refund the advance payment. Anyway, the overseas suppliers notice to the subsidiary company, they will charge with all and any damages, costs and expenses incurred which has final conclusion as following.

The first overseas supplier has advance payment amount of Baht 34.23 million, they refund to the subsidiary company amount of Baht 15.26 million and charge for legal expense, cargo expenses and loss on exchange rate totaling in amount of Baht 18.97 million. The subsidiary company recognizes such damage to expenses from defaulted of advance payment for goods in whole amount.

The second overseas supplier has advance payment amount of Baht 29.37 million. The overseas supplier will not refund the advance payment to the subsidiary company and request the subsidiary company to seek others buyer enter to contract instead the subsidiary company and paid the 90% which is remaining amount of cost of raw material. Currently, the subsidiary company has sought the buyer to enter in to the contract instead. However, the buyer will compensate the advance payment to the subsidiary company amount of Baht 15.38 million and requests the discount for the purchase transaction amount of Baht 13.99 million. The subsidiary company recognizes such discount to the buyer are expenses from defaulted of advance payment for goods amount of Baht 13.99 million. Presently, the subsidiary company has refunded the advance payment from such buyer.

11. Investment in subsidiaries

Consisted of:-

(Unit : Thousand Baht)

Name of companies	Paid-up share capital		Percentage of shareholding(%)		Separate financial statements			
					Investment		Dividend	
					cost method		For the year ended	
					As at December 31,		December 31,	
	2018	2017	2018	2017	2018	2017	2018	2017
Rich Asia Industry Co., Ltd.	441,701	441,701	51.88	51.88	536,062	536,062	-	-
G.Y.T. Engineering Co., Ltd.	20,750	20,750	94.82	94.82	19,675	19,675	-	-
Skywell (Thailand) Co., Ltd	1,250	1,250	99.99	99.99	1,250	1,250	-	-
Total					556,987	556,987		
<u>Less</u> Allowance for impairment loss- Rich Asia Industry Co., Ltd.					(493,800)	(348,931)		
Allowance for impairment loss- G.Y.T. Engineering Co., Ltd.					(8,500)	-		
Allowance for impairment loss- Skywell (Thailand) Co., Ltd					(740)	-		
Net					53,947	208,056		

Movement of allowance for impairment loss for the year ended December 31, 2018 and 2017, are as follow:-

(Unit : Thousand Baht)

	Separate financial statements	
	For the year ended December 31,	
	2018	2017
Beginning balance	(348,931)	(251,913)
Increase during the year	(154,109)	(97,018)
Ending balance	(503,040)	(348,931)

Non-controlling interests

Subsidiary with material non-controlling interests is as follow:-

(Unit : Thousand Baht)

Name of companies	Proportion of ownership		Total comprehensive			
	interests held by the NCI		income allocated to NCI		Accumulated NCI	
	As at		For the year ended		As at	
	December 31,		December 31,		December 31,	
	2018	2017	2018	2017	2018	2017
Rich Asia Industry Co., Ltd.	48.12%	48.12%	(109,183)	(101,895)	(32,204)	76,980

Summarised financial information for Rich Asia Industry Company Limited before eliminations,
is as follow :-

	(Unit : Thousand Baht)	
	<u>Rich Asia Industry Co., Ltd.</u>	
	<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>
Current assets	125,341	141,573
Non-current assets	581,672	638,778
Total assets	707,013	780,351
Current liabilities	(704,977)	(540,638)
Non-current liabilities	(68,960)	(79,738)
Total liabilities	(773,937)	(620,376)
Equity attributable to the Company's shareholders	(34,720)	82,995
Non-controlling interests	(32,204)	76,980

	(Unit : Thousand Baht)	
	<u>Rich Asia Industry Co., Ltd.</u>	
	<u>For the year ended December 31,</u>	
	<u>2018</u>	<u>2017</u>
Revenue	192,273	377,941
Loss for the year attributable to the Company's shareholders	(117,715)	(109,856)
Loss for the year attributable to non-controlling interests	(109,183)	(101,895)
Loss for the year	(226,898)	(211,751)
Other comprehensive income for the year	-	-
Total comprehensive income attributable to the Company's shareholders	(117,715)	(109,856)
Total comprehensive income attributable to non-controlling interests	(109,183)	(101,895)
Total comprehensive income for the year	(226,898)	(211,751)
Net cash from operating activities	(143,447)	12,360
Net cash from investing activities	(47,264)	(398)
Net cash from financing activities	194,008	(12,130)
Cash and cash equivalent items increase(decrease)-net	3,297	(168)

12. Investment in associate

Consisted of:-

(Unit : Thousand Baht)						
		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		
<u>Name of companies</u>	<u>Percentage of Shareholding(%)</u>		<u>Investment as</u>		<u>Investment as</u>	
			<u>equity method</u>		<u>cost method</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Thai National Product Co., Ltd.	29.89	29.89	165,574	179,771	198,478	198,478
<u>Less</u> Allowance for impairment loss			-	-	(40,500)	-
Net			165,574	179,771	157,978	198,478

Movement of allowance for impairment loss for the year ended December 31, 2018 and 2017, are as follow:-

(Unit : Thousand Baht)				
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Beginning balance	-	-	-	-
Increase during the year	-	-	(40,500)	-
Ending balance	-	-	(40,500)	-

Financial information of associate company

The financial information as presented in the financial statements of the Thai National Product Co., Ltd. were as follows :-

(Unit : Thousand Baht)		
<u>As at December 31,</u>		
	<u>2018</u>	<u>2017</u>
Current assets	172,013	183,853
Non-current assets	307,287	310,363
Total assets	479,300	494,216
Current liabilities	(84,731)	(100,129)
Non-current liabilities	(5,917)	(6,172)
Total liabilities	(90,648)	(106,301)
Net assets	388,652	387,915

(Unit : Thousand Baht)		
<u>For the year ended December 31,</u>		
	<u>2018</u>	<u>2017</u>
Revenue	294,866	292,503
Profit for the year	737	1,977
Other comprehensive income for the year	-	-
Total comprehensive income for the year	737	1,977
Dividend received from associate for the year	-	-

Reconciliation of financial based on the above information and the carrying amount of the equity of Thai National Product Co., Ltd. with recognize them gradually in the consolidated financial statements.

