



Annual Report 2016

Home Product Center Plc.





Thank you

for letting us be a part of your
home for over 20 years.



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“Impressed by
every visit”



มีสองบัตรลดดับเนื่อ

Thank you for always thinking of HomePro.

HomePro never stops product development and assortment in order to achieve the best product quality and increase product varieties to serve customers of all ages and lifestyle.



Elder Care

HomePro concerns about the safety of the people you love and care for. We provide products for the elderly that emphasize the safety and convenience in all areas of the home, including special-sized toilet bowls, grab handles / rails, anti-slip rubber flooring, adjustable beds, automatic lighting system and more. If you are interested, you can visit our mockup rooms located at Rama 3 and Ratchaphruek Stores.



Bike Club

HomePro can also be the answer to health-conscious people who love cycling by providing various types of bikes ranging from beginners to professionals, such as road bike, mountain bike, foldable bike, children's bike, etc. HomePro provides bike accessories along with many services – including cleaning, maintenance and fitting service – to select the suitable bike for the body of each individual. Fitness equipment is also included.



HomePro Living

A shopping store for home products and many lifestyle products with various ideas, focusing on convenience and modern design that suit the lifestyle of every family member and residence of the new generation. In 2016, two new HomePro Living pilot stores was opened in Lat Krabang (The Paseo) and Terminal 21 Korat.

“Home problems
become simple”





Thank you for your trust in us.

Since HomePro continues to develop employee potential, we provide product knowledge and service training to ensure our employees are able to offer the correct advice to customers.



Digital Training

A new way of learning through smart phones and tablets. Study required courses applicable to work anywhere, anytime.

Digital Training is an easy way of learning, which helps save time and transportation cost for employees in more than 80 stores nationwide.



On the Job Training

HomePro creates Coaching and Mentoring culture within the Company through On-the-Job Training where Supervisors share their knowledge, practical guidelines, and experience to new employees during normal working situations.

“No matter how far,
HomePro delivers”



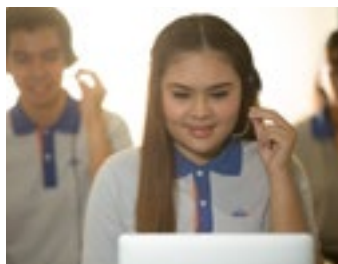
Thank you for trusting in our services.

HomePro offers more convenient options to customers with “Exchange, Return and Repair service at any store nationwide” and “Delivery service throughout Thailand”, which enable customers to purchase products and deliver them to their loved ones in provinces far away free of charge (conditions applied).



Convenient shopping, simple exchange, easy repair

At 80 HomePro stores nationwide.



Call Center

Make an inquiry about products and services, listen to special offers and track deliveries.

Contact call center at 02-831-6000



Online shopping

Shopping for home products anywhere, anytime, with many privileges at www.homepro.co.th. You can also receive news, updates and special privileges via:



HomePro
Application



HomePro
Thailand



HomePro
Official Account



HOMEPRO
THAILAND

“Shop More, Save More”



Thank you for every time you shop at HomePro.

HomePro offers many special privileges to add more value to every purchase made by our customers.



HomeCard

HomeCard holders will receive maximum of 5% discount on any purchase of products and services. Earn 1 point for every 30 Baht spent. Every 1,000 points can be redeemed for a 100 Baht gift voucher to shop at HomePro. The points can also be redeemed for the right to attend workshop activities with HomePro. By the end of 2016, there were more than 3 million HomeCard holders.



HomePro Visa Platinum Credit Card

A credit card that answers every aesthetic and lifestyle. Cardholders will receive various privileges such as:

- 3% discount on all products when paid with the card.
- 10% discount on any Home Service purchase.
- 13% discount when redeeming the same amount of points as purchase amount.
- 0% interest payment plan for 10 months or as the conditions applied.
- Collect points to use as discount, redeem for gifts or use as cash vouchers at participating shops.
- 2% cash back when paying for petrol at Bangchak gas stations.
- 1% cash back when paying utility bills and monthly fees.
- Travel accident insurance at the limit of 6 million Baht.



โฮมเมคโอเวอร์ ปรับบ้าน เปลี่ยนชีวิต



“Convenient, complete
and finish in one place”



Thank you for letting HomePro take care of you.



Home Service

We provide Home Service with over 1,000 professional teams ready to design, decorate, repair, check, and improve customers' home on demand, because we understand that home issues can occur at any time.



Home Makeover

Full house renovation that customers can design and control their own budget. Home Makeover includes

inspection, expansion, painting, solving for leakages, plumbing, electrical services, etc. HomePro delivers on time and customers can check every step of our work process. We also guarantee our quality according to set conditions.

Why Home Makeover!

- ✓ Never abandon work
- ✓ On time delivery
- ✓ Budget control
- ✓ Quality control team
- ✓ Design with complete functions for every area
- ✓ Quality guarantee

“congenial for
contractors”



Thank you
for all your support

Mega Home

Mega Home is the center for construction materials with over 80,000 items to choose from. In 2016, Mega Home opened 4 new stores making the total of 11 stores with more than 400,000 members.



“Shop in Malaysia for
the same complete
product range”

HomePro Malaysia

HomePro Malaysia is the first comprehensive home center in Malaysia with the first store operating in IOI City Mall. In 2016, HomePro opened a new store at Summit USJ shopping mall in Subang Jaya, making the total of 2 stores in Malaysia.

HomePro

HomePro is the leading home improvement retailer in Thailand.



Product Range



40,000-80,000
items

The core of product selection is its determination to bring the best products to customers; therefore, completeness, quality, and worthiness are at the heart of our products.

Home Service



+1,000
teams

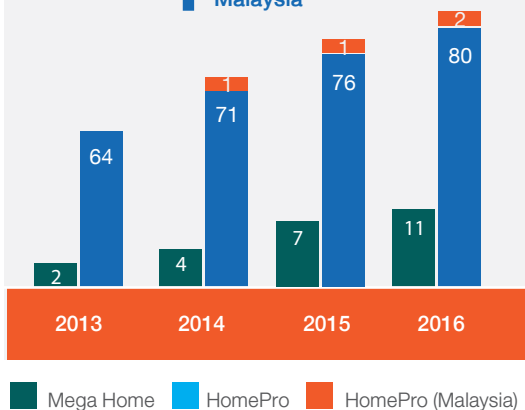
Home improvement service was designed by HomePro from our true understanding of customer needs. Our professional technicians, who have knowledge in their jobs, will provide the service and help customers accurately manage budget and time.

No. of New Stores



4 HomePro Stores **4** Mega Home Stores

1 HomePro Malaysia



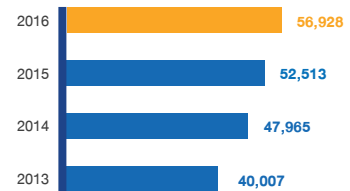
Our Associates



+10,800 persons

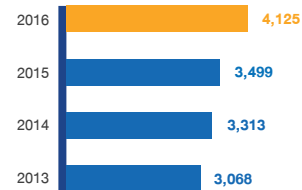
Sales (Million Baht)

+8.4%



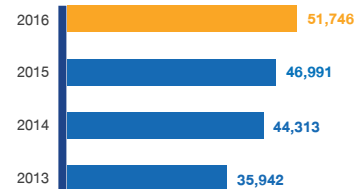
Net Profit (Million Baht)

+17.9%



Total Asset (Million Baht)

+10.1%



Home Card and Mega Home Card

+3.5 million members



Privileges provide to our valued customers. Cardholders will get a discount for purchasing products or services and every purchase made with the card will accumulate points to redeem a cash equivalent for the next purchase. Besides that, the customers also get other privileges.

MESSAGE FROM THE BOARD OF DIRECTORS

Dear Shareholders,

Thai economy in 2016 grew at a slow pace and was affected by the risk from domestic and foreign factors; for example, the impact from the sluggishness and uncertainty of the world economy, the decreased price of agricultural products, the deceleration of household consumption and investment in private sectors, and the high level of household debt. However, the government tried to stimulate the economy and increase consumer confidence through various policies; for instance, the disbursement on infrastructure investment projects, tax incentives to encourage domestic investment in private sectors, cash handouts to low-income people, improving liquidity for SME, “Help Thailand Welcome New Year Together” project, and “Shopping for the nation” project the year-end shopping tax break implemented for 2 consecutive years.

Business Expansion

The Company opened 4 new HomePro stores located in Chaiyapruk, Bang Sare, Rama 9 and Srinakarin, and relocated a branch in Rama 3. The Company opened 4 new Mega Home stores in Rojana, Hat Yai, Nakhon Ratchasima and Nakhon Phanom, and opened an overseas HomePro branch in Summit USJ Mall in Subang Jaya, Malaysia. As of December 2016, the Company has 80 HomePro stores, 11 Mega Home stores and 2 overseas HomePro stores in Malaysia. The performance of HomePro and Mega Home were overall satisfactory. The performance of HomePro in Malaysia was better than the expected target. The Company continues to open new stores to achieve and increase the economy of scale in the future.

In addition, in 2016 the Company expanded into new market groups under the concept of fulfilling various demands of customers that are (1) Bike Club: a bike center providing a complete range of related services. (2) HomePro Living: a home furniture and decoration shopping center offering functional and modern design products suitable for all lifestyles.

For future target, the Company focuses on store expansion in Bangkok, major cities with economic significance in other provinces, and neighboring countries. The Company will also renovate existing stores to make them more modern and improve the shopping atmosphere, as well as explore new product lines and services to create value and answer customer demands effectively. In addition, the Company will focus on enhancing the development and management of stores along

with striving to save energy by incorporating more environmentally friendly technology.

Operating Performance

For the performance in the first half of 2016, sales revenue grew higher due to the same-store sale as well as business growth from new HomePro and Mega Home stores, especially for cooling merchandise group. For the second half of 2016, sales volume from existing stores grew at a slow pace as a result of economic pressures. The total sales volume continue to grow, a result of new HomePro stores, Mega Home, HomePro Malaysia, sales from “HomePro Fair” organized in July for the first time, and new business expansions including Bike Club and HomePro Living.

An overview of other aspects in 2016; sales expenses increased according to the business expansion, while administrative and other expenses decreased from the efficiency improvement of internal operations and activities to reduce losses (Lean Management) resulting in an increased net profit by 17.90% compared to last year. In addition to the business expansion, the Company continues to seek and improve products and services by offering more choices to customers. The Company offers additional benefits to customers with Home Card membership, which currently has over 3 million members.

Management for Sustainability

Home Service past experiences helps HomePro understand customers’ needs and problems of home maintenance and repairment. In 2016, HomePro



introduced a new service innovation known as “Home Makeover”, providing home renovation services by a team of experts who supervises the project from start to finish, assists in budget control, and guarantees the quality according to the condition.

The Company operates upon good corporate governance practices, including fair operations, anti-corruption, and stakeholders’ responsibilities. Therefore, the Company was rated and rewarded various national and international awards, for instance:

- Receiving a full score of 100 from the Thai Investors Association for the assessment on the quality of shareholders’ meeting for 8 consecutive years.
- Rated a governance level of “Excellence: 5 stars” from the Thai Institute of Directors Association (IOD).
- Being selected as 1 of 100 listed companies having outstanding progress in Environmental, Social, and Governance (ESG) performance from Thaipat Institute.
- Being listed in “MSCI Global Sustainability Indexes” and “MSCI Global SRI Indexes” with “A” rating from Morgan Stanley Capital International.
- Being listed in “FTSE4Good Emerging Index” and “FTSE4Good ASEAN 5 Index” the indexes evaluate ESG issues of listed companies in Thailand and ASEAN.
- Receiving “Outstanding Investor Relations Awards” in the SET Awards 2016, the awards are given to

companies with outstanding performance in conducting investor relations activities. The participation of all parties within the company is the key part for the consideration.

- Being listed in “Thailand Sustainability Investment (THSI)” for 2 consecutive years, and receiving SET Sustainability Awards 2016 for “Rising Star”.

Throughout 2016, the Company operated the business with great effort under the pressure of the economy and society from every direction. The Board of Directors would like to thank all shareholders, customers and partner businesses for always trusting and supporting the Company. The Board of Directors would also like to thank over 10,800 fellow employees of the Company and subsidiaries for their dedication and good teamwork to help the Company reach the goal. The Company affirms the intention to operate under good corporate governance by taking into account the benefits of all stakeholders in order to drive the growth of every party together, steadily and sustainably.

