

**Q&A for the 2020 Annual General Meeting of Shareholders
of
Phol Dhanya Public Company Limited.**

The Meeting was convened on Tuesday April 28, 2020 at 2.00p.m. at The Company's conference room 3rd floor, 1/11 Moo 3 Lamlukka Road, Ladsawai, Lamlukka, Pathumthani 12150, and presided over by Asso.Prof.Dr. Ekachidd Chuungcharoen, Chairman of the Board of Phol Dhanya Public Company Limited. ("Chairman")

Agenda 1 To Acknowledge the Company operating results for 2019

Question in advance:

Shareholder: Dr. Natee Nakthanasukarn

- 1) What is the business execution plan in this year and the next year? How is the operating performance in this year and the next year going to be like?

Answer: Prior to COVID-19, it has been forecasted that the economic slowdown in 2019 will remain a continuous phenomenon due to the US-China trade war, affecting the industrial sector and export in many segments. However, there is an improved outlook from the continuous expansion of the EEC, clearer agreements of the trade war, which entailed the relocation of production base to Thailand to a certain extent. Furthermore, purchasing amounts from the government sector customers still remain as usual. For the water treatment business, given the more severe water shortage crisis and environmental conservation trend, both private and public sector, as well as industrial factories have been more attentive to water management. So, the growth outlook is still positive, with the average target growth rate of 10-15% from 3 core businesses; SAFETY, CE and WATER.

After COVID-19, customers in affected industries have been in a temporary shutdown as regulated by the government and have lowered production capacity. As a result, some segments such as automotive, petrochemicals, construction and transportation, have delayed or cancelled purchase orders from March onwards. However, SAFETY and CE products have been more in demand in public health and hospital sectors, especially personal protective equipment or PPE; masks, gloves, protective gears. Furthermore, the supply shortage has increased purchasing demand in some sectors such as electronics, since the products are essential for the production process, contributing to generate revenue to compensate the drop in other sectors.

The Company forecasted that if the situation improves, customers are likely to come back, though not to the point initially forecasted. The Company may need to adjust the plan to focus on the medical sector, where PPE products or other relevant products are in high demand, potentially continuing through to the end of the year and the future. The majority of populations have the knowledge and understanding in safety, with more uses of protective equipment and they feel the need to prepare for the safety equipment to cope with the situation. Thus, the Company has been emphasizing on studying and sourcing standardized innovative products to sell, as well as health care products or those that are used in hospitals. Meanwhile, there are more sellers in the market, which will lead to higher competition in the future, possibly lowering the profit in this market. This is something that needs to be monitored in the future.



- 2) With regards to the investment capital in the water business, how much is the total loss, and how much is the loss per share?

Answer: The investment capital at the end of 2019 incurred a loss of approximately 44.3 million Baht, equivalent to 0.22 Baht per share.

Shareholder: Khun Thanaporn Imjai

- 1) Shareholders who are medical personnel should be entitled to buy N95 masks.

Answer: Shareholders can purchase the Company's products via different distribution channels like general customers can, for instance, pholonline website or direct contact with the Company. Given the shortage of N95 masks following COVID-19 outbreak, the Company has been trying to ensure that products are sufficiently available for customers' demand. And from the recent situation, the Company's policy prioritized distributing masks to hospitals and medical personnel.

- 2) Regarding the operations of a new business such as the water business that Phol does not have expertise in, why not consider operating a more familiar business, such as producing masks or gloves.

Answer: The Company has been operating the water business since 2009 up until now, with continuous improvement along the way. The Company believes that the human resources are knowledgeable and have adequate expertise in the water treatment business.

Since the nature of the Company's business is based on trading, being in this business for a long time is considered as having expertise in the distribution of safety, occupational health and environment products. In terms of manufacturing, the Company collaborates with the manufacturers to outsource production and develop house brands, which allows more flexibility and adaptability compared to constructing own production facility that requires high investment, while the Company does not have enough expertise to operate the industrial plant. Furthermore, industrial plants can easily be disrupted, as seen from low entry barrier of masks or gloves producers, hence the margin may not be worthwhile to invest in the production facility.