(Unit: Thousand Baht)		
<u>As at December 31,</u>		
	<u>2018</u>	<u>2017</u>
Net assets of the associate	388,652	387,915
Shareholding of the company (%)	29.89	29.89
	116,168	115,948
Adjustment the fair value as at acquisition date	49,406	63,844
Other adjustments	-	(21)
Book value of the Company in associate	165,574	179,771

As at December 31, 2018 and 2017, the Company has pledge its shares of investment in associate 4,346,666 shares, equivalent to 16.04% of shareholdings for both years, as collateral of short-term loan from other persons and parties as mention in the note to financial statements No. 18.

13. Investment property

The movement of investment property for the year ended December 31, 2018 and 2017, were as follow:-

(Unit : Thousand Baht)			
Consolidated/Separate financial statements			
	Land	Buildings	Total
Cost :			
As at January 1, 2017	1,878	18,406	20,284
As at December 31, 2017	1,878	18,406	20,284
As at December 31, 2018	1,878	18,406	20,284
Accumulated depreciation :			
As at January 1, 2017	-	(12,358)	(12,358)
Depreciation for the year	-	(920)	(920)
As at December 31, 2017	-	(13,278)	(13,278)
Depreciation for the year	-	(920)	(920)
As at December 31, 2018	-	(14,198)	(14,198)
Book Value :			
As at December 31, 2017	1,878	5,128	7,006
As at December 31, 2018	1,878	4,208	6,086
The depreciation in profit or loss			
For the year ended December 31, 2017			920
For the year ended December 31, 2018			920
Fair value			
As at December 31, 2017			30,560
As at December 31, 2018			29,150

As at December 31, 2018 and 2017, the consolidated and separate financial statements, the whole amount of investment property are pledged for loans granted by financial institutions as mention in the note to financial statements No. 15.

The fair value of investment property was determined by an independent appraiser who has been approved by the office of the Securities and Exchange Commission (Thailand). As at December 31, 2018 the fair value of investment property is in accordance to the valuation report dated on July 2017 by using Market Approach for the land valuation and Cost Approach for building valuation which is hierarchy level 3.

14. Property, plant and equipment

The movement of property, plant and equipment for the year ended December 31, 2018 and 2017, were as follow:-

(Unit : Thousand Baht)

	Consolidated financial statements									
	Land and land improvement	Buildings	Building improvement	Machinery	Machinery improvement	Tools and equipment and office equipment	Vehicle	Work in process	Machinery and equipment in process	Total
Cost :										
As at January 1, 2017	316,565	849,154	5,411	1,207,904	12,158	27,148	14,151	135	121	2,432,747
Purchase	-	-	-	100	-	95	-	431	2	628
Written-off	-	-	-	-	-	(1,193)	-	-	-	(1,193)
As at December 31, 2017	316,565	849,154	5,411	1,208,004	12,158	26,050	14,151	566	123	2,432,182
Purchase	-	-	-	-	-	255	-	-	-	255
Transfer in	-	-	566	20,415	-	2,622	-	-	-	23,603
Written-off	-	-	-	-	-	-	-	(566)	(84)	(650)
Sale	-	-	-	-	-	-	(41)	-	-	(41)
As at December 31, 2018	316,565	849,154	5,977	1,228,419	12,158	28,927	14,110	-	39	2,455,349
Accumulated depreciation :										
As at January 1, 2017	(49,651)	(586,886)	(2,402)	(990,538)	(10,939)	(25,991)	(13,925)	-	-	(1,680,332)
Depreciation for the year	(431)	(29,818)	(271)	(34,562)	(548)	(402)	(83)	-	-	(66,115)
Written-off	-	-	-	-	-	1,190	-	-	-	1,190
As at December 31, 2017	(50,082)	(616,704)	(2,673)	(1,025,100)	(11,487)	(25,203)	(14,008)	-	-	(1,745,257)
Depreciation for the year	(431)	(29,818)	(346)	(29,464)	(404)	(668)	(74)	-	-	(61,206)
Sale	-	-	-	-	-	-	41	-	-	41
As at December 31, 2018	(50,513)	(646,523)	(3,019)	(1,054,564)	(11,891)	(25,871)	(14,041)	-	-	(1,806,422)
Net book value :										
As at December 31, 2017	266,483	232,450	2,738	182,904	671	847	143	566	123	686,925
As at December 31, 2018	266,052	202,631	2,958	173,855	267	3,056	69	-	39	648,927
The depreciation in profit or loss										
For the year ended December 31, 2017										66,115
For the year ended December 31, 2018										61,206

(Unit : Thousand Baht)

	Separate financial statements							
	Land	Buildings	Building improvement	Machinery	Machinery improvement	Tools and equipment and office equipment	Vehicle	Machinery and equipment in process
Cost :								
As at January 1, 2017	41,538	13,000	5,411	79,107	12,159	18,067	14,152	-
Purchase	-	-	-	-	-	76	-	-
Written-off	-	-	-	-	-	(1,193)	-	-
As at December 31, 2017	41,538	13,000	5,411	79,107	12,159	16,950	14,152	-
Purchase	-	-	-	-	-	251	-	-
Transfer in	-	-	-	20,332	-	2,621	-	-
Sale	-	-	-	-	-	-	(41)	-
As at December 31, 2018	41,538	13,000	5,411	99,439	12,159	19,822	14,111	-
Accumulated depreciation :								
As at January 1, 2017	-	(5,776)	(2,402)	(71,849)	(10,939)	(17,548)	(13,926)	-
Depreciation for the year	-	(650)	(271)	(6,741)	(548)	(203)	(83)	-
Written-off	-	-	-	-	-	1,190	-	-
As at December 31, 2017	-	(6,426)	(2,673)	(78,590)	(11,487)	(16,561)	(14,009)	-
Depreciation for the year	-	(650)	(270)	(1,715)	(404)	(500)	(74)	-
Sale	-	-	-	-	-	-	41	-
As at December 31, 2018	-	(7,076)	(2,943)	(80,305)	(11,891)	(17,061)	(14,042)	-
Net book value :								
As at December 31, 2017	41,538	6,574	2,738	517	672	389	143	-
As at December 31, 2018	41,538	5,924	2,468	19,134	268	2,761	69	-

The depreciation in profit or loss

For the year ended December 31, 2017	8,496
For the year ended December 31, 2018	3,613

As at December 31, 2018 and 2017, the Group has pledged the part of land, property and machinery with the book value stated in the consolidated financial statements amount of Baht 650.65 million and amount of Baht 51.20 million respectively, to guarantee against credit facility of the Company that receives from commercial banks, financial institutions and debentures payable according to the note to financial statements No. 15 and 19.