(Mr. Anant Asavabhokin)
Chairman

(Mr. Khunawut Thumpomkul)
Managing Director

EXECUTIVE COMMITTEE'S REPORT

Dear Shareholders,

The Company has the Executive Committee to monitor the operational performance on a monthly basis, analyze the competitive landscape, as well as consider and screen on new investments and business expansions to make the Company achieve its targeted goals and strategies as planned. The executive committee consists of 4 members including Mr. Manit Udomkunnatum, as Chairman, Mr. Naporn Sunthornchitcharoen and Mr. Rutt Phanijphand, as Directors, and Mr. Khunawut Thumpomkul who performs as both Executive Director and Managing Director to acknowledge and directly employ the committee's advice to the Company's operation.

In 2016, the Executive Committee had 12 meetings in total and reported the summary of operational performance to the Board of Directors. Details of meeting attendance by the Executive Committee are as follows:

Name – Surname	Position	Attendance / Number of meeting in 2016
1. Mr. Manit Udomkunnatum	Chairman of the Executive Committee	12 / 12
2. Mr. Khunawut Thumpomkul	Executive Director	12 / 12
3. Mr. Naporn Sunthornchitcharoen	Executive Director	12 / 12
4. Mr. Rutt Phanijphand	Executive Director	12 / 12

Essence of the work performed in year 2016 can be summarized as follows:

1. Having considered and reviewed the operational performance on a monthly basis to be in line as planned, as well as screening the Company's strategies and issues requiring preliminary decision making prior to be proposed for the Board of Directors' approval.
2. Having considered and reviewed investments, branches expansion, and annual budget allocation to be accurate and according to the Company's strategies, as well as proposing other strategic plans to the Board of Directors.
3. Having considered and conducted a feasibility study, as well as advising the Managing Director and Executives on operational management.
4. Having approved other Board-assigned transactions on a case-by-case basis.



(Mr. Manit Udomkunnatum)
Chairman of Executive Committee

NOMINATION AND REMUNERATION COMMITTEE'S REPORT

Dear Shareholders,

The Nomination and Remuneration Committee has duly performed its duties as assigned by the Board of Directors, and as specified in the charter of the Nomination and Remuneration Committee, in determining the recruitment procedures and criteria for selecting the Director and Managing Director positions, as well as the nomination of potential candidates for the Director position. The Committee is also in charge of; regulating the remuneration procedures and criteria, and other benefits entitled to the Board of Directors and committee members; considering and proposing the annual remuneration policies and other benefits for the Managing Director, in accordance with the scope of duties, responsibilities and performance criteria based on different indicators; and lastly allocating budgets for salary increase, bonus, welfare and other benefits for employees working for the Company and its subsidiaries.

There were 2 meetings of Nomination and Remuneration Committee, detail of meeting attendance by the Nomination and Remuneration Committee are as follows:

Name- Surname	Position	Attendance / Number of meeting in 2016
1. Mr. Rutt Phanijphand	Chairman of the Nomination and Remuneration Committee	2 / 2
2. Mr. Chanin Roonsamrarn	Nomination and Remuneration Committee	2 / 2
3. Mr. Naporn Soonthornchitcharoen	Nomination and Remuneration Committee	2 / 2

1. Execute the recruitment and selection activities for the positions of Company Directors and committee members in replacement of those whose term of office has come to an end. The consideration was based upon the appropriate qualifications of the individuals as specified in the Securities and Exchange Commission and the Stock Exchange of Thailand regulations. The successful candidates must not possess characteristics prohibited by law, with considerations to competencies, experiences, knowledge and skills that will be of advantages to the Company. Besides, the Company also granted opportunities to individual shareholders to nominate qualified candidates for the Director position, from October 15, 2015 until January 15, 2016, in order to propose to the Board of Directors and the Annual General Shareholders Meeting 2016 respectively. However, no nominations were made.
2. Evaluate the board of director as a group and consider the remuneration procedures and criteria for the directors and sub-committee members.
3. Evaluate the Managing Director's performance, with regards to the set target in order to determine appropriate remuneration.
4. Consider and allocate budgets for salary increase, annual bonus, welfare and other benefits for employees working for the Company and its subsidiaries to ensure that they are in line with the Company's operating performance and remain competitive in the market and the overall retail business.
5. Giving advice on Human Resource Management and Personal Development.
6. Consider the revision of the charter of the Nomination and Remuneration Committee. There had been no revisions proposed for the year 2016 since the current version is still complete and appropriate.

The Nomination and Remuneration Committee has duly performed its duties in accordance with good governance principle by concerning the maximum Company's and all stakeholders' benefits.



(Mr. Rutt Phanijphand)

Chairman of the Nomination and Remuneration Committee

AUDIT COMMITTEE'S REPORT

Dear Shareholders,

The Audit Committee of the Company consists of 3 independent directors who have abilities, qualifications and independence according to the regulations of the Stock Exchange of Thailand by having Mr. Boonsom Lerdhirunwong, as a chairman, Mr. Thaveevat Tatiyamaneeikul and Mr. Chanin Roonsamrarn, as directors.

For the year 2016, the Audit Committee has performed the duty according to the scope of responsibilities as stipulated in the charter of the Audit Committee and according to the assignment from the Board of Directors. There were 12 meetings, and the external auditor was invited to attend for the agenda which was relevant. Details of meeting attendance by the Audit Committee are as follows:

Name - Surname	Position	Attendance / Number of meeting in 2016
Mr. Boonsom Lerdhirunwong	Chairman of Audit Committee	12/12
Mr. Thaveevat Tatiyamaneeikul	Audit Committee	11/12
Mr. Chanin Roonsamrarn	Audit Committee	12/12

The Audit Committee has the duty and responsibilities according to the charter of the Audit Committee and according to the assignment from the Board of Directors, which include the review for the Company in order to have the accurate and sufficient financial statements, have efficient internal control system and corporate governance, have the compliance with relevant laws and regulations, have monitored the transaction which may have conflict of interest in order to be in compliance with the relevant rules and regulations and to earn the utmost benefits to the Company, as well as the selection and proposing the opinion for appointment of the external auditor. Key performance of the Audit Committee can be summarized as follows:

Essence of the Work Performed in year 2016:

1. Having considered and reviewed the Company's quarterly and annual financial statements before such were disclosed to the Stock Exchange of Thailand and the Securities and Exchange Commission, which such was made in the agenda of the review of the Company's financial statements.
2. Having considered the selection and nomination of the external auditor and determination of the audit fee to propose to the Board of Directors for the request for approval from the shareholders' meeting.
3. Having convened with the external auditor for 4 times for considering the guidelines of performance and the scope of auditing as well as the results and recommendation in order to ensure that the financial statement audit has been made completely and appropriately according to the auditing standards which covers the key performance and risks that may affect the proceeding of the Company. Such meetings with the auditor had no attendance of the management.
4. Having convened with the Internal Audit Department for the operation and scope of proceeding, the review of audit plan in order to ensure that the internal audit has been made completely and appropriately according to the internal audit standards. For the year 2016, the internal auditors were made to evaluate the sufficiency and efficiency of the internal control system of the Company and its subsidiaries. In general, and there was an acknowledgement of the report on the result of the audit and following up of the improvement and correction according to the recommendations in order to enhance more effectiveness and efficiency to the internal control system ,as well as enhance the Company to solve problems in timely manner.

5. The Audit Committee reviewed and ensured that the Company operated effectively and efficiently under good governance policy and business ethics. In addition, the Committee added the process for filing complaints and whistleblowing in compliance with good governance and business philosophy of the Company.
6. Having reviewed the performance to be in compliance with the laws on Securities and Stock Exchange, the rules of the Stock Exchange or the laws relevant to the business proceeding of the Company.
7. Having considered the disclosure of information, related party transactions and the transaction which may have conflicts of interest.
8. The Audit Committee evaluated the sufficiency and suitability of the internal control system, which covers the organization, the environment, risk management, control of administration, informational and communication system, and follow-up system. The Committee emphasizes on the efficiency and effectiveness of the internal control system that brings about good governance and drives the management of the Company towards the Three Lines of Defense guidelines.
9. The Audit Committee has reviewed and self-evaluation for the year compared to the good guidelines and charter which such result was effectively implement and in compliance with the stated charter.
10. The Audit Committee reviewed and proposed the Anti-Corruption Policy to Board of Directors for approval. The company would use the policy as guideline on how to appropriately prevent and defend against corruption, along with how to implement and monitor the practice according to the regulations.

The Audit Committee has the following opinion in 2016:

1. The Company's financial statements are reliable, accurate and complete according to the Generally Accepted Accounting Principle and have sufficiently and timely disclosed material information.
2. The Company has sufficient, effective and efficient internal control system, system of operational control, and the tracking system. The internal control was in line with the good corporate governance guidance, transparency, reliable.
3. The Company has not performed any act in violation to the laws on Securities and Stock Exchange, the rules of the Stock Exchange or the laws relevant to the business of the Company.
4. The entering into the related transaction or the transaction which may have conflicts of interest have been made in accordance with the law, the rules of the Stock Exchange of Thailand, with appropriate reason for the utmost benefits for the Company, and have no indication or other observations to imply any abnormal circumstance.
5. The appointed external auditor has abilities, experiences for the work, independence and has no relation or transaction which may cause conflicts of interest with the Company. This can be ensured that the audits were made completely and appropriately according to the accounting standard and also were efficient and transparent.
6. The Audit Committee has reviewed the independency, annual plan and scope of internal audit department as well as considered the result of internal audit and evaluated performance of the head of internal audit. The Audit Committee opines that internal audit of the Company were made independently, sufficiently, and efficiently.
7. The Audit Committee has performed the duty independently, completely and accurately, according to the stated charter of the Audit Committee with good cooperation from every party concerned



Mr. Boonsom Lerdhirunwong
Chairman of the Audit Committee

RISK MANAGEMENT COMMITTEE'S REPORT

Dear Shareholders,

The Company recognized the importance of risk management as to build the confidence in achieving the goal for stakeholders and possible loss prevention or reduction. The Board of Directors had approved to form the Risk Management Committee with duties and responsibilities of risk management policy, business risk assessment and risk management plan.

In 2016, the Risk Management Committee has reviewed and advises the procedures of risk management to control the risk at the acceptable level and conform to the Company's strategies and business plan under good corporate governance. In 2016, the meetings were held 4 times, and the operational essence approaches of the Risk Management Committee were as follows:

1. To follow up and review the Company's risks and risk management plans for the year 2016. The Risk Management Committee evaluates and prioritizes the specific risk as well as considers the sufficient and appropriate of mitigation plan to be conform to the Company's direction and business plan. The mitigation plan was initiated to control or lessen the risk at the acceptable level and not significantly affect the Company's operations.
2. Monitor and control the procedures of risk management that it was execute as planned.
3. To report the performance of Risk Management Committee to the Board of Directors.

The Company focused on Enterprise Risk Management: (1) strategic risk, (2) operational risk (3) compliance risk, and (4) financial risk. The implementation could be summarized as follows.

Strategic Risk

The strategic risk included economic and political risks, maintaining the Company's competitiveness, and business expansions. In 2016, the Company operated conforming to its missions and business plan in order to maintain the leadership of the Company in the Home Solution and Living Experience. The Committee evaluated and monitored Key Risk Indicator which stated the risk level, consider the appropriate of mitigation plan and to control the risk at the acceptable level.

Apart from stated risk above, in 2016, the Committee considers the improvement in technology along with change in customer behavior which trend to interact the transaction via online system (E-Commerce). As a result, the Committee closely monitored and evaluated the impact from that risk, and considers the business plan to prevent the impact to the Company's operation in the future.

Operational Risk

The operational risk included the risk of maintaining and recruiting talented personnel, procurement, logistic, inventory management and efficiency of information and communication technology. In 2016, the Committee monitored the operation plans in order to control those risk at acceptable level so that it won't affect the Company's future business plan.

Risk of maintaining and recruiting talented personnel, the Company provided employees the welfares, benefits, working satisfaction, knowledge and skill developments, and career path support in all levels with the objective of motivating and developing skills of all employees effectively and efficiently.

Risk related to procurement, logistic and inventory management. The Company efficiently control operating cost, manage the inventory at appropriate level to respondents to customer's demands.

Risk relating to Information and Communication Technology, the Company set up Disaster Recovery Plan to support when the system was broken down which will had no effect to the Company's operation. Moreover, the Company determined Business Continuity Management in case of occurrence of unexpected situations.