Under the COVID-19 situation, it can be seen that demand for protective equipment is high, presenting business opportunities in producing, sourcing or developing new innovation such as UV chambers, N95, spare parts related to safety products and others to further develop the business.

Answer: During the COVID-19 situation, the Company has been sourcing new products to sell such as different types of germ protection masks, face shields, body temperature measurement tools, UV sterilizing chambers, disinfectants and alcohol gel, etc.

Shareholder: Khun Kiat Sumongkolthanakul

- 1) Please provide a summary of the subsidiaries' performance and what is the management direction for Phol Dhanya (Cambodia) Co., Ltd. in the future? (additional by Khun Rattana Tansakul, representative of the Thai Investors Association).

Answer: Currently there are 3 subsidiaries as follows:

1. Phol Palladium Co., Ltd.; 100% owned by Phol, operating the distribution business for safety, occupational health and environment-related products, as well as rescue works and disasters, mainly focusing on government and state enterprise customers.

2. Phol Water Co., Ltd.; 100% owned by Phol, operating civil engineering business; designing and producing water treatment system for consumption, as well as distributing products and equipment related to system maintenance.
3. Phol Dhanya (Cambodia) Co., Ltd., located in Cambodia and 100% owned by Phol. Currently the company is not operating the business, liquidation under process.

2) Referring to the Annual Report 2019, Revenue Structure Section, page 28, the total amount is incoherent with the amount shown in the income statement, page 118.

Answer: The revenue structure on page 28 displays sales and service revenue from 3 product and service categories of 911.85 million Baht (SAFETY; 719.42 million Baht, CE; 167.96 million Baht and WATER; 24.48 million Baht), and other revenue of 18.59 million Baht. For the income statement on page 118, the amount shown is the sales and service revenue of 911.85 million Baht, not including other revenue, which is detailed in the line next to gross profit.

3) What is the reason for the reversal of the fine for delayed project delivery of 0.58 million Baht on the income statement?

Answer: It is the estimation of the fine additionally booked for the water work construction project at Baan Sa Pung Community, Muang Noi sub-district. This is because the Sub-District Administration Office called for the amendment of the plan, and the signing for payment receipt has not been completed, so the estimated fines have been allocated accordingly.

4) Regarding the allocation of loss for Phol Water Co., Ltd. in 2018 of 5.77 million Baht and in 2019 of 4.03 million Baht, on page 143, with the total investment capital as of December 31, 2019 of 4.405 million Baht, will this be treated as the expense in 2020? What is the likelihood of the company continuing to operate this business?

Answer: In 2020, the subsidiary took on more projects and the operating performance shall improve from 2019. Hence, the prospect of a loss has not been allocated as such and the Company still can grasp growth opportunity in the water treatment business, according to the answer mention item 1) in regarding the execution plan.

Agenda 2 To consider and approve of the Audited Consolidated Financial Statements of the Company for the financial year end as of 31 December, 2019

Question in advance:

Shareholder: Khun Kiat Sumongkolthanakul

1) From the Annual Report 2019

- Page 38 states that the investment capital of Phol Dhanya (Cambodia) Co., Ltd., is 9.5 million Baht, but the figure shown on page 143 is 6.77 million Baht. Which one is the correct amount?

Answer: The amount 9.5 million Baht on page 38 is the registered capital of the subsidiary (300,000 shares in total, par value of 1 USD per share; at the exchange rate of 31.67 Baht/USD at the time, equivalent to 9.5 million Baht). Initially, the Company's investment stake in a subsidiary was 70%; equivalent to approximately 6.77 million Baht, then in 2015 due to the loss in the operating performance, the Company bought back 30% of the shares at the rate of 1 Baht, hence the investment capital stood at 6.77 million Baht; equivalent to 100% proportion of investment. Details are available in the Annual Report 2019, page 24.

- Page 122 states that the loss incurred from devaluing the product in 2018 was 12.4 million Baht, and in 2019 was 13.5 million Baht. Which product categories do these remaining inventory belong to? And since the figures are quite similar, is it going to be an annual practice?