As at December 31, 2018 and 2017, the Company has pledged the part of land, property and machinery with the book value stated in the separate financial statements amount of Baht 49.93 million and amount of Baht 51.20 million respectively, to guarantee against credit facility of the Company that receives from commercial banks and financial institutions according to the note to financial statements No. 15.

As at December 31, 2018 and 2017, in the consolidated financial statements the Group had the assets which fully depreciated but still in used. The cost price was amount of Baht 238.74 million, the book value was amount of Baht 2,634.23 and the cost price was amount of Baht 168.87 million, the book value was amount Baht 2,597.30 respectively.

As at December 31, 2018 and 2017, in the separate financial statements the Company had the assets which fully depreciated but still in used. The cost price was amount of Baht 120.40 million, the book value was amount of Baht 556.01 and the cost price was amount of Baht 50.95 million, the book value was amount of Baht 541.08 respectively.

15. Credit facilities and guarantee

The Company has credit line from commercial bank and several financial institutions in form overdraft, trust receipts, short-term and long-term loan, the letter of guarantee, note receivable discount and factoring by granted the total credit line as at December 31, 2018 and 2017, in amount of Baht 1,172.85 million for both years, it is pledged by the Company's land and buildings and certain machinery according to note to financial statements No. 13 and 14, some land and buildings of other company, land and buildings of director of the Company, a part of deposit at bank of the Company and its subsidiaries, other company and director the Company, and beneficiary from insurance in buildings, machinery and equipment to commercial bank and financial institutions.

16. Short-term loans from financial institutions

Consisted of:-

		(Unit : Thousand Baht)	
		<u>Consolidated/Separate financial statements</u>	
		<u>As at December 31,</u>	
		<u>2018</u>	<u>2017</u>
Promissory notes		15,400	16,000
Total		15,400	16,000

As at December 31, 2018 and 2017, the Company has short term loan promissory notes in amount of Baht 15.40 million and amount of Baht 16.00 million respectively, which has default interest rate at 15.00% per annum. The Company has defaulted for all repayment. However, the Board of Directors' meeting No. 4/2017 has the resolution to enter debt restructuring under the rehabilitation through the Court. However, on December 27, 2017 the Central Bankruptcy Court has ordered to revoke the Company's petition for Business Rehabilitation as mention in note to financial statements No. 2.2.

Promissory notes constitute collaterals according as mention in note to financial statements No. 15.

As at December 31, 2018 the financial institution has filed a lawsuit against the Company as mention in note to financial statement No. 29.2(b).

17. Trade and other payable

Consisted of:-

		(Unit : Thousand Baht)			
		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>As at December 31,</u>		<u>As at December 31,</u>	
		<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Trade payable-related parties		8,647	8,647	15,254	18,555
Trade payable-other parties		134,673	139,346	112,124	115,860
Other payable-related parties		3,118	3,121	3,118	3,121
Other payable-other parties		6,194	8,634	2,507	3,580
Advance received for goods-related parties		-	1,109	-	-
Advance received for goods-other parties		7,527	7,142	7,642	7,142
Accrued expenses-related parties		599	599	-	-
Accrued expenses-other parties		246,769	124,583	241,405	116,907
Post dated cheques-other parties		7	94	-	-
Total		407,534	293,275	382,050	265,165

18. Short-term loans from other persons and parties

Consisted of:-

(Unit : Thousand Baht)

<u>Consolidated/Separate financial statements</u>		
<u>As at December 31,</u>		
	<u>2018</u>	<u>2017</u>
Short-term loans from other persons and parties	125,000	125,000
Total	125,000	125,000

As at December 31, 2018 and 2017, amount of Baht 125.00 million was loan from bill of exchange issue to private placement investor through financial institutions whose recommend the investor for the Company. Such loan has maturity term for 6-9 months with financial cost equivalent to interest rate at 7.50% per annum for both years. Such loan has shares of associate pledged as collateral according to the note to financial statements No. 12.

As at December 31, 2018 and 2017, the short term loan from other persons and parties in amount of Baht 125.00 million for both years, which has default interest rate at 15.00% per annum. The Company has defaulted for all repayment. However, the Board of Directors' meeting No. 4/2017 has the resolution to enter debt restructuring under the rehabilitation through the Court. However, on December 27, 2017 the Central Bankruptcy Court has ordered to revoke the Company's petition for Business Rehabilitation as mention in note to financial statements No. 2.2.

19. Debentures

As at December 31, 2018 and 2017, the Company had issued unsubordinated and unsecured debentures, payable quarterly, totaling Baht 1,230 million as follows:-

(Unit : Thousand Baht)

<u>Consolidated/Separate financial statements</u>					
<u>As at December 31,</u>					
<u>Debentures No.</u>	<u>2018</u>	<u>2017</u>	<u>Interest Rate</u>	<u>Term</u>	<u>Maturity Date</u>
1/2015	500,000	500,000	6.50 %	1 year 9 month	30 Jan 2017
2/2015	500,000	500,000	6.50 %	2 year	16 Jul 2017
3/2015	230,000	230,000	6.20 %	1 year 11 month 29 date	27 Oct 2017
Total	1,230,000	1,230,000			

On January 11, 2017 the Company received a notice from the bank creditor informing of default payments of liability under debt restructure agreement as mention in note to financial statements No. 20 and called the Company to repay the principal and accrued interest within 15 days from the date of receipt of the notice (which on January 26, 2017). Consequently, the impact of the aforementioned call repayment of all outstanding debts, has resulted a cross default to all outstanding debentures according to the right terms of debentures which has interest rate include default interest rate at 8.20%-8.50% per annum.