Apart from the stated risk above, the Committee prioritized the Anti-Corruption issue (Be certified member of Private Sector Collective Action Coalition Against Corruption: CAC) by monitor the Company's operation to be conform with Anti-Corruption guidance.


Compliance Risk

The compliance risk included the risk of legal restrictions. Base on the policy of sustainable business expansions, there have been both domestic and international branch expansions. The Company was aware of and prepared for such risk by the team of legal experts in order to study on legal restrictions, and follow up and analyze effects that could have impacts on the Company growth. The compliance risk was responsible by all related parties including the Board of Directors, executives, and employees, who engage in and responsible for monitoring, controlling, and supervising the operations to comply with related laws and regulations.

Financial Risk

Financial risk included the risk of sufficient financing for the Company to be able to maintain its potential in business operations, branch expansions, and liquidity level for business expansions. Therefore, the Company managed such risk by having the appropriate capital structure. The Company would maintain the low interest-bearing debts to equity ratio and use the proper financial instruments for funding which would be the factor that could help increase the Company's flexibility in financing to be sufficient with the future business expansions.

From the above implementation, the Risk Management Committee has performed in accordance with duties assigned by the Board of Directors. Moreover, it could be ensured that such risk management was effective due to the acceptable risk level from the risk assessment for the year 2016, and there was no risk that had a significant impact to the Company.



(Mr. Khunawut Thumpomkul)
Chairman of the Risk Management Committee

BOARD OF DIRECTORS



**1. Mr. Anant
Asavabhokhin**

Chairman



**2. Mr. Mani
Udomkunatum**

Chairman of the
Executive Committee
Director



**3. Mr. Rutt
Phanijphand**

Nomination and Remuneration
Committee
Executive Director
Director



**4. Mr. Boonsom
Lerdhirunwong**

Chairman of Audit Committee
Independent Director



**5. Mr. Thaveevat
Thatiyamaneeikul**

Audit Committee
Independent Director



**6. Mr. Chanin
Roonsamrarn**

Nomination and Remuneration
Committee
Audit Committee
Independent Director



**7. Mr. Naporn
Sunthornchitcharoen**

Nomination and Remuneration
Committee
Executive Director
Director



**8. Mr. Chadchart
Sittipunt**

Director



**9. Mr. Khunawut
Thumpomkul**

Executive Director
Director
Managing Director



**10. Ms. Suwanna
Buddhaprasart**

Director



**11. Mr. Pornwut
Sarasin**

Independent Director



**12. Mr. Achawin
Asavabhokin**

Director

1. Mr. Anant Asavabhokhin (66 years old)

Chairman (appointed on 29 May 2001)

Authorized Signatory Director

Direct shareholding	Spouse and minor child shareholding	Family relationship with Director and Management
0.15%	None	Mr. Achawin Asavabhokhin's father

Education

Master of Business Administration (MBA), Thammasart University
 Master of Industrial Engineering, Illinois Institute of Technology, USA
 Bachelor of Civil Engineering, Chulalongkorn University

Training

Thai Institute of Directors Association

2004 Directors Certification Program (DCP) 52/2004

Main Occupation Chairman and Chairman of the Executive Committee Land and Houses Plc. (Property Development)

The brief working experience during the past 5 years

Period	Position	Company
Director of 4 listed companies		
2001 – Present	Chairman	Home Product Center Plc. (Retail)
2009 – Present	Chairman	LH Financial Group Plc. (Holding Company)
1985 – Present	Chairman and Chairman of the Executive Committee	Land and Houses Plc. (Property Development)
1983 – Present	Director	Quality Houses Plc. (Property Development)
Director of 15 non-listed companies		
2005 – Present	Chairman	Land and Houses Bank Plc. (Commercial Bank)
2005 – Present	Director	L&H Property Co., Ltd. (Hotel)
2005 – Present	Director	L&H Sathorn Co., Ltd. (Property Development)
2004 – Present	Chairman	LH Real Estate Co., Ltd. (Property Development)
2004 – Present	Director	LH Asset Co., Ltd. (Property Development)
2002 – Present	Director	Land and Houses Property Fund2 Co., Ltd. (Fund Management)
2000 – Present	Director	Land and Houses Property Fund1 Co., Ltd. (Fund Management)
2000 – Present	Director	Asia Asset Advisory Co., Ltd. (Engineering Advisory)
1995 – Present	Director	QH International Co., Ltd. (Property Leasing)
1993 – Present	Director	Siam Thani Real Estate Co., Ltd. (Property Development)
1991 – Present	Director	Boonchai Holding Co., Ltd. (Property Development)
1990 – Present	Director	Siam Thani Property Co., Ltd. (Property Development)
1988 – Present	Director	Atlantic Real Estate Co., Ltd. (Property Development)
1986 – Present	Director	Pacific Real Estate Co., Ltd. (Property Development)
1980 – Present	Director	Plaza Hotel Co., Ltd. (Hotel)

2. Mr. Mani Udomkunatum (71 years old)

Director and Chairman of Executive Committee (appointed on 29 May 2001)

Authorized Signatory Director

Direct shareholding	Spouse and minor child shareholding	Family relationship with Director and Management
2.27%	0.0003%	None

Education

High School

Training

Thai Institute of Directors Association

2004 Directors Accreditation Program (DAP) 29/2004

Main Occupation Director and Executive Director Elysian Development Co., Ltd. (Property Development)

The brief working experience during the past 5 years

Period	Position	Company
Director of 1 listed companies		
2001 – Present	Chairman of Executive Directors and Director	Home Product Center Plc. (Retail)
Director of 6 non-listed companies		
2007 – Present	Director and Chairman of Executive Directors	Elysian Development Co., Ltd. (Property Development)
2006 – Present	Director and Chairman of Executive Directors	Shanghai Inn Co., Ltd. (Hotel)
2003 – Present	Director	Koh Maphrao Island Co., Ltd. (Hotel)
2001 – Present	Director	RLP Co., Ltd. (Leasing Space)
2001 – Present	Chairman of Executive Director	USI Holding Co., Ltd. (Leasing Space)
2001 – Present	Director	Fashion People Co., Ltd. (Clothing Distributor)

3. Mr. Rutt Phanijphand (69 years old)

Executive Director (appointed as the on 21 June 2007)

Chairman of the Nomination and Remuneration Committee (appointed on 29 March 2007)

Director (appointed on 20 December 2001)

Direct shareholding	Spouse and minor child shareholding	Family relationship with Director and Management
None	None	None
Education Master of Science in Business Administration, Fort Hays Kansas State University, USA Bachelor of Science, Kasetsart University		
Training Thai Institute of Directors Association 2016 Corporate Governance for Capital Market Intermediaries (CGI) 14/2016 2010 Financial Institutions Governance Program (FGP) 1/2001 2005 Directors Certification Program (DCP) 61/2005 2003 Directors Accreditation Program (DAP) 4/2003		
Main Occupation Chairman of Executive Committee LH Financial Group Plc. (Holding Company)		
The brief working experience during the past 5 years		
Period	Position	Company
Director of 3 listed companies		
2007 – Present	Executive Director and Chairman of the Nomination and Remuneration Committee	Home Product Center Plc. (Retail)
2001 – Present	Director	
2014 – Present	Audit Committee	Banpu Plc. (Energy)
2005 – Present	Independent Director and Chairman of Remuneration Committee	
2009 – Present	Chairman of Executive Committee	LH Financial Group Plc. (Holding Company)
2001 – 2014	Director, President and Managing Director	Quality Houses Plc. (Property Development)
Director of 3 non-listed companies		
2013 – Present	Chairman	Land and Houses Securities Plc. (Securities Trading)
2010 – Present	Chairman	Land and Houses Asset Management (Asset Management)
2005 – Present	Director and Chairman of Executive Directors	Land and Houses Bank Plc. (Commercial Bank)

4. Mr. Boonsom Lerdhirunwong (63 years old)

Independent Director and Chairman of Audit Committee (appointed on 1 October 2014)

Direct shareholding	Spouse and minor child shareholding	Family relationship with Director and Management
None	None	None
Education Ph.D. of Civil Engineer, INSA Toulouse, France Master of Civil Engineer, Chulalongkorn Univeristy Bachelor of Civil Engineer, Chulalongkorn Univeristy		
Training Thai Institute of Directors Association 2016 Anti-Corruption: The Practical Guide (ACPG) 27/2016 2014 Role of Chairman Program (RCP) 34/2014 2012 Directors Certification Program (DCP) 162/2012 Financial Statements for Directors (FSD) 17/2012 Audit Committee Program (ACP) 41/2012 Monitoring Fraud Risk Management (MFM) 8/2012 Monitoring of the Quality of Financial Reporting (MFR) 16/2012 Monitoring the Internal Audit Function (MIA) 13/2012 Monitoring the System of Internal Control and Risk (MIR) 13/2012		
Others 2014 Corporate Governance: Effectiveness and Accountability in the Boardroom, Kellogg School of Management, Northwestern University 2013 Certificate in Top Executives in the Energy Education Program (Class of 3 rd) 2006 Diploma, the Joint State-Private Sector Course National Defence College (Class of 19 th)		
Main Occupation Chairman and Independent Director Quality Houses Plc. (Property Development)		
The brief working experience during the past 5 years		
Period	Position	Company
Director of 2 listed companies		
2014 – Present	Independent Director and Chairman of Audit Committee	Home Product Center Plc. (Retail)
2015 – Present	Chairman and Independent Director	Quality Houses Plc. (Property Development)
2012 – 2014	Director and Audit Committee	PTT Plc. (Energy and Utilities)
Director of 2 organization		
2015 – Present	Chairman	Thailand institute of Nuclear Technology (Public Organization)
2010 – Present	Director and Chairman of Executive Directors of Building and Infrastructure Committee	The Thai Red Cross Society (Charitable Organization)
2008 – 2013	Dean – Faculty of Engineering	Chulalongkorn University (Educational Institution)
2013 – 2014	Chairman	State Railway of Thailand

5. Mr. Thaveevat Thatiyamaneekul (71 years old)

Independent Director (appointed on 29 May 2001)

Audit Committee (appointed on 19 March 2001)

Direct shareholding	Spouse and minor child shareholding	Family relationship with Director and Management
None	None	None
Education		
Primary School		
Training		
Thai Institute of Directors Association		
2004	Directors Accreditation Program (DAP) 29/2004	
Main Occupation	Chairman of Executive Director	Star Fashion (2008) Co., Ltd. (Garment and Fashion Product Distributor)
The brief working experience during the past 5 years		
Period	Position	Company
Director of 1 listed companies		
2001 – Present	Independent Director and Audit Committee	Home Product Center Plc. (Retail)
Director of 2 non-listed companies		
2013 – Present	Chairman of Executive Director	Manee-pin Co., Ltd. (Holding Company)
1989 – Present	Chairman of Executive Director	Star Fashion (2008) Co., Ltd. (Garment and Fashion Product Distributor)

6. Mr. Chanin Roonsamrarn (69 years old)

Nomination and Remuneration Committee (appointed on 29 March 2007)

Independent Director (appointed on 3 October 2005)

Audit Committee (appointed on 22 September 2005)

Direct shareholding	Spouse and minor child shareholding	Family relationship with Director and Management
None	None	None
Education		
Master of Business Administration (MBA), Fort Hays State University, USA		
Training		
Thai Institute of Directors Association		
2006	DCP Refresher 2/2006	2002 Directors Certification Program (DCP) 15/2002
2005	Audit Committee Program (ACP) 9/2005	2001 Role of Chairman Program (RCM) 6/2001
Main Occupation Director Home Product Center Plc. (Retail)		
The brief working experience during the past 5 years		
Period	Position	Company
Director of 2 listed companies		
2007 – Present	Nomination and Remuneration Committee	Home Product Center Plc. (Retail)
2005 – Present	Independent Director and Audit Committee	
1986 – Present	Independent Director and Audit Committee	Thai Reinsurance Plc. (Insurance)
2003 – 2013	Audit Committee, Independent Director and Chairman of Risk Management Committee	Chubb Samaggi Insurance Plc. (Insurance)
Director of 1 non-listed companies		
2010 – Present	Chairman of Executive Directors	SBL Leasing Co., Ltd. (Leasing)

7. Mr. Naporn Sunthornchitcharoen (58 years old)

Nomination and Remuneration committee (appointed on 1 June 2015)

Director and Executive Director (appointed on 29 May 2001)