Answer: The loss from product devaluation in 2018 was incurred from SAFETY products of 8.07 million Baht, CE products of 1.23 million Baht and WATER of 3.10 million Baht.

In 2019, the loss from product devaluation was incurred from SAFETY products of 7.94 million Baht, CE products of 0.44 million Baht and WATER of 5.12 million Baht.

The Company focuses on clearing out the slow-moving inventory and has a stricter plan to manage inventory, so it is expected that the impairment booking shall decrease.

- Page 122 states that the reversal of the product devaluation in 2018 was 1.3 million Baht, and in 2019 of 9.9 million Baht. Which product categories do the reversals belong to? Why the amount in 2019 was so high?

Answer: In 2018, the reversal for devaluation of SAFETY, CE and WATER products stood at 0.98 million Baht, 0.24 million Baht and 0.08 million Baht respectively.

In 2019, the reversal for devaluation of SAFETY, CE and WATER products stood at 8.33 million Baht, 0.24 million Baht and 1.33 million Baht respectively.

The reversal is mainly to accommodate the devaluation of products, since the Company managed to clear out inventory that was previously devalued, which is quite high. In 2019, given the Company's improvement in inventory management, effective storage space management, as well as the execution of clearing out slow-moving items, a large amount of inventory had been cleared out in 2019.

There was no further question raised on this Agenda item. The Chairman proposed that the Shareholders vote by majority votes cast of the total number of votes of the shareholders attending the meeting and casting their votes.

Agenda 7 Others Business (if any)

Question in advance:

Shareholder: Khun Kiat Sumongkolthanakul

- 1) From the outbreak of COVID-19, does the Company carry relevant products? What are they? In 2020, is it possible to anticipate higher sales?

Answer: The Company distributes products related to safety, occupational health, personal protective equipment or PPE, which are essential for the outbreak of COVID-19. Relevant products are, for instance, masks, gloves, protective gears, goggles, etc. Furthermore, the Company also sourced other relevant products to sell; temperature measurement tools, UV sterilizing chambers, disinfectants, and alcohol gel. The recent pandemic has enabled the Company to generate higher revenue from this product category, as well as capture new customers, retail customers and online distribution channels.

- 2) To what extent has the Company been affected by the economic downturn in 2020?

Answer: The answer is the same as in Agenda 1 (with reference to Dr. Natee Nakthanasukarn's question).

Questions in the meeting:

Proxy: Khun Rattana Tansakul

- 1) What is the reason for a very high allowance for doubtful account? What is the potential resolution in the future?

Please also address the increasing loss from the asset impairment from 502,000 Baht in 2018 to 2 million Baht in 2019.

Answer: The allowance for doubtful account stood at 132.73 million Baht, mainly from the allocation of potential loss from contractors responsible for construction fines, whereby the Company has already initiated legal proceedings on these.

The impairment loss from the devaluation of assets of 2 million Baht was carried forward from early 2018, though the Company had divested some assets in 2019. So, the outstanding impairment loss from asset devaluation as of December 31, 2019 stood at 0.867 million Baht, as detailed in the Annual Report 2019, page 148.

- 2) What is the reason for the subsidiary's prosecution? What is the progress of the plaintiff's legal execution?

Answer: It is the filing of lawsuit of a trade creditor towards the subsidiary; PD Genesis Engineering Co., Ltd. The case has reached its ultimate point and the plaintiff can exercise one's right to execute the case towards the subsidiary's assets. Currently, there is no progress regarding the legal execution.

Shareholder: Dr. Natee Nakthanasukarn

- 1) Has the Company divested 'all' of the groundwater drilling machinery (page 30)? If no, how much is the remaining inventory? When can all of them possibly be divested?

Answer: The Company had already divested all of the groundwater drilling machinery.

- 2) What is the debt settlement plan in this year and the next year? What is the D/E ratio target?

Answer: As of December 31, 2019, the outstanding long-term debt stood at 22 million Baht, with the D/E ratio of 0.88x. Under the current situation, the Company still maintains the policy to keep the D/E ratio under 1x.

******Thanks You******