However, the Debenture Holder's Meeting of No. 1/2017 held on February 7, 2016 has resolution to approve the Debenture No. 1/2015 amount of Baht 500.00 million and Debentures No. 2/2015 amount of Baht 500.00 million which is total outstanding of Baht 1,000.00 million, has been immediately due for payment. For the Debentures No. 3/2015 amount of Baht 230.00 million, the Company default to repayment interest on April 29, 2017, which cause to default to debentures No. 3/2015. The Company is required to immediately pay all principal amounts of the Debentures No. 1/2015, No. 2/2015 and No. 3/2015 with interest calculated from the date of default to the Debenture Holders. Later, the Board of Directors' meeting No. 4/2017 has the resolution to enter debt restructuring under the rehabilitation through the Court. However, on December 27, 2017 the Central Bankruptcy Court has ordered to revoke the Company's petition for Business Rehabilitation as mention in note to financial statements No. 2.2.

Later, the Debenture Holders' Meeting No. 1/2018 for the Company's debenture holder No.1/2015, No.2/2015 and No.3/2015, dated February 2, 2018, which could be summarized a significant resolution as follows:-

1. Acknowledge results of request for business rehabilitation.
2. Considerations for initial process to rectify the defaulted debt repayment whereby partial repayment of the principal will be made and provide third party collateral. The resolution of the debenture holders' meeting was approved.
3. Considerations for process of partial of principle debenture repayment whereby the Company has agreed for partial repayment of the principal of Baht 400.00 million, all repayment will be made to every debenture holder in proportion to the value of debentures. In this regard, the debenture holders will have to approve the agenda items 4 and 5, and with conditions requiring the debenture holders to submit letter of consent for business rehabilitation not less than amount of Baht 922.50 million. The resolution of the debenture holders' meeting was approved.

4. Considerations for mortgage registration as debenture holder's insurance whereby the Company has given consent for Rich Asia Industry Co., Ltd. mortgage its machinery as guarantee to the debenture holders in the amount of Baht 100.00 million. The resolution of the debenture holders' meeting was approved.
5. The Company has provided initial guidelines for the rectification for defaults of the Company's debt by submitting for new business rehabilitation. Whereby, when the Company is able to make partial repayment to debenture holders in Agenda 3 and mortgage its machinery as guarantee in Agenda 4, together with a private guarantee for the rest of the default for the debenture holders in Agenda 6, the debenture holders are to consider allowing the debenture holders signed letter of consent for the Company to enter Business Rehabilitation. Whereby, PCL Planner Co., Ltd. and Phoenix Advisory Services Co., Ltd. are assigned to be co-planner of the Company's Business Rehabilitation Plan. The resolution of the debenture holders' meeting was approved.
6. Considerations for guarantee and further repayment which the Debenture holders has proposed to Ms. Angkakarn Tantiviroon as Chief Executive Officer to sign for personal guarantee with credit limit amount of Baht 830.00 million. And in the case of Rich Asia Industry Co., Ltd. can make 2nd machinery mortgaging for additional borrowing, Rich Asia Industry Co., Ltd. has to make additional repayment to debenture holders in the amount of Baht 50.00 million. The resolution of the debenture holders' meeting was approved.

However, as at December 31, 2018 the Company has not yet repaid the principle in amount of Baht 400.00 million to the debenture holder but the Company has mortgaged land, buildings and certain machinery of Rich Asia Industry Company Limited (the subsidiary company) as collateral for guarantee the repayment in credit limit amount of Baht 500.00 million as mention in note to financial statements No. 14 and the Company's Chief Executive Officer has already signed for personal guarantee the repayment to the debenture holder with credit limit in amount of Baht 830.00 million.

Anyway, the representative of debenture holders has filed a lawsuit to the Rich Asia Industry Company Limited (the subsidiary company) to enforce mortgage land and building which pledged as collateral as mention in note to financial statement No. 29.2(d).

20. Liabilities under debt restructuring agreement

Consisted of:-

	(Unit : Thousand Baht)	
	<u>Consolidated/Separate financial statements</u>	
	<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>
Principal amount	537,746	537,746
Accrued interest expenses	247,012	176,891
Accrued interest pending for waiving	253,167	253,167
Total	1,037,925	967,804

The movements of liabilities under debt restructuring agreement for the year ended December 31, 2018 and 2017, is as follow:-

	(Unit : Thousand Baht)	
	<u>Consolidated/Separate financial statements</u>	
	<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>
Book value at the beginning balance	967,804	910,888
Suspend accrued interest for the year	70,121	56,916
Book value at the ending balance	1,037,925	967,804

The consolidated and separate financial statements, liabilities under debt restructuring agreement derived from the debt restructuring contract dated on May 30, 2014. In first quarter of the year 2016, the Company and creditor together agreed and signed the new agreement of debt restructure dated March 30, 2016, to adjust the repayment terms and a partial release of collateral. The contract has classified the debt to 4 tranches and details of new repayment term as following:-

1. The Company must pay to creditor at least Baht 560.00 million, which the repayment amount to deduct the principal and accrued interest of each tranches are as follows:-

(Unit : Thousand Baht)

<u>Tranche</u>	<u>Credit Lines</u>	<u>Principals</u>	<u>Accrued interests</u>	<u>Total</u>
1	Baht 400 million	176,760	24,840	201,600
2	Baht 275 million	132,570	18,630	151,200
3	Baht 250 million	88,380	12,420	100,800
4	Baht 200 million	93,290	13,110	106,400
	Total	491,000	69,000	560,000

2. The remaining principal repayment in monthly installments including 96 months (8 years) or the maturity date of March 31, 2024 began the first payment date of April 30, 2016, as detailed below:-
- First tranche : The credit line of Baht 400.00 million, as at December 31, 2018, remaining balance amount of Baht 379.68 million comprise principal amount of Baht 195.60 million, accrued interest amount of Baht 94.49 million and accrued interest pending for waiving amount of Baht 89.59 million (December 31, 2017 : remaining balance amount of Baht 354.56 million comprise principal amount of Baht 195.60 million, accrued interest amount of Baht 69.37 million and accrued interest pending for waiving amount of Baht 89.59 million), with interest rate at SPRL+1.00% per annum.
 - Second tranche : The credit line of Baht 275.00 million, as at December 31, 2018, remaining balance amount of Baht 288.74 million comprise principal amount of Baht 141.00 million, accrued interest amount of Baht 73.26 million and accrued interest pending for waiving amount of Baht 74.48 million (December 31, 2017 : remaining balance amount of Baht 270.08 million comprise principal amount of Baht 141.00 million, accrued interest amount of Baht 54.60 million and accrued interest pending for waiving amount of Baht 74.48 million), with interest rate at SPR+1.25% per annum.
 - Third tranche : The credit line of Baht 250.00 million, as at December 31, 2018, remaining balance amount of Baht 167.07 million comprise principal amount of Baht 99.46 million, accrued interest amount of Baht 26.94 million and accrued interest pending for waiving amount of Baht 40.67 million (December 31, 2017 : remaining balance amount of Baht 153.98 million comprise principal amount of Baht 99.46 million, accrued interest amount of Baht 13.85 million and accrued interest pending for waiving amount of Baht 40.67 million), with interest rate at SPR+1.25% per annum.