Authorized Signatory Director

Direct shareholding		Spouse and minor child shareholding		Family relationship with Director and Management	
None		None		None	
Education					
Master of Business Administration (MBA), Thammasart University					
Bachelor of Civil Engineering, Chiangmai University					
Training					
Thai Institute of Directors Association					
2011	Financial Institutions Governance Program (FGP) 2/2011				
2005	Directors Certification Program (DCP) 53/2005				
2004	Directors Accreditation Program (DAP) 25/2004				
Other					
2006	Diploma, the National Defence College Course				
Main Occupation		Managing Director		Land and Houses Plc. (Property Development)	
The brief working experience during the past 5 years					
Period		Position		Company	
Director of 4 listed companies					
2015 – Present	Nomination and Remuneration committee		Home Product Center Plc. (Retail)		
2007 – Present	Executive Director				
2001 – Present	Director				
2013 – Present	Managing Director		Land and Houses Plc. (Property Development)		
2002 – Present	Director and Executive Director				
2010 – Present	Director, Executive Director and Nomination and Remuneration Committee		LH Financial Group Plc. (Holding Company)		
1994 – Present	Director		Quality Construction Products (Construction Materials Manufacturers and Distributor)		
1994 – 2010	Director		Bangkok Chain Hospital Plc. (Hospital)		
Director of 17 non-listed companies					
2013 – Present	Director		Land and Houses Securities Plc. (Securities Trading)		
2012 – Present	Director		Land and Houses USA, INC (Property Development)		
2005 – Present	Director, Executive Director and Nomination and Remuneration Committee		Land and Houses Bank Plc. (Commercial Bank)		
2005 – Present	Director		Phuket Future Plan Co., Ltd. (Property Development)		
2005 – Present	Director		Double Tree Co., Ltd. (Property Development)		
2004 – Present	Director		LH Real Estate Co., Ltd. (Property Development)		
2004 – Present	Director		LH Asset Co., Ltd. (Property Development)		
2002 – Present	Director		Land and Houses Property Fund 2 Co., Ltd. (Fund Management)		
2001 – Present	Director		Mueng Mai Guthrie Plc. Co., Ltd. (Natural Rubber Production)		
2000 – Present	Director		Land and Houses Property Fund 1 Co., Ltd. (Fund Management)		
1995 – Present	Director		Land and Houses North East Co., Ltd. (Property Development)		
1995 – Present	Director		Land and Houses North Co., Ltd. (Property Development)		
1995 – Present	Director		LH Mueng Mai Co., Ltd. (Property Development)		
1993 – Present	Director		Siam Thani Real Estate Co., Ltd. (Property Development)		
1991 – Present	Director		Siam Thani Property Co., Ltd. (Property Development)		
1988 – Present	Director		Atlantic Real Estate Co., Ltd. (Property Development)		
1986 – Present	Director		Pacific Real Estate Co., Ltd. (Property Development)		

8. Mr. Chadchart Sittipunt (50 years old)

Director (appointed on 1 June 2015)

Authorized Signatory Director

Direct shareholding	Spouse and minor child shareholding	Family relationship with Director and Management
None	None	None
Education Ph.D. in Civil Engineering, University of Illinois, USA Master of Business Administration (MBA), Chulalongkorn University Master of Civil Engineering (Structural), Massachusetts Institute of Technology, USA Bachelor of Civil Engineering, Chulalongkorn University		
Training Thai Institute of Directors Association 2006 Directors Certification Program (DCP) 70/2006 Finance for Non-Finance Directors (FND) 25/2006		
Main Occupation Managing Director Quality Houses Plc. (Property Development)		
The brief working experience during the past 5 years		
Period	Position	Company
Director of 2 listed companies		
2015 – Present	Director	Home Product Center Plc. (Retail)
2015 – Present	Director, President, Managing Director and Chairman of Risk Committee	Quality Houses Plc. (Property Development)
Aug – Dec 2014	Director, Independent Director, Audit Committee and Nomination and Remuneration Committee and Chairman of Risk Committee	Land and Houses Plc. (Property Development)
2008 – 2012	Director, Independent Director, Audit Committee and Nomination and Remuneration Committee	
Director of non-listed company: None		
2012 – 2014	Minister	Minister of Transport (Government Agency)
2012	Deputy Minister of Transport	
2005 – 2012	Assistant Rector Property Management Office	Chulalongkorn University (Educational Institution)
2004 – 2011	Academic Director - Faculty of Engineer	Chulalongkorn University (Educational Institution)

9. Mr. Khunawut Thumpomkul (59 years old)

Director, Executive Director and Managing Director (appointed on 29 May 2001)

Authorized Signatory Director

Direct shareholding	Spouse and minor child shareholding	Family relationship with Director and Management
1.08%	None	None
Education Master of Business Administration (MBA), NIDA Bachelor of Economics, Ramkhamhaeng University		
Training Thai Institute of Directors Association 2001 Directors Certification Program (DCP) 8/2001		
Main Occupation Managing Director Home Product Center Plc. (Retail)		
The brief working experience during the past 5 years		
Period	Position	Company
Director of 2 listed companies		
2001 – Present	Director, Managing Director and Executive Director	Home Product Center Plc. (Retail)
2013 – Present	Director and Executive Director	LH Financial Group Plc. (Holding Company)
Director of 5 non-listed companies		
2013 – Present	Chairman	DC Service Center Co., Ltd. (Distribution Center)
2012 – Present	Director and Executive Director	Land and Houses Bank Plc. (Commercial Bank)
2012 – Present	Chairman	Mega Home Center Co., Ltd. (Retail)
2010 – Present	Chairman	Home Product Center (Malaysia) Sdn. Bhd. (Retail)
2005 – Present	Chairman	Market Village Co., Ltd. (Tenant Management)

10. Ms. Suwanna Buddhaprasart (61 years old)

Director (appointed on 2 July 2003)

Authorized Signatory Director

Direct shareholding		Spouse and minor child shareholding	Family relationship with Director and Management
None		None	None
Education			
Master of Business Administration (MBA), Chulalongkorn Univeristy			
Bachelor of Commerce and Accountancy, Chulalongkorn Univeristy			
Training			
Thai Institute of Directors Association			
2011	Financial Institutions Governance Program (FGP) 3/2011		
2007	Directors Certification Program (DCP) 85/2007		
2004	Directors Accreditation Program (DAP) 29/2004		
Main Occupation	Directors and Managing Director	LH Mall & Hotel Co.Ltd (Property Development)	
The brief working experience during the past 5 years			
Period		Position	Company
Director of 3 listed companies			
2003 – Present	Director	Home Product Center Plc. (Retail)	
2010 – Present	Director	LH Financial Group Plc. (Holding Company)	
2000 – Present	Director, Risk Management Committee, CG Committee, Senior Vice President and Company Secretary	Quality Houses Plc. (Property Development)	
Director of 12 non-listed companies			
2016 - Present	Director and Managing Director	LH Mall & Hotel Co.Ltd (Property Development)	
2016 - Present	Director	Gusto Village Co.,Ltd (Property Development)	
2013 – Present	Director	Property Host Co., Ltd. (Interior)	
2013 – Present	Director	Casa Ville (Cholburi 2010) Co., Ltd. (Property Development)	
2012 – Present	Director	Center Point Hospitality Co., Ltd. (Property Leasing)	
2012 – Present	Director	L&H Hotel Management Co., Ltd. (Hotel)	
2010 – Present	Director	QHouse Precast Co., Ltd. (Interior)	
2008 – Present	Director	L&H Management Co., Ltd. (Hotel)	
2003 – Present	Director	Casa Ville Co., Ltd. (Property Development)	
2003 – Present	Director	QH Management Co., Ltd. (Service)	
2000 – Present	Director	QH International Co., Ltd. (Property Leasing)	
2000 – Present	Director	The Confidence Co., Ltd. (Property Development)	
2013 – 2014	Director	Land and Houses Bank Plc. (Commercial Bank)	
2005 – 2012	Director and Nomination and Remuneration Committee	Land and Houses Bank Plc. (Commercial Bank)	

11. Mr. Pornwut Sarasin (57 years old)

Independent Director (appointed on 1 October 2015)

Direct shareholding	Spouse and minor child shareholding	Family relationship with Director and Management
None	None	None
Education Master of Business Administration (MBA), Pepperdine University, USA Bachelor of Business Administration, Boston University, USA		
Training Thai Institute of Directors Association 2005 Directors Accreditation Program (DAP) 45/2005		
Main Occupation Chairman ThaiNamthip Ltd. (Soft Drinks Bottler)		
The brief working experience during the past 5 years		
Period	Position	Company
Director of 4 listed companies		
2015 – Present	Independent Director	Home Product Center Plc. (Retail)
2015 – Present	Director	Crown Seal Plc. (Packaging)
2009 – Present	Director	AP (Thailand) Plc. (Property Development)
1994 – Present	Director and Chairman of Audit Committee	Charoong Thai Wire & Cable Plc. (Cable Manufacturers and Distributor)
Director of 10 non-listed companies		
2014 – Present	Director	Krungthep Thanakom Co., Ltd. (Logistic)
2014 – Present	Director	Bangkokglass Plc. (Packaging Manufacturers and Distributor)
2013 – Present	Chairman	ThaiNamthip Ltd. (Soft Drinks Bottler)
2000 – Present	Director	Honda Automobile (Thailand) Co., Ltd. (Automobile Manufacturers)
1998 – Present	Director	Denso (Thailand) Co., Ltd. (Electronic Manufacturers)
1993 – Present	Director	Thai Asia Pacific Brewery Co., Ltd. (Drinking Manufacturers and Distributor)
1986 – Present	Director	Thai-MC Co., Ltd. (Chemical Wholesaler)
1986 – Present	Director	Isuzu Motors (Thailand) Co., Ltd. (Automobile Manufacturers)
1986 – Present	Director	Tri Petch Isuzu Co., Ltd. (Automobile Distributor)
1986 – Present	Director	Tri Petch Isuzu Leasing Co., Ltd. (Automobile Leasing)

12. Mr. Achawin Asavabhokin (41 years old)

Director (appointed on 10 April 2014)

Direct shareholding	Spouse and minor child shareholding	Family relationship with Director and Management
None	None	None
Education Bachelor of Economics, University of Pennsylvania, USA Bachelor of Engineering, University of Pennsylvania, USA		
Training Thai Institute of Directors Association 2014 Directors Certification Program (DCP) 193/2014		
Main Occupation Senior Vice President SCB Asset Management (Asset Management)		
The brief working experience during the past 5 years		
Period	Position	Company
Director of 1 listed companies		
2014 – Present	Director	Home Product Center Plc. (Retail)
Management of non-listed company: None		
2011 – Present	Senior Vice President	SCB Asset Management (Asset Management)

MANAGEMENT TEAM

1. Mr. Anuchar Jitjaturunt (53 years old)

Executive Vice President

Direct Shareholding	Shareholding by spouse and minor child
0.11%	None
Highest Level of Education / Training MBA, Sasin Graduate Institute of Business Administration of Chulalongkorn University	
Experience during the past 5 years	
2016- Present	Executive Vice President
2002 - 2016	Senior Vice President Home Product Center Plc.

2. Mr. Weerapun Ungsumalee (54 years old)

Executive Vice President

Direct Shareholding	Shareholding by spouse and minor child
0.05%	None
Highest Level of Education / Training Master of Industrial Engineering, Asian Institute of Technology	
Experience during the past 5 years	
2016- Present	Executive Vice President
2005 - 2016	Senior Vice President Home Product Center Plc.

3. Mr. Kasem Pinmontearntong (58 years old)

Senior Vice President - Operation

Direct Shareholding	Shareholding by spouse and minor child
0.0019%	None
Highest Level of Education / Training Bachelor of Business Administration, Ramkhamhaeng University	
Experience during the past 5 years	
2013 - Present	Senior Vice President
2001 - 2013	District Manager Home Product Center Plc.

4. Mr. Nat Jarlitchana (56 years old)

Senior Vice President - Marketing

Direct Shareholding	Shareholding by spouse and minor child
0.04%	None
Highest Level of Education / Training MBA, Kasetsart University	
Experience during the past 5 years	
2006 - Present	Senior Vice President Home Product Center Plc.

5. Ms. Jarusopha Thumkathikanon (57 years old)

Senior Vice President - Merchandising : Soft Line

Direct Shareholding	Shareholding by spouse and minor child
0.08%	None
Highest Level of Education / Training Bachelor of Economics, The University of The Thai Chamber of Commerce	
Experience during the past 5 years	
2003 - Present	Senior Vice President Home Product Center Plc.