- Fourth tranche : The credit line of Baht 200.00 million, as at December 31, 2018, remaining balance amount of Baht 202.44 million comprise principal amount of Baht 101.68 million, accrued interest amount of Baht 52.33 million and accrued interest pending for waiving amount of Baht 48.43 million (December 31, 2017 : remaining balance amount of Baht 189.18 million comprise principal amount of Baht 101.68 million, accrued interest amount of Baht 39.07 million and accrued interest pending for waiving amount of Baht 48.43 million), with interest rate at SPR+1.00% per annum.

Table of principal and interest repayment per installment (Unit : Million Baht)

<u>Installment periods</u>	<u>First tranche</u>	<u>Second tranche</u>	<u>Third tranche</u>	<u>Fourth tranche</u>	<u>Total</u>
Periods 1-12 (Apr 16-Mar 17)	1.665	1.17	0.81	0.855	4.50
Periods 13-24 (Apr 17-Mar 18)	1.850	1.30	0.90	0.950	5.00
Periods 25-36 (Apr 18-Mar 19)	2.220	1.56	1.08	1.140	6.00
Periods 37-48 (Apr 19-Mar 20)	2.405	1.69	1.17	1.235	6.50
Periods 49-60 (Apr 20-Mar 21)	3.145	2.21	1.53	1.615	8.50
Periods 61-72 (Apr 21-Mar 22)	3.330	2.34	1.62	1.710	9.00
Periods 73-84 (Apr 22-Mar 23)	4.070	2.86	1.98	2.090	11.00
Periods 85-95 (Apr 23-Feb 24)	4.995	3.51	2.43	2.565	13.50
Periods 96 (Mar 24)	Outstanding				

If the Company can perform the terms of the debt restructuring, the creditors willing to compromise forgiven accrued interest pending for waiving of all group amount of Baht 253.17 million.

Liabilities under debt restructuring agreement constitutes collaterals according in note to financial statements No. 15.

In the October 2016, the Company did not completely repay the debt in accordance with debt restructuring agreement which has default interest rate at 21.00% per annum. On January 11, 2017 the Company received a notice from the bank creditor informing of default payments of liability under debt restructure and called the Company to repay the principal and accrued interest within 15 days from the date of receipt of the notice (which on January 26, 2017). The Company has classified the whole amount of liability under debt restructuring agreement to current liabilities caption. However, the Board of Directors' meeting No. 4/2017 has the resolution to enter debt restructuring under the rehabilitation through the Court. However, on December 27, 2017 the Central Bankruptcy Court has ordered to revoke the Company's petition for Business Rehabilitation as mention in note to financial statements No. 2.2.

After the reporting period, the financial institution has filed a lawsuit to the Company as mention in the note to financial statements No.34.3.

21. Employee benefit obligations

Changes in the present value of the employee benefit obligations is as follows:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Employee benefit obligations as at January 1,	3,428	3,289	1,552	1,604
Current service cost	147	457	115	227
Interest cost	84	109	34	49
Reversal employee benefit obligations	(78)	-	(43)	-
Benefit paid	(177)	(427)	(177)	(328)
Employee benefit obligations as at December 31,	3,404	3,428	1,481	1,552

Expenses recognized in profit or loss for the year ended December 31, 2018 and 2017, as follows:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>	<u>Separate financial statements</u>		
	<u>For the year ended December 31,</u>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cost of goods sold	-	158	-	-
Selling expenses	7	7	5	5
Administrative expenses	51	206	21	136
Directors and management’s benefits	89	86	89	86
Finance cost	84	109	34	49
Total	231	566	149	276

Principal actuarial assumptions at the reporting date are as at December 31, 2018 and 2017, were as follows:-

	<u>(% per annum)</u>	
	<u>Consolidated</u>	<u>Separate</u>
	<u>financial statements</u>	<u>financial statements</u>
Discount rate	1.68-3.48	1.68-2.68
Salary increase rate	1.93-3.10	1.93-2.26
Employee turnover rate	0-54	17-47
Mortality rate (Thai Mortality Ordinary Table 2008)	100 of mortality	100 of mortality
Disability rate	10 of mortality	10 of mortality

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts, were as follows:-

	(Unit : Thousand Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Discount Increase rate (0.50% movement)	(119)	(120)	(46)	(47)
Discount Decrease rate (0.50% movement)	125	126	48	49
Future salary growth Increase (0.50% movement)	152	134	55	48
Future salary growth Decrease (0.50% movement)	(145)	(128)	(53)	(47)
Employee turnover Increase rate (0.50% movement)	(175)	(155)	(76)	(67)
Employee turnover Decrease rate (0.50% movement)	117	102	80	71

On December 13, 2018, the National Legislative Assembly passed a resolution approving the draft of a new Labor Protection Act. On the April 5, 2019, Labor Protection Act has announcement in the Royal Gazette which effective on May 5, 2019. The Labor Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than that of the 400 days, based on the final wage rate. This change is considered a post-employment benefits plan amendment. The Company has recorded the effect of the change by recognizing past service costs as expenses in profit or loss of period in which the law effective.

22. Deferred tax liabilities

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

	(Unit : Thousand Baht)	
	<u>Consolidated financial statements</u>	
	<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>
Deferred tax assets	-	-
Deferred tax liabilities	(67,060)	(77,884)
Net	(67,060)	(77,884)

The movements of deferred tax liabilities for the year ended December 31, 2018 and 2017, were as follows:-

(Unit : Thousand Baht)			
Consolidated financial statements			
	As at January 1, 2018	(Charged)/credited to profit or loss (Note 26)	As at December 31, 2018
Deferred tax liabilities			
Property, plant and equipment	(77,884)	10,824	(67,060)
Total	(77,884)	10,824	(67,060)

(Unit : Thousand Baht)			
Consolidated financial statements			
	As at January 1, 2017	(Charged)/credited to profit or loss (Note 26)	As at December 31, 2017
Deferred tax liabilities			
Property, plant and equipment	(87,959)	10,075	(77,884)
Total	(87,959)	10,075	(77,884)

As at December 31, 2018 and 2017, the Group and the Company had deductible temporary differences and tax losses carried forward in consolidated financial statements totaling amount of Baht 3,688.17 million and amount of Baht 3,227.00 million respectively and separate financial statements totaling amount of Baht 3,628.36 million and amount of Baht 3,045.80 million respectively which have not been recognized as deferred tax assets in the statements of financial position. Because it is not probable that it will be able to utilize the tax benefit in the foreseeable future.

23. Share capital

The movement of share capital for the year ended December 31, 2018 and 2017, were as follow:-

	Consolidated/Separate financial statements				
	2018			2017	
	Par Value (Baht)	Number of share (Thousand shares)	Amount (Thousand baht)	Number of share (Thousand shares)	Amount (Thousand baht)
Authorized share capital					
Ordinary shares at beginning of the year	1.00	9,600,000	9,600,000	9,600,000	9,600,000
<u>Add</u> Increase ordinary shares	1.00	-	-	-	-
Ordinary shares at end of the year	1.00	9,600,000	9,600,000	9,600,000	9,600,000
Issue and paid-up share capital					
Ordinary shares at beginning of the year	1.00	3,115,268	3,115,268	3,115,268	3,115,268
<u>Add</u> Increase ordinary shares	1.00	2	2	-	-
Ordinary shares at end of the year	1.00	3,115,270	3,115,270	3,115,268	3,115,268

In December 2018, the Company received proceeds from the increasing in share capital from the exercise of warrants RICH-W1 for 1,550 additional shares of Baht 1.00. As a result, issued share capital increasing Baht 3,115.27 million. The Company registered the increase in share capital from the exercise of the warrants with the Ministry of Commerce.

Capital management

The objectives of the Group's capital management are arrangement of appropriated financial structure and maintenance of ability in continuously business operation whereas there is policy of debt to equity ratio maintenance to hold in the rate that the Group can operate business while there is appropriated capital cost burden including policy of debt to equity ratio maintenance to comply with term in the loan contract that there are related financial institutes.

As at December 31, 2018 and 2017, in the consolidated financial statements, the debt to equity ratio is (1.49) : 1.00 and (2.10) : 1.00 respectively and the separate financial statements, the debt to equity ratio is (1.48) : 1.00 and (2.06) : 1.00 respectively.

24. Warrants

Type of warrants	: Warrants No. 1 appropriated for the former shareholders of the Company (Warrants No. 1 or “RICH-W1”)
Number of warrants	: 357,634,117 units
Term of warrants	: 2 years from the issuance date. (Date of issuance is on December 16, 2017 and the Maturity Date is on December 14, 2018)
Rights of warrants	: Exercise Ratio, 1 unit of warrant per 1 ordinary share (Exercise ratio and Exercise price may be subsequently adjusted in accordance with the conditions on the right adjustment)
Exercise Price	: At Baht 1.00 per share (par value at Baht 1.00)
First exercise date	: December 15, 2017
Last exercise date	: December 14, 2018

The movement of warrants RICH-W1 for the year ended December 31, 2018 were as follow:-

	(Unit : Share)
Warrants issued as at January 1, 2018	357,634,117
<u>Less</u> Exercised during the year	(1,550)
Remaining unexercised warrants	357,632,567
<u>Less</u> Expired warrants	(357,632,567)
Warrants issued as at December 31, 2018	-

As at December 31, 2018, there is no outstanding balance of unexercised warrants to purchase ordinary shares (RIHC-W1) as due to its expiration of exercise date.

25. Expenses by nature

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>	<u>Separate financial statements</u>		
	<u>For the year ended December 31,</u>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Changing within finished goods and work in process	18,712	40,839	30,545	13,728
Raw material used	153,702	256,053	-	-
Value of purchase inventory for sale	32,305	342,866	147,168	572,724
Loss from declining in value of inventories (reversal)	1,189	(1,855)	766	(359)
Employee expenses	28,887	30,232	18,361	18,357
Depreciation	62,126	67,035	4,534	9,416
Doubtful accounts	299,115	1,130,254	193,372	1,023,900
Impairment loss on investment in subsidiaries	-	-	154,109	97,018
Impairment loss on investment in associate	-	-	40,500	-
Unrealized (gain) loss from exchange rate	1,844	(7,955)	1,029	(8,033)
Loss from written-off assets	-	3	-	3
Goods used in construction	-	(242)	-	-
Other expenses	105,719	60,615	63,247	48,700
Finance costs	195,228	183,130	195,178	183,059
Total	898,827	2,100,975	848,809	1,958,513

26. Income tax revenue

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current income tax expenses	-	-	-	-
Deferred tax expense (Note 22)				
Movements in temporary differences	(10,824)	(10,075)	-	-
Total	(10,824)	(10,075)	-	-

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the year ended December 31, 2018 and 2017, as follows:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>	<u>Separate financial statements</u>		
	<u>For the year ended December 31,</u>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Accounting loss before tax	(643,177)	(1,432,378)	(623,006)	(1,324,578)
Applicable tax rate	20%	20%	20%	20%
Accounting loss before tax multiplied by applicable tax rate	(128,635)	(286,476)	(124,601)	(264,916)
Effect from change of deferred tax	(10,824)	(10,075)	-	-
Tax effect of income exempt from tax and expenses				
that are not considered as taxable expenses	107,113	247,798	85,824	224,215
Current year loss for which no deferred tax asset was recognised	55,432	50,940	38,777	40,701
Effect of elimination entry on the consolidated financial statements	(33,910)	(12,262)	-	-
Income tax revenues reported in comprehensive income statement	(10,824)	(10,075)	-	-

27. Basic loss per share

Basic loss per share is calculated by dividing loss for the year attributable to equity holders of the Company (excluding other comprehensive income) by the number of issued and paid-up ordinary shares during the period.