6. Ms. Siriwan Paimsethasin (58 years old)

Senior Vice President - Merchandising :
Home Electric Product

Direct Shareholding	Shareholding by spouse and minor child
0.02%	None
Highest Level of Education / Training Diploma in Business Computing, Dhonburi Rajabhat University	
Experience during the past 5 years	
2011 - Present	Senior Vice President

7. Ms. Sannipa Swangpuen (47 years old)

Senior Vice President - Merchandising: Hard Line

Direct Shareholding	Shareholding by spouse and minor child
0.0008%	None
Highest Level of Education / Training	
Master degree of Accounting, Griffith University, USA	
Experience during the past 5 years	
2014 - Present	Senior Vice President Home Product Center Plc.
1997 - 2013	Senior Manager Ek-Chai Distribution System Co., Ltd.

8. Ms. Ittaporn Srisukwattana (45 years old)

Senior Vice President - Merchandising : Textile and Furniture

Direct Shareholding	Shareholding by spouse and minor child
0.0037%	0.0038%
Highest Level of Education / Training	
MBA, Assumption University	
Experience during the past 5 years	
2015 - Present	Senior Vice President
2010 - 2014	Vice President Home Product Center Plc.

9. Ms. Apiradee Thavilap (45 years old)

Senior Vice President - Merchandising ceramic and sanitary ware

Direct Shareholding	Shareholding by spouse and minor child
0.0006%	None
Highest Level of Education / Training	
MBA, Colorado State University, USA	
Experience during the past 5 years	
2014 - Present	Senior Vice President Home Product Center Plc.
2012 - 2013	Head of Commercial Support Ek-Chai Distribution System Co., Ltd.

10. Ms. Thanomsri Rujirekeserikul (49 years old)

Senior Vice President - Direct Sourcing

Direct Shareholding	Shareholding by spouse and minor child
0.0002%	None
Highest Level of Education / Training	
Master of Management, Mahidol University	
Experience during the past 5 years	
2015 - Present	Senior Vice President Home Product Center Plc.
2008 - 2015	Senior Manager Ek-Chai Distribution System Co., Ltd.

11. Mr. Chaityuth Karunyasopon (58 years old)

Senior Vice President - Distribution Center

Direct Shareholding	Shareholding by spouse and minor child
0.02%	0.001%
Highest Level of Education / Training	
Bachelor of Finance, Ramkhamhaeng University	
Experience during the past 5 years	
2007 - Present	Senior Vice President Home Product Center Plc.

12. Ms. Pornsook Damrongsiri (51 years old)

Senior Vice President - Supply Chain

Direct Shareholding	Shareholding by spouse and minor child
0.0009%	None
Highest Level of Education / Training	
MS-CIS, Colorado State University, USA	
Experience during the past 5 years	
2013 - Present	Senior Vice President Home Product Center Plc.
2007 - 2013	Senior Manager Ek-Chai Distribution System Co., Ltd.

13. Mr. Vathunyu Visuthikosol (52 years old)

Senior Vice President - Business Development

Direct Shareholding	Shareholding by spouse and minor child
0.07%	None
Highest Level of Education / Training	
MBA, Georgia State University, USA.	
Experience during the past 5 years	
2002 - Present Senior Vice President Home Product Center Plc.	

15. Mr. Nitat Aroontippaitoon (51 years old)

Senior Vice President - Human Resource and Loss Prevention

Direct Shareholding	Shareholding by spouse and minor child
0.04%	None
Highest Level of Education / Training	
MBA, National Institute of Development Administration	
Experience during the past 5 years	
2010 - Present Senior Vice President	
2005 - Present Senior Vice President Home Product Center Plc.	

14. Ms. Sudapa Chamod (43 years old)

Senior Vice President - Information and Communication Technology

Direct Shareholding	Shareholding by spouse and minor child
0.0009%	None
Highest Level of Education / Training	
MBA, Asian Institute of Technology	
Experience during the past 5 years	
2012 - Present Senior Vice President Home Product Center Plc.	
1999 - 2012 Senior Manager Accenture Solutions Co.,Ltd.	

16. Ms. Wannee Juntamongkol (52 years old)

Senior Vice President - Accounting and Finance and Company Secretary

Direct Shareholding	Shareholding by spouse and minor child
0.07%	None
Highest Level of Education / Training	
MBA, Sasin Graduate Institute of Business Administration of Chulalongkorn University	
2016 : Capital Market Academy class 22	
2008 : Laws and regulations of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) Program for the Company Secretary by Faculty of Law of Chulalongkorn University	
2005 : Company Secretary Program, Institute of Directors Association (IOD)	
Experience during the past 5 years	
2008 - Present Company Secretary	
2005 - Present Senior Vice President Home Product Center Plc.	

FINANCIAL INFORMATION

Unit: MB

Item	Consolidated Financial Statements			Separate Financial Statements		
	2016	2015	2014	2016	2015	2014
Total Assets	51,746.23	46,991.04	44,312.82	49,468.02	45,383.94	43,299.37
Total Liabilities	34,225.86	30,088.41	28,611.19	31,778.92	28,290.20	27,484.11
Equity	17,490.37	16,902.63	15,701.63	17,689.10	17,093.74	15,815.26
Sales Income	56,928.37	52,512.72	47,964.75	50,361.40	48,060.49	45,239.88
Total Revenues	61,144.07	56,243.17	51,208.59	54,465.58	51,607.59	48,291.06
Net profit	4,125.20	3,498.81	3,313.33	4,146.05	3,525.33	3,386.74
EPS (Baht)	0.31	0.27	0.25	0.32	0.27	0.26
Dividend per share (Baht)*	0.27	0.25	0.278889	0.27	0.25	0.278889
Paid-up Capital (Million Shares)*	13,151.20	13,151.20	12,329.32	13,151.20	13,151.20	12,329.32

Remark : - Dividend for 2016 amounted to 0.27 Baht/share paying from the first 6 months operation of 0.12 Baht/share, according to the resolution of the Board of Directors' Meeting No. 8/2016, and from the last 6 months operation of another 0.15 Baht/share, according to the Board of Directors' Meeting No. 2/2017 approved to propose to the Annual General Meeting of Shareholders 2017.

Financial Ratio

Item	Consolidated Financial Statements			Separate Financial Statements		
	2016	2015	2014	2016	2015	2014
Liquidity Ratio						
Liquidity Ratio (time)	0.71	0.69	0.76	0.85	0.79	0.83
Profitability Ratio						
Gross Profit (%)	25.51	25.73	26.04	26.15	26.18	26.43
Profit from Operation (%)	9.83	9.45	9.63	11.15	10.32	10.37
Net Profit (%)	6.75	6.22	6.47	7.61	6.83	7.01
Return on Equity (%)	23.99	21.46	23.32	23.84	21.43	23.73
Operation Efficiency Ratio						
Return on Assets (%)	8.36	7.66	8.26	8.74	7.95	8.67
Financial Analysis Ratio						
Debts to Equity Ratio (time)	1.96	1.78	1.82	1.80	1.66	1.74
Interest Coverage Ratio (time)	16.86	15.75	15.11	15.93	14.67	16.23

Vision

Being a leader in Home Solution and Living Experience in

Thailand and Southeast
Asia regions



VISION AND MISSION

Mission



1. We will provide exceptional products and services exceeding customer's expectations and improve their well-being righteously and sufficiently



2. We will partner up with business alliances to develop products and services innovation in order to increase Management Effectiveness for our mutual success



3. We are heavily focused on the importance of Human Resource Development to increase their potential and work effectiveness, to spread the code of conduct accepted in the corporate culture, to increase their quality of life, and to encourage employee engagement



4. Our management was based on Good Governance while being social-responsible and creating good relationships with the community and environment



5. We are constantly looking for new business opportunities in order to increase added value to our stakeholders

BUSINESS OBJECTIVES



In accordance with the vision to be the leader of Home Solution and Living Experience in Thailand and South East Asia, HomePro focuses on becoming a One-Stop Shopping destination and plans to continuously expand its investment to accommodate the growth of urban society. The expansion emphasizes on strategic provinces that are pivotal to the opening of ASEAN Economic Community (AEC), and other provinces with potential for growth. The Company aims to reach the milestone of 95 – 100 stores within 2020 in both Bangkok and upcountry. In addition, the Company plans to strengthen its service and add more product variety through new product selection. By the end of 2016, there were total of 80 HomePro stores throughout Thailand.

Besides HomePro business, the Company also expanded “Mega Home” to accommodate the market for building materials. Mega Home Center offers a comprehensive range of building materials and home related products, both wholesale and retail. The target customers of Mega Home are technicians, contractors and project owners.

By the end of 2016, there were total of 11 Mega Home stores. The Company aims to reach 15 – 20 Mega Home stores by 2020.

In order to become the industry leader and support the opening of ASEAN Economic Community, the Company has expanded its “HomePro” business internationally. The first international store was opened in Malaysia in the 4th quarter of 2014 at IOI City Mall, Putrajaya and the second store was opened in Greater Kuala Lumpur at Summit USJ. By the end of 2016, there were total of 2 stores in Malaysia and the performance has continued in positive trend. The Company plans to continue its international expansion by opening more stores in order to achieve economy of scale. In addition, the Company continues to study the behavior of Malaysian customers in order to adjust the product offerings and services, to meet customer demands as effectively as possible. For the expansion in Malaysia, the Company aims to reach 8 -10 stores by 2020.

GENERAL INFORMATION

Information of Home Product Center Public Company Limited	
Location	96/27 Moo 9 Tambon Bangkhen, Muang, Nonthaburi 11000
Telephone	+662 832 1000
Facsimile	+662 832 1400
Website	www.homepro.co.th
Type of Business	Selling goods and providing complete range of services relating to construction, addition, refurbishment, improvement of buildings, houses, and residence places as One Stop Shopping.
Registration No.	0107544000043
Registered Capital	Common stock 13,151,198,025 shares (1 Baht per share)
Paid-up Capital	Common stock 13,151,198,025 shares
Exchange Market	Stock Exchange of Thailand
Ticker Symbol	HMPRO

Information of company in which Home Product Center Plc. holds shares from 10 percent up			
Name	Market Village Co., Ltd	Name	Mega Home Center Co., Ltd.
Location	234/1 Petchkasem Rd., Tambon Hua Hin, Amphoe Hua Hin, Prachaub Kirikhan 77110	Location	49 Moo 5, Tambon Khlong Nueng, Amphoe Khlong Luang, Pathumthani 12120
Telephone	+663 261 8888	Telephone	+660 2516 0099
Facsimile	+663 261 8800	Facsimile	+660 2516 0098
Type of Business	Management of leasing space together with provision of facilities services	Type of Business	Retailing and wholesaling of construction and home improvement products
Registered Shares	50,000 ordinary shares at par value of Baht 100	Registered Shares	10,000,000 ordinary shares at par value of Baht 100
Shareholding	49,993 shares (99.99%)	Shareholding	9,999,998 shares (99.99%)
Name	Home Product Center (Malaysia) SDN. BHD.	Name	DC Services Center Co., Ltd.
Location	Unit 5F-1A, 5 th Floor, Tower 1 @PFCC, Jalan Puteri 1/2, Bandar Puteri, 47100 Puchong, Selangor Darul Ehsan	Location	100 Moo 2 Tambon Lamsai, Amphoe Wungnoy, Ayutthaya 13170
Telephone	+603 8063 5179	Telephone	+663 528 7555
Facsimile	+603 8063 5525	Facsimile	+663 528 7757
Type of Business	Retailing of home improvement products with full service support	Type of Business	Warehousing and Distribution
Registered Shares	25,000,000 ordinary shares at par value of 1 Malaysian Ringgit	Registered Shares	500,000 ordinary shares at par value of Baht 10
Shareholding	25,000,000 shares (100%)	Shareholding	499,997 shares (99.99%)

HomePro's Store Information

1. Rangsit 100 Phaholyothin Rd., Thunyaburi, Pathumthani 12110	20. Samui 1/7 Moo 6, Bophut, Kho Samui, Suratthani 84320
2. Rattanathibet 6/1 Moo 6, Saothonghin, Bangyai, Nonthaburi 11140	21. Phitsanulok 959 Moo 10, Aranyik, Muang, Phitsanulok 65000
3. Fashion Island 587, 589 Ramindra Rd., Khannayao, Bangkok 10230	22. Khonkaen 177/98 Moo 17, Naimuang, Muang, Khonkaen 40000
4. Paradise Park 61 Srinakarin Rd., Nongbon, Praves, Bangkok 10250	23. Udonthani 89/20 Moo 9, Markkang, Muang, Udonthani 41000
5. The Mall Bangkae 275 Moo 1, Petchkasem Rd., North Bangkae, Bangkae, Bangkok 10160	24. Suratthani 86 Moo 3, Wat Pradu, Muang, Surat thani 84000
6. Ratchadaphisek 125 Ratchadaphisek Rd., Dindang, Bangkok 10400	25. Petchkasem 224 Petchkasem Rd., Nongkhangplu, Nong Kham, Bangkok 10160
7. Ploenchit 55 Wave Place Building, Wireless Rd., Pathumwan, Bangkok 10330	26. Chonburi 15/16 Moo 3, Huykapi, Muang, Chonburi 20000
8. Phuket 104 Moo 5, Rasada, Muang, Phuket 83000	27. Ekamai-Ramindra 41 Praditmanutham Rd., Latphrao, Bangkok 10230
9. Chiangmai 94 Moo 4 Nong Pa Kruang, Muang, Chiangmai 50000	28. Rayong 560 Sukhumvit Rd., Noenphra, Muang, Rayong 21000
10. Ramkhamhaeng 647/19 Ramkhamhaeng (Sukhaphibal 3) Rd., Huamark, Bangkok, Bangkok 10240	29. Ayutthaya 80 Moo 2, Bangrod, Bangpain, Ayutthaya 13160
11. Rama II 45/581 Moo 6, Samaedam, Bangkhunthien, Bangkok 10150	30. Chiangmai – Hangdong 433/4-5 Moo 7, Mae-Hiya, Muang, Chiangmai 50100
12. Prachachuen 96/27 Moo 9, Bangkhen, Muang, Nonthaburi 11000	31. Krabi 349 Moo 11, Krabinoi, Muang, Krabi 81000
13. Latphrao 669 Latphrao Rd., Chompol, Chatuchak, Bangkok 10900	32. Phuket – Chalong 61/10 Moo 10, Chalong, Muang, Phuket 83130
14. Pattaya 333 Moo 9, Nongprue, Banglamung, Chonburi 20150	33. Khao Yai 288 Moo 11, Nong Nam Daeng, Pakchong, Nakhonratchasima 30130
15. Chaengwatthana 113 Moo 5, Pakkret, Pakkret, Nonthaburi 11120	34. Nakhonpathom 752/3 Petchkasem Rd., Huai-Charakhe , Muang, Nakhonpathom 73000
16. Had Yai 677 Petchkasem Rd., Had Yai, Had Yai, Songkhla 90110	35. Nakhonratchasima 384 Mittraphap Rd., Muang, Nakhonratchasima 30000
17. Ratchapruk 82 Moo 2, Bang Khun Kong, Bang Kruai, Nonthaburi 11130	36. Lumlukka 99 Moo 6, Buengkhamphroi, Lumlukka, Pathumthanee 12150
18. Suvarnabhumi 99/28 Moo 1, Rachatawa, Bangplee, Samutprakarn 10540	37. Sukhaphiban 3 101 Ramkhamheng Rd., Minburi, Bangkok 10510
19. Hua Hin 234/1 Petchkasem Rd., Hua-Hin, Prachuabkhirikhan 77110	38. Nakhonsithammarat 89 Nakhon-Pakpanang Rd., Muang, Nakhonsithammarat 80000

39. Chachoengsao 187/9 Namuang , Muang, Chachoengsao 24000	60. Chaiyaphum 164 Moo 7, Nongnasang, Muang, Chaiyaphum 36000
40. Roi-et 116 Moo 3, Dong Lan, Muang, Roi-et 45000	61. Chiangrai 157 Moo 2, Tasai, Muang, Chiangrai 57000
41. Suphanburi 133 Malai Maen Rd., Ruayai, Muang, Suphanburi 72000	62. Loei 117 Moo 9, Na An, Muang, Loei 42000
42. Lopburi 85 Moo 6, Thasala, Muang, Lopburi 15000	63. Lampang 224 Highway-Lampang-Ngaw, Prabart, Lampng 52000
43. Sakonnakhon 689/1 ,That Choeng Chum, Muang, Sakonnakhon 47000	64. Prachuapkhirikhan 57 Petchkasem Rd., Prachuapkhirikhan, Prachuapkhirikhan 77000
44. Trang 196 Moo 4, Ban Kaun, Muang, Trang 92000	65. Surin 188 Moo 6, Nok Mueng, Muang, Surin 32000
45. Mega Bangna 39 Moo 6, Bangkaew, Bangplee, Samutprakan 10540	66. Chiangmai-Sansai 49 Moo 4, Sansai Noi, Sansa, Chiangmai 50210
46. Buriram 499 Moo 9, Isan, Muang, Buriram 31000	67. Hua-Talae 233 Moo 1, Nong Blua Sala, Nakhonratchasima 30000
47. Hat Yai (Kanchanavanich) 33/40 Moo 5, Khohong , Hat Yai, Songkla 90110	68. Sriracha 99/123 Moo 10, Nong Kham, Sriracha, Chonburi 20110
48. Nakhonsawan 119/2 Moo 7, Bangmoung, Muang, Nakhonsawan 60000	69. Phuket-Talang 18 Moo 1, Si Sunthon, Talang, Phuket 83110
49. Mahachai 68/98 Moo 8, Thasai , Muang, Samutsakhon 74000	70. North Pattaya 384/40 Moo 6, Na Kluea, Bang Lamung, Chonburi 20150
50. Ubonratchathani 284 Moo 7, Chaeramae, Muang, Ubonratchathani 34000	71. Sukhothai 33 Moo 12, Ban-Kluay, Muang, Sukhothai 64000
51. Ratchaburi 208 Moo 13, Chedi Hak, Muang, Ratchaburi 70000	72. Samutsongkhram 2/25 Moo 1, Bangkaew, Muang, Samutsongkhram 75000
52. Chanthaburi 21/18 Moo 11, Plubpla, Muang, Chanthaburi 22000	73. Phetchaburi 526 Moo 6, Banmo, Muang, Phetchaburi 76000
53. Chumphon 63 Moo 11, Wang Phai, Muang, Chumphon 86000	74. Phatthalung 219 Moo 1, Kaojiak, Muang, Phatthalung 93000
54. Prachinburi 44/1 Moo 4, Bang Boribun, Muang, Prachinburi 25000	75. Chonburi - Amata 108 Moo 12, Napa, Muang, Chonburi 20000
55. Kanchanaburi 15 Moo 1, Thalor, Tha Muang, Kanchanaburi 71000	76. Chaiyaphruek 54/8 Moo 2, Bang Phlap, Pak Kret, Nonthaburi 11120
56. Phrae 171 Moo 7, Pa Maet, Muang, Phrae 54000	77. Rama 3 497/1 Rama 3 Rd., Bang Khlo, Bang Kho Laem, Bangkok 10120
57. Phutthamonthon Sai 5 198 Moo 1, Bang Toei, Sam Phran, Nakhon Pathom 73210	78. Bang Sa-re 133 Moo 8, Na Chom Thian, Sattahip, Chonburi 20250
58. Saraburi 24/3 Moo 2, Takut, Muang, Saraburi 18000	79. Srinakarin 888/8 Moo 5, Bang Mueang, Mueang, Samut Prakan 10270
59. Phetchabun 151 Moo 1, Chon Phrai, Muang, Phetchabun 67000	80. Rama 9 903 Rama 9 Rd., Suan Luang, Bangkok 10250

HomePro Living's Store Information

1. The Paseo Lat-Krabang

318/5 Lat Krabang Rd., Lat Krabang, Bangkok 10520

2. Terminal 21 Korat

99 2/F, Mittraphap-Nong Khai Rd., Nai Muang, Muang, Kakhonratchasima 30000

Mega Home's Store Information

1. Rangsit

49 Moo 5, Khlong Nueng, Khlong Luang, Pathum Thani 12120

7. Arunyapraphet

52 Moo 7, Bangmainongsai, Arunyapraphet, Srakaew 27120

2. Mae Sod

1108 Moo 1, Tasailuad, Mae Sod, Tak 63110

8. Rojana

522 Moo 2, Sam Ruean, Bang Pa-in, Ayutthaya 13160

3. Nong Khai

999 Moo 5, Meechai, Muang, Nong Khai 43000

9. Had Yai

89 Moo 1, Liangmuang (saiasia) Rd., Khuan Lang, Had Yai, Songkhla 90110

4. Bor Win

333/143 Moo 3, Bowin, Sriracha, Chonburi 20230

10. Nakhonratchasima

668 Moo 8, Muen Wai, Muang, Nakhonratchasima 30000

5. Kabinburi

61 Moo 8 Muang Kao, Kabinburi, Prachinburi 25240

11. Nakhonphanom

333/7 Nittayo Rd., Nong Yat, Muang, Nakhonphanom 48000

6. Minburi

81 Suwintawong Rd., Minburi, Bangkok 10510

HomePro Malaysia's Store Information

1. IOI City Mall

AT-2, Level LG, IOI City Mall, IOI Resort, 62502 Wilayah, Persekutuan Putrajaya, Malaysia

2. The Summit Subang USJ

G65B Ground Floor, The Summit Subang USJ, Persiaran Kewajipan USJ 1, 47600 Subang Jaya, Malaysia

Information of the referrals

Auditor	EY Office Limited 33 rd Floor, Lake Rajada Office Complex, 193/136-137 Ratchadaphisek Rd., Klongtoey, Bangkok 10110 Tel. +662 265 0777 Fax. +662 264 0789-90
Legal Counsel	Wissen & Co Ltd. 8 th Floor Office # 3801, BB Building, 54 Sukhumvit 21 (Asoke) Rd., Klongtoey-Nua, Wattana, Bangkok 10110 Tel. +662 259 2627 Fax. +662 259 2630
Credit Rating and Debenture Rating Company	TRIS Rating Co., Ltd. 24 th Floor, Silom Complex Building, 191 Silom Rd., Silom Sub-District, Bangrak, Bangkok 10500 Tel. +662 231 3011 Fax. +662 231 3012

Information of the referrals	
Share Registrar	<p>Thailand Securities Depository Co., Ltd.</p> <p>1st floor Stock Exchange of Thailand Building, 93 Ratchadaphisek Rd., Dindaeng, Bangkok 10400</p> <p>Tel. +662 009 9999 Fax. +662 009 9001</p>
Bond Registrar	<p>The Unsubordinated and Unsecured Debentures of Home Product Center Plc. 1/2014</p> <p>The Unsubordinated and Unsecured Debentures of Home Product Center Plc. 2/2014</p> <p>The Unsubordinated and Unsecured Debentures of Home Product Center Plc. 3/2014</p> <p>The Unsubordinated and Unsecured Debentures of Home Product Center Plc. 4/2014</p> <p>The Unsubordinated and Unsecured Debentures of Home Product Center Plc. 1/2015</p> <p>The Unsubordinated and Unsecured Debentures of Home Product Center Plc. 1/2016</p> <p>The Unsubordinated and Unsecured Debentures of Home Product Center Plc. 2/2016</p> <p>CIMB Thai Bank Plc.</p> <p>44 Langsuan Rd., Lumpini, Patumwan, Bangkok 10330</p> <p>Tel. +662 626 7503-4 Fax. +662 626 7542</p> <p>The Unsubordinated and Unsecured Debentures of Home Product Center Plc. 5/2014</p> <p>Bank of Ayudhya Plc.</p> <p>1222 Rama III Rd., Bang Phong Pang, Yannawa, Bangkok 10120</p> <p>Tel. +662 296 3582 Fax. +662 626 7542</p> <p>The Unsubordinated and Unsecured Debentures of Home Product Center Plc. 2/2015</p> <p>Siam Commercial Bank Plc.</p> <p>9 Ratchadapisek Rd., Jatujak, Bangkok 10900</p> <p>Tel. +662 256 2323-7 Fax. +662 937 7783</p>

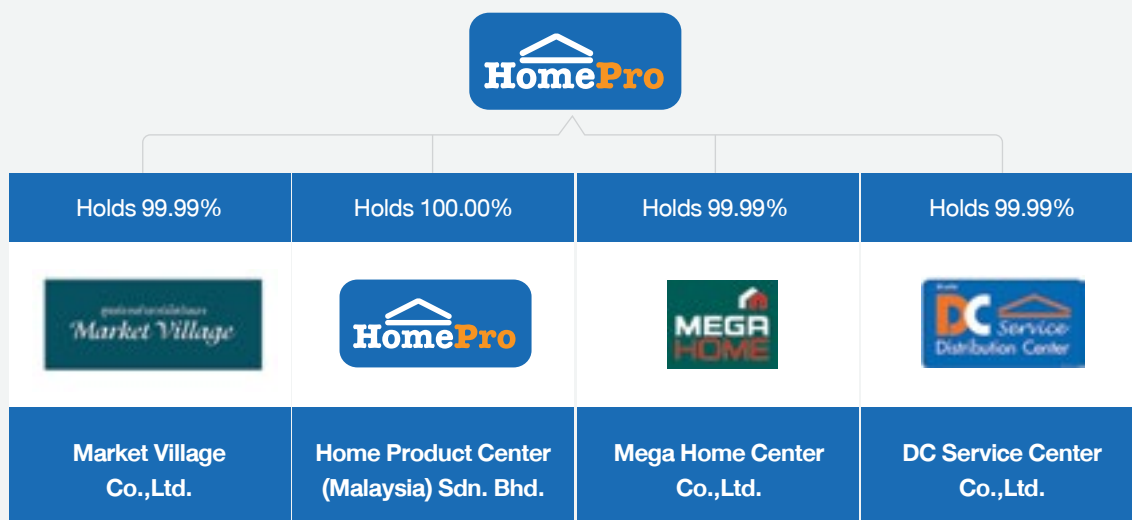


มีสองชนิดรสชาติเนื้อ

NATURE OF BUSINESS

The Structure of Business Group

As of 31 December 2016



Home Product Center Company Limited was established on June 27, 1995 being a joint venture between Land and Houses Public Company Limited and Quality Houses Public Company Limited. Accordingly, the Company has been transformed to a public company since May 29, 2001 with the initial registered capital of Baht 150 million and listed on the Stock Exchange of Thailand since October 30, 2001.

As of December 31, 2016, the Company had 80 stores in HomePro format, 4 new stores of HomePro were opened: Chaipayruk, Bang Sare, Rama 9, and Srinakarin, and relocated a store in Rama 3. There were 11 stores of Mega Home, 4 new stores were opened: Rojana, Hat Yai, Nakhon and Nakhon Phanom. There were 2 stores of HomePro Malaysia, opened a store in Greater Kuala Lumpur at Summit USJ shopping center.

Nature of Business of the Company

The Company was established with objective to operate a retail business in home improvement segment by selling goods and providing complete range of services relating to construction, addition, refurbishment, renovation, Home Makeover, improvement of buildings, houses, and residential places through One Stop Shopping Home Center under the trade name of “HomePro” which is the Company’s trademark. Presently, the Company has the nature of business as follows:

1. Home Improvement Retailing

1.1 Product Category : 2 groups of merchandise categories as follows:

Hard Line	Soft Line
Home improvement, Bathroom and Sanitary ware, Kitchen, Home appliances, Electrical equipment	Bedding, Home textiles, Lighting Furniture and Household decorative goods

In addition, the Company expanded into new market under the concept of fulfilling various demands of customers that are (1) Bike Club: a one-stop shopping center offering a full range of bicycle and related services with total of 5 stores initially operated in 2016: Chaiyaphruek, Rama 3, Hua Hin, RAMA 9 and Terminal 21 Korat. (2) HomePro Living, a home furniture and decoration center offering functional and modern design with total of 2 trial stores operated as the first year: Laseo Lat Krabang and Terminal 21 Korat.

1.2 Services relating to retail business

Due to most of the Company's products having instruction details and process which customers need to understand, the Company has provided various kinds of related services by giving consultation and useful information for customers to make decision to select the products that mostly match the usage objectives. In addition, the Company has provided "Home Services" that includes 3D system design and other service consisting of:

1. Installation Service provides services on installation, relocation and solving household problems
2. Maintenance Service provides checking and cleaning of electrical appliances.
3. Home Improvement and Home Makeover Service provides home renovation and furnishing.

Furthermore, HomePro also provides services

of technician and contractor selection and placement service, products exchange service, as well as arranging DIY demonstration (Do It Yourself) and workshop for customers.

2. Space Rental Service for Retail Tenants

The Company has arranged for its rental space in some branches to provide the service for retail tenant shops. At the same time, the Company has developed the format of its branches so called "Market Village" which operates the business in the form of full service shopping center. Inside the project, in addition to HomePro's branch, there are areas of shopping center in which most of tenants consist of supermarkets, restaurants, banks, bookstores, and IT shops etc.

As of December 31, 2016, the Company had a total of 4 branches in the format of Market Village: Suvannabhumi branch, Hua Hin branch, Phuket-Chalong branch and Ratchapruk branch.

Nature of Business of Subsidiaries

1. Market Village Co., Ltd.

was incorporated, on May 26, 2005 with objectives to manage rental space and to provide utilities services to tenants. In the first quarter of 2006, it commenced operation on the "Hua-Hin Market Village" project which is located at Petchkasem Road, Amphoe Hua-Hin, Prachaubkirikhan.

2. Home Product Center (Malaysia) Sdn. Bhd.

was incorporated on July 28, 2011 with objective to operate a retail business in home improvement segment in Malaysia. At the end of 2016, the Company operated 2 stores: IOI City Mall and The Summit USJ in Greater Kuala Lumpur.

3. Mega Home Center Co., Ltd.

was incorporated on July 4, 2012 with objective to operate a retail and wholesale business in construction and home improvement products. At the end of 2016, the Company operated 11 stores.

4. DC Service Center Co., Ltd.

was incorporated on September 4, 2013 with objective to operate warehousing and distribution of goods.

Revenue Structure

Revenue of the Company and its subsidiaries consist of sales revenue and other income. Total structure of revenue can be classified as follows:

Unit: MB

Item	2016		2015		2014	
	Amount	%	Amount	%	Amount	%
1. Revenue from retailing						
- Hard Line	40,700.2	66.6	39,108.8	69.5	36,965.9	72.2
- Soft Line	9,314.5	15.2	8,580.0	15.3	7,956.3	15.5
2. Revenue from project sales ¹	381.9	0.6	343.2	0.6	407.6	0.8
3. Revenue from subsidiaries	6,531.8	10.7	4,480.7	8	2,635.0	5.2
Total Revenue from Sales	56,928.4	93.1	52,512.7	93.4	47,964.8	93.7
4. Other income ²	4,215.7	6.9	3,730.5	6.6	3,243.8	6.3
Total	61,144.1	100	56,243.2	100	51,208.6	100

Remarks : 1. Revenue from project sales cannot be categorized per product lines.

2. Other income includes revenue from rental of space, in-store promotion fee etc.

Product Procurement

The Company sources products by:

1. Purchase order:

The Company makes the purchase order of products categorized by product lines from both domestic and overseas manufacturer or sales agent, in which the Company mainly emphasizes on quality and variety of products.

2. Make to order:

The Company orders manufacturing of Private Brand from both domestic and overseas manufacturer. The Company will initially select the manufacturer by considering factors including being certified of manufacturing standard, reputation, quality of service and types of harmonized operation. Moreover, the Company also visits the factory from time to time and inspects products in order to ensure the overall quality.

Currently, the Company sources products from more than 1,220 manufacturers and sales agents in which offers an opportunity to introduce their products. Selection process is under performance evaluation of Vendor's Service Level in 6 aspects: Ability to Produce, Ability to Control Quality, Risk Management, Product Quality Audit, Warehouse Management, and Quality of Delivery. Over the years, manufacturers and the Company were well coordinated and supported each other in advertising, public relations, sales promotion, business planning, and supported new store openings.

Market and Competitive Condition

The Company has classified other operators who sell goods in similar nature as follows:

1. Operators of Home Center

- **HomeWorks** is a retail business unit of home products by Central Retail Corporation Group. At the end of 2016, there are 4 stores in operation.

- **Thai Watsadu** is a retail business unit of construction materials by Central Retail Corporation Group. It operates in form of warehouse store to sell construction materials, home improvement goods and equipments. At the end of 2016, there are 42 stores in operation.
- **Global House** operates the business of selling products in the form of warehouse store. Products include construction materials, decorative goods, tools, equipments to be used for construction, addition, decoration of house and garden. It is managed by the Siam Global House Plc. At the end of 2016, there are 46 stores in operation.
- **Do Home** operates the business of selling products in the form of warehouse store. Products include construction materials, tools, and equipments to be used for construction. It is managed by Ubonwatsadu Co., Ltd. At the end of 2016, there are 8 stores in operation.

In the past few years that the real estate market seems to be continually expanding resulting in increase in demand for home improvement products and home renovation services, including the transition of urban society was grown in both Bangkok and Upcountry. Moreover, private investments have increased modestly to engage in Asean Economic Community building efforts which influence commercial real estate markets in all over the country.

The Company believes that this business still has plenty of potential and market opportunities and that the increase of such business operators will help stimulate consumers' familiarity and more rapidly change their behavior to purchase products from Modern Trade home centers.

2. Specialty Store

Retail businesses who focus on selling specific goods which may indirectly compete with the Company in some product categories as follows: Ceramic, Sanitaryware, and Kitchenware stores i.e. Boonthavorn, Grand Home Mart

- Furniture and Home decoration stores i.e. Index Living Mall, IKEA
- Retail stores that sell only construction materials i.e. Cement Thai Home Mart.
- Other Specialty Stores.

3. Operators of Large Retail Business in the Group of Hypermarket

These businesses mainly aim at selling of consumer goods and food, not home improvement products. While some groups of products sold may overlap, their main customer targets are different.

RISK FACTORS



The Company prioritizes risk management by establishing a committee to continuously monitor and control until all risks are managed under the acceptable level. In 2016, the Company continues to operate under the appointed risk management policy which aligns with the modern business direction. The Company focuses on the 4 perspectives of risk management, including strategy, operation, finance and regulations. The details are as follow:

1. Strategic Risks

The risk relating to the operational policy of the Company, economy, investments, and competition.

1.1 Economic Volatility

Thai economy in 2016 grew at a slow pace and was affected by the risk from domestic and foreign factors; for example, the impact from the sluggishness and uncertainty of the world economy, the decreased price of agricultural products, the deceleration of household consumption and investment in private sectors, and the high level of household debt. However, the government tried to stimulate the economy and increase consumer confidence through various policies; for instance, the disbursement on infrastructure investment

projects, tax incentives to encourage domestic investment in private sectors, cash handouts to low-income people, improving liquidity for SME, “Shopping for the Nation” project., etc.

As the Company considered the risks above, the investment policy of branch expansion was formed to reduce the risk that the operations would not meet the target. Moreover, the internal working processes and activities supporting the Lean Management were also be focused to minimize the overall costs.

1.2 Domestic Investments

As of December 31, 2016, the Company had 80 stores in HomePro format, 4 new stores of HomePro were opened: Chaiyapruk, Bang Sare, Rama 9, and Srinakarin, and relocated a store in Rama 3. There were 11 stores of Mega Home, 4 new stores were opened: Rojana, Hat Yai, Nakhon and Nakhon Phanom

In addition, the Company expanded into new market group under the concept of fulfilling various demands of customers that are (1) Bike Club: a one-stop shopping center offering a full range of bicycle and related services with total of 5 stores initially operated in 2016: Chaiyaphruek, Rama

3, Hua Hin, RAMA 9 and Terminal 21 Korat. (2) HomePro Living, a home furniture and decoration shopping center offering functional and modern design with total of 2 stores operated as the first year: Paseo Lat Krabang and Terminal 21 Korat.

As the Company has planned to continuously expand its branches, there could be risks relating to the operations of new branches, which would not be as targeted and could impact the overall performance of the Company. The Company then managed such risks by analyzing the return on investment before making an investment decision. Moreover, the operational plan and annual budget were set up to control operations of branches as well as monitoring their performances and progress every month for the Company to be able to plan for the risk management and solve problems that might occur in a timely manner.

1.3 Foreign Investments

The Company had begun to invest abroad with its first branch in Malaysia. This was determined by the availability in many aspects such as the purchasing power of consumers, lifestyles, transportation system, and infrastructure. The Company launched its first store at IOI City Mall shopping center in Kuala Lumpur in late 2014 with the official opening in January 2015 and the second store was opened in Greater Kuala Lumpur at Summit USJ.

The Company still planned to invest in abroad to enhance the current business and increase opportunities for long-term growth. The Company managed risks relating to foreign investments by studying and analyzing on the market, laws, taxes, regulations on foreign investment promotion, the governmental policy, and other factors in order to assess impacts and likelihood that the risk could arise in which they would help the consideration of investment plans. Moreover, the Company arranged the system and internal team to monitor performances and develop the Company's capabilities and personnel's abilities.

1.4 Competition

In recent years, the business relating to home products had been continuously expanding due to the change in consumer behavior to purchase products from Modern Trade and have the urban lifestyle as well as the expansion of real estate

sector in all regions. As a result, each player in this business had accelerated its branch expansion to cover the market's demand. However, business relating to home products has different target groups which can be divided into home owners group who has purchasing power and professionals and contractors group. At present, the Company focuses mainly on home owners group who has high purchasing power.

The Company managed risks through diversification by focusing on product differentiation and comprehensive services such as Home Service, installation, checkup, electrical appliance maintenance, home decoration, 3D design, "Home Makeover" – an overhaul of the entire home, and GPS "Tracking Service" for tracking delivery status and installation quality. In addition, the Company aims to enhance the efficiency of internal management, economy of scale and capability of employees in order to gain the competitive edge.

1.5 Risk of Shareholder's Right and Investments

Land and Houses Public Company Limited was the major and only shareholder holding shares more than 25 percent. As of September 15, 2016, it held 3,975,878,432 of the Company's shares, accounting for 30.23 percent of paid-up capital leading to its controlling power to control votes in the shareholder meetings except a resolution prescribed by laws or the Articles of Association that it shall be passed by the votes not less than three-fourths of the total number of votes of shareholders who attend and are entitled to the voting right at the Meeting.

Nevertheless, the Company was required to operate in accordance with the Code of Conduct and good corporate governance as well as legal requirements to protect the rights of shareholders and stakeholders and control the Company's operations to be transparent and verifiable.

2. Operational Risk

The risk relating to the operation system, the readiness of informational system, and personnel.

2.1 Personnel Loss

"Personnel" was considered as a key factor of business operations of the Company including since the processes of recruitment, and understanding

the nature of business, scope of work and responsibilities of staffs in all levels. For employees in the operational level, prior to start working, they would be provided the basic training of retail business, knowledge of product details and information system usage, and working procedures. For employees in management level, the proper management training programs would be provided to develop their capabilities.

In a highly competitive business environment, the Company could have the risk of loss of skilled personnel to the competitors or other retail businesses. Therefore, the Company attempted to reduce such risk by developing abilities and skills of employees along with promoting all level for the mutual benefits. Furthermore, the Company paid attention to employees and provided them the welfares, and arranged various projects to build their happiness and stability as well as created good relationship between employees and the Company such as:

- Creating the good working atmosphere and culture focusing on innovation
- Suk Jai Klai Baan” (happy home town) project to offer opportunities for employees to relocate to work at branches in or nearby their hometown
- Employee Joint Investment Program (EJIP)
- Scholarships for bachelor’s degree and masters degree
- Sucession Planning for key positions
- Management trainee programs
- Knowledge Development via Digital Training

2.2 Efficiency of Information System

The Company involve the information via information and communication technology system. system in the information mangement. The system would link to the program from the point of sale, and the data retrieved from such program would be used for the analysis of the operating results. However, the risk could arise when there was a problem of such program or data leakage.

As there were risks relating to the information system such as the risk to access the data by people without authorization, the risk of errors of data and information system completeness, and the risk of inconsistent usage of data and system, the Company

managed by setting up authorization to access different data and information system for different levels and responsibilities of employees, setting up the password, increasing the verification of data before transmitting into the system, setting up the Disaster Recovery Plan (DRP) to support when the system was broken down with the rehearsal annually, setting up the plan to verify the working system along with staff who would monitor and solve when problems occurred.

2.3 Product Loss

The product loss is one of the top risks for retail business in which it would be mainly due to frauds by customers and employees, the loss during transportation process, and the failure of internal management system.

To manage such risk, the Company has Loss Prevention department to plan and prevent the loss of Company’s asset by working together with related inter-department to determine Operating Pracedune and mitigate the loss at the lowest level.

2.4 Inventory Management

As of December 31, 2016, 2015, and 2014, the Company had the net inventory of Baht 9,671.54 million, Baht 8,364.76 million, and Baht 8,030.82 million, respectively. The increase of inventory was caused by the adjustment to align with sale volumes and the increase of branches. The average inventory turnover was at 78 days, 77 days, and 75 days, respectively.

Nevertheless, the Company would attempt to increase its inventory turnover in terms of the service improvement of salespersons, promotion campaigns, product layouts and interior design of stores, adding new product items in order to increase numbers of customers, sales volumes, efficiency of inventory management and expand selling channel via online system.

In addition, the Company had the distribution center located on the land owned by the Company. As of December 31, 2016, there were over 142,900 sq.m. of the total storage, and the Company also had the plan to expand the storage areas to efficiently support the management of inventory and the future expansion of branches.

2.5 Procurement

The risk relating to product volumes and prices was the major risk for retail business. Therefore, the Company sourced and purchased products domestically and internationally, but most of them were from domestic manufacturers and agents. The Company would plan to purchase products in advance in order to have sufficient products to sell at all time and had the specific team to do the product survey and select the certified manufacturers that could develop the product quality and constantly have the product replacement.

Moreover, the Company had the policy regarding sourcing and purchasing products from many selected manufacturers and agents to reduce the risk that might occur when relying on only one supplier and balance volume and price bargaining power in the long term.

2.6 Anti-Corruption

The Company prioritizes moral and ethics in its operation and refuses to tolerate any act that may lead to dishonesty and corruption, even if the act is beneficial to the Company. For HomePro, corruption refers to any kind of bribery including calling for bribe, offering or promising to offer bribe, extortion, offering benefits in terms of money, property or other inappropriate offers to a government official, private party or related authorized person, both directly and indirectly, in order to gain or maintain the business or other benefits that are not appropriate for the business. For instance, misappropriating assets, distorting financial and non-financial reports, seeking, demanding or accepting gifts from business associates.

The Company has measures to prevent corruption and reduce the risk of corruption within the organization. The measures start with the anti-corruption policy and gift-refusing policy. Both policies have been informed to all stakeholders of the company. The evaluation of corruption risk, the design and execution of internal control, and the creation of moral and values among employees are crucial to the Company's goal to prevent corruption. More details on anti-corruption policies and measures can be found on the Company's website under "Investor Relations", "Corporate Governance" topic. More details are also available on page 80.

3. Financial Risk

The consideration of sourcing for the proper sources of funds for the business operation, foreign exchange rates, and investments of the Company

3.1 Account Receivables

The Company divided its customers into 2 groups, retail customers and contractors/project owners. Retail customers were the ones whose sales basically based on cash. Meanwhile, contractors/project owners were the ones whose sales were in large volumes and based on the credit term, and the main customers were retail customers. In 2016, the proportion of sales from retail customer was 99.3 percent of the total sales while it was 99.3 and 99.1 percent for the year 2015 and 2014, respectively. For sales in credit term, the Company would consider only projects with good financial positions by investigating their operating results and financial positions; otherwise, contractors must place the guarantee for debt repayment.

As of December 31, 2016, 2015 and 2014, the Company had account receivables of Baht 337.93 million, Baht 302.72 million and Baht 262.55 million, respectively. They were mainly trade receivables from sales of projects and sales through credit card. Moreover, there was the allowance for doubtful accounts at the amount of Baht 2.75 million increasing from Baht 2.64 million and Baht 1.34 million in year 2015 and 2014. However, the management had assessed the term of repayment and financial positions of each individual debtor; hence, the allowance for doubtful accounts would be proper and adequate.

For other receivables, as of December 31, 2016, most of them were from sales promotions, and space leasing and related services, amounting to Baht 1,547.09 million, and Baht 27.00 million for the allowance for doubtful accounts.

3.2 Loans Covenant / Bond Issuance

The change in interest rate also had an impact on business operations relying on external funds. In the previous year, the trend of interest rate and inflation were low so that the Company's financial risk was still relatively low as well. Moreover, the management had the mechanism for the financial

management by analyzing and considering the cost of investment through various funding instruments such as cash flows, loans from banks, and bond issuance. This would help the Company to balance the cost of investment for the investment structure of each asset type and to comply with the Company's policy.

As of December 31, 2016, the Company had the long-term debt amounting to Baht 1,100 million from domestic financial institutions and outstanding bonds amounting to Baht 14,250 million which were due from 2017 to 2019. The Company had committed to the bond holders in order to maintain financial debt to equity (D/E) ratio not exceeding 2.5 times for bonds issued since 2013. Moreover, the Company's D/E ratio was 0.96 times as of December 31, 2016.

3.3 Exchange Rate

The Company and subsidiaries may face exchange rate risk from purchasing products from foreign countries as well as the expansion of international investment. For international expansion, the impact is caused by currency conversion of the Financial Statement and the investment itself that needs to be made in foreign currency.

However, for the purchasing of foreign products, the Company has already hedged against exchange rate risk by making trade agreement for foreign currencies in advance and use the agreement as the tool to manage the risk.

4. Compliance Risk

The consideration of domestic and international legal restrictions of business.

4.1 Town and Country Planning Act

The Town and Country Planning Act has the objectives to be the guidance on the national development and to support the city expansion in the future. If there shall be modification of the town planning in the future, the Company will not be affected from this Act, as the Company had put its investment to cover areas in major cities of almost all provinces. On the other hand, it is being seen as a restriction on business expansion of competitor.

4.2 The Trade Competition Act

In 2006, the Trade Competition Commission has

adopted its resolution on the Guideline for Unfair Trade Practices in the Wholesale/Retail Business, by virtue of the Trade Competition Act B.E. 2542 into 8 ways as follows:

1. Unfair price fixing.
2. Unfair request for economic benefit.
3. Unfair returning of goods.
4. Unfair use of agreement of sell on consignment.
5. Coercion to Purchase or to pay for service fee.
6. Unfair use of personnel of manufacturer/vendor.
7. Refusing to accept products by order/customized made as its own private brand, or of House Brand.
8. Other unfair practices.

Currently, the Competition Act is in the midst of an amendment and already has passed the consideration by the Cabinet. Initially, it is expected that amendment will not affect the operation of the Company. However, the Company has been monitoring this situation closely in order to prepare to adjust the business operation in compliance with the law.

4.3 Industrial Product Standards Act 2511

Regarding the free flow of trade in the ASEAN community, it would increase imported products so that the government needed to set the measure to control and prevent danger to consumers from such imported products. One of the measures was the Decree setting the standard of imported products. For some products that could prior be imported without passing through the permission process of products standards, they then must be passed through such permission, so that would affect the Company in terms of inconvenience regarding the higher restrictions on imported products

The Company recognizes the importance of product standards. The Company provides training and sets clear standards for responsible employees in order to ensure that they have the necessary knowledge and understanding of each product, and perform their tasks effectively. Moreover, there are officers who are solely responsible for inspecting local and imported products in order to make sure that the quality meet the standard obliged by the law.

SHAREHOLDING STRUCTURE

On the closing date as of September 15, 2016, the Company had registered capital in the total of 13,151,198,025 shares and paid-up capital in the total of 13,151,198,025 shares. The top ten shareholders consist of:

Rank	Name of natural person / Juristic Person	No. of Shares	% of Total Paid-Up Shares
1.	Land and Houses Plc.	3,975,878,432	30.23
2.	Quality Houses Plc.	2,613,023,098	19.87
3.	Mr. Niti Osathanuklor	621,415,762	4.73
4.	Thai NVDR Co., Ltd.	510,098,399	3.88
5.	Mr. Manit Udomkunnatum	297,991,997	2.27
6.	Social Security Office	280,859,712	2.14
7.	STATE STREET BANK EUROPE LIMITED	277,318,176	2.11
8.	CHASE NOMINEES LIMITED	265,684,981	2.02
9.	AIA Company Limited-DI-LIFE	189,700,080	1.44
10.	Sarasin Co., Ltd.	167,557,971	1.27

Remark

- As of September 15, 2016, free float rates of the Company was at 44.66% and holding by institutions was at 22.38%
- The first major shareholder, (1) Land and Houses Plc.; Mr. Anant Asavabhokin as major shareholder holds 24.72% of paid up capital (as of 29 August 2016).
- The second major shareholder, (2) Quality Houses Plc.; Land and Houses Plc. as major shareholder holds 24.98% of paid up capital (as of 8 September 2016).

Foreign Limit