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Loss for the year (Unit : Thousand Baht)	(522,860)	(1,320,400)	(623,006)	(1,324,578)
The number of issued and paid-up ordinary shares				
(Unit : Thousand shares)	3,115,270	3,115,268	3,115,270	3,115,268
Basic loss per share (Baht/share)	(0.17)	(0.42)	(0.20)	(0.43)

28. Segment information

Segment information is presented in respect of the Group business segments.

Operating segment information is reported in a manner consistent with the internal reports of the Group 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.

Segment results and operating assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Business segments

For years ended December 31, 2018 and 2017, the Group has only one major geographic segment is a produce and distribution of steel product business

Geographic segments

Management considers that the Group operate in a single geographic area, mainly in Thailand, and has, therefore, only one major geographic segment.

Major customers

For the years ended December 31, 2018, the Group has revenues from 2 customers amount of Baht 168.04 million of the Group total revenues. (2017 : revenues from 4 customers, amount of Baht 635.21 million.)

29. Obligations and contingent liabilities

Certain liabilities shown on the financial statements, the Group still remains contingent liabilities with commercial banks and third party as follows:-

29.1 The Group had letter of guarantee has bank as follows:-

(Unit: Million Baht)

	<u>Consolidated/Separate financial statements</u>			
	<u>As at December 31</u>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
- Letter of guarantee has bank deposit				
of the Group pledge for collateral	2.90	3.50	1.25	1.85

29.2 Litigation

- (a) As at December 31, 2018 and 2017, a lawsuit had been filed against the Company claiming in the amount of Baht 25.35 million. This comprised debt amount of Baht 24.61 million arising from the purchase of goods and interest charges amount of Baht 0.74 million and interest rate at 12.00% per annum until the payment is settled. The civil court ordered the Company to pay the creditor. Currently the Company has already paid the whole amount of principle debt. The remaining interest expenses amount of Baht 0.84 million, the Company has negotiated with creditor to waived the remaining amount.

- (b) As at December 31, 2018, a lawsuit had been filed against the Company regarding breach of the contract, promissory notes, forced mortgage and guarantor as mention in note to financial statement No.16. Which claiming in the amount of Baht 19.73 million plus interest rate to 15.00% per annum. This principle debt amount of Baht 16.00 million. The Company has appeal against the judgement and the lawsuit has not been finalized. A lawsuit is in between considered of the Court.
- (c) As at December 31, 2018 and 2017 a lawsuit had been filed against Rich Asia Industry Company Limited (the subsidiary company) regarding breach of the contract for work hiring which claiming in the amount of Baht 1.63 million. The subsidiary company submitted a filed against a lawsuit. Later, on December 26, 2017 the Court dismissed the case. However, the plaintiff submitted a letter appealing to the court. Later, on September 27, 2018 the appeal court has reversal of civil court judgement and passes the judgement order to the subsidiary company pay the creditor in amount of Baht 1.21 million plus interest rate at 7.50% per annum. The subsidiary company has appeal against the judgement to the Supreme Court and of the lawsuit has not been finalized. A lawsuit is in between considered of the court and therefore the subsidiary company has not recorded provision liability.
- (d) As at December 31, 2018 a lawsuit had been filed against Rich Asia Industry Company Limited (the subsidiary company) from the representative of debenture holders of the Company regarding breach of contract and enforce mortgage land and building which the subsidiary company has pledge as collateral for guarantee the repayment to the debenture holders as mention in note to financial statement No. 19 in the credit limit in amount of Baht 400.00 million plus interest rate at 8.50% per annum. Later, the subsidiary company and the representative of debenture holders entered into compromise agreement as mention in the note to financial statements No. 34.2. In order to settle disputes in this lawsuit the Court considers that the compromise agreement is not against the law and therefore judges the lawsuit to be completed in accordance with the compromise agreement.

29.3 Tax assessment

During the quarter 1/2017, the Company received a value added tax assessment notice from the Revenue Department, covering the years 2012 through 2014, and assessing tax amounting to approximately amount of Baht 202.13 million (including penalties and surcharges). The Company did not agree with the assessments and submitted a letter appealing the assessment to the Tax Appeal Committee of the Revenue Department on April 11, 2017 and the appeal is currently under consideration by the Committee. Anyway the Revenue Department has issued a warning letter to the Company to pay the outstanding taxes in February and August 2018 and has ordered to sequester some bank deposit account of the Company in September 2018. However, the management believes that the outcome of the case will be favorable to the Company and therefore, the Company has not recorded provision for the tax assessments in the accounts.

30. Financial instruments

30.1 Policy to manage financial risk

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

30.2 Interest rate risk

Interest rate risk is derived from fluctuation of interest rates in the future which affects upon operation result and the cash flow. The Group constitute risk from rate of interest in deposits at financial institutions, loan to related company, bank overdrafts, loan from the financial institutions, loan from others person and companies, loans from related company and liabilities under finance lease agreement.

(Unit: Million Baht)

Consolidated financial statements

	<u>Amount</u>		<u>Interest rate per annum (%)</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Saving deposit	0.06	101.62	0.10-0.50	0.10-0.50
Current bank deposit, interest bearing	17.39	25.19	1.00	1.00
Short-term loans from to other person	2.30	-	-	-
Restriction bank deposit	3.08	3.83	0.80-1.00	0.80-1.00
Short-term loans from financial institutions	15.40	16.00	6.25-15.00	6.25-15.00
Short-term loan from other person and parties	125.00	125.00	7.50-15.00	7.50-15.00
Debentures	1,230.00	1,230.00	6.20-8.50	6.20-8.50
Debt under restructuring agreement	537.75	537.75	8.75-21.00	8.75-15.00

(Unit: Million Baht)

Separate financial statements

	<u>Amount</u>		<u>Interest rate per annum (%)</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Saving deposit	-	101.18	-	0.10-0.50
Current bank deposit, interest bearing	-	25.19	-	1.00
Short-term loans to subsidiary company	595.94	391.60	8.00	8.00
Short-term loan to other person	2.30	-	-	-
Restriction bank deposit	1.35	1.93	1.00	0.88-1.00
Short-term loans from financial institutions	15.40	16.00	6.25-15.00	6.25-15.00
Short-term loan from other person and parties	125.00	125.00	7.50-15.00	7.50-15.00
Debentures	1,230.00	1,230.00	6.50-8.50	6.20-8.50
Debt under restructuring agreement	537.75	537.75	8.75-21.00	8.75-15.00

30.3 Exchange rate risk

The Group had exchange rate risk which involves with purchase or sales products in foreign currencies as a result, the Group constitute risk with respect to the change of exchange rate. However, the Group will consider using appropriately financial derivative so as to hedge against such risk when the exchange rate situation holds unstable trend. The Group obtained assets and liabilities in foreign currencies over which the contract to hedge against risk of exchange rates has not been conducted as follows:-

<u>Currency</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Assets</u>				
Million US Dollor	9.92	9.36	7.08	6.52
<u>Liabilities</u>				
Million US Dollor	2.57	2.57	2.57	2.57

30.4 Credit risk

The Group obtain credit risk to trade debts. As result, the Group do not anticipate material losses from their debt collection outside those for which provision has already been set aside.

30.5 Fair Value

Since most of the financial assets and liabilities are short-term and loans bearing interest rates closed to market rates, the Group's management believes such financial assets and liabilities are presented in value not materially different from relevant fair value

31. Fair value hierarchy

As of December 31, 2018 and 2017, the Group had the assets and liabilities that were disclosed fair value which using different levels of inputs to be used in fair value measurement as follows:-

(Unit : Million Baht)

	<u>Consolidated/Separate financial statements</u>							
	<u>As at December 31, 2018</u>				<u>As at December 31, 2017</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets disclosed at fair value</u>								
Investment properties (Note 13)	-	-	29.15	29.15	-	-	30.56	30.56

32. Provident fund

The Company had provident fund covering substantially all employees. This fund was registered with the Ministry of Finance under the Provident Fund Act B.E.2530, in the name of “TISCO 2 Registered Provident Fund”. The fund is contributed to by the Company and its employees at rates ranging from 2% of the employees’ salaries the Fund is managed by Tisco Securities Company Limited and will be paid to the employees upon termination in accordance with the rules of fund. The contributions are recognized as expenses in the year in when they are incurred. For the year ended 2018 and 2017, the Company has provident fund expense in amount of Baht 0.33 million and Baht 0.26 million respectively.

33 The correction of errors

The Group has corrected an error regarding recognition of investment in associated company with recognize by equity method in the consolidated financial statement due to the Group under recognized the difference between the cost of the investment and theirs share of the net fair value of the investee's identifiable assets and liabilities as at the date of such investment changed to associate company including share of gain or loss in depreciation on such assets. The Group correction of error by retrospective adjusted the consolidated financial statements presented herein for comparison, which the effect can be summaries are as follows:-

(Unit: Million Baht)			
Consolidated financial statements			
	Before adjustment	Adjustment	After adjustment
Statement of Financial Position			
As at January 1, 2017			
Investment in associate	177,360	16,205	193,565
Deficit	(2,180,053)	16,205	(2,163,848)
Statement of Financial Position			
As at December 31, 2017			
Investment in associate	165,875	13,896	179,771
Deficit	(3,498,144)	13,896	(3,484,248)
Statement of Comprehensive Income			
For the year ended December 31, 2017			
Share of loss on investment in associate	(11,463)	(2,310)	(13,773)

34. Event after the reporting period

34.1 In accordance with minute of the Extraordinary General Meeting of Shareholders of No. 1/2019 of Rich Asia Utilities Co, Ltd. (the subsidiary company) dated on February 11, 2019 has resolution approved to change the name memorandum of association and rubber stamp of the Company is SKYWELL (THAILAND) COMPANY LIMITED which the subsidiary company has registered with the ministry of Commerce on February 12, 2019.

34.2 In according with minute of the Company's board of directors meeting No. 1/2019 dated on February 18, 2019 has unanimously resolved for the Rich Asia Industry Co, Ltd. (the subsidiary company) to dispose of land and building at the price of Baht 550.00 million, which is in accordance with the resolution of Extraordinary General Shareholder Meeting No. 1/2019 of the subsidiary company dated on March 8, 2019, for repayment the debenture to the representative of debenture holder of the Company. The subsidiary company subrogated the right from the existing debenture holders. However, the land and buildings have fair value as of transaction dated according to the appraisal report with the valuation of land and buildings by an appraiser approved by the Securities and Exchange Commission (the "SEC") amount of Baht 502.90 million.

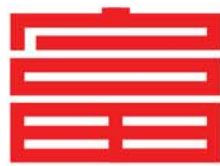
However, the subsidiary company has performed the legal transaction of disposing of land and buildings to the representative of debenture holder of the Company at the Samut Sakhon Land Office on August 23, 2019 and on the same day the subsidiary company entered into a lease agreement to rent is 2 years and 1 month at rate of Baht 0.53 million per month, starting from August 23, 2019 onwards. However, not less than 6 months before the end of the rental period, the representative of debenture holder of the Company and the subsidiary company agree to negotiate about the rental renewals. In case of there is on negotiation, it is considered that the subsidiary company does not desire to continue such rental assets and this disposal does not have an agreement or contract for the right to buy back.

34.3 In May 2019, a lawsuit had been filed against the Company regarding breach of the contract for credit, guarantor, forced mortgage, receiving debt condition and claiming damages as mention in note to financial statement No.20. Which claiming in the amount of Baht 1,117.27 million plus interest rate to 21.00% per annum. This principle debt amount of Baht 579.51 million. A lawsuit is in between considered of the Court.

34.4 In according with minute of the Company's board of directors meeting No. 3/2019 dated on September 9, 2019 has resolution to approve of the Company to dispose ordinary shares of Skywell (Thailand) Co., Ltd. (the subsidiary company) amount of 0.40 million shares with a par value of Bath 10.00 per share, which the Company has paid 25% of the shares, equivalent to Bath 2.50 per share to 2 other persons sold at the price of Bath 1.00 per share, equivalent to amount of Baht 0.40 million. As a result of the above sale of ordinary shares, the Company's shareholding in such subsidiary company changed from 99.99% to 19.99%.

35. Approval of financial statements

These consolidated and separated financial statements were authorized for issue by the Company's board of director on October 18, 2019.



RICH ASIA
CORPORATION PUBLIC COMPANY LIMITED

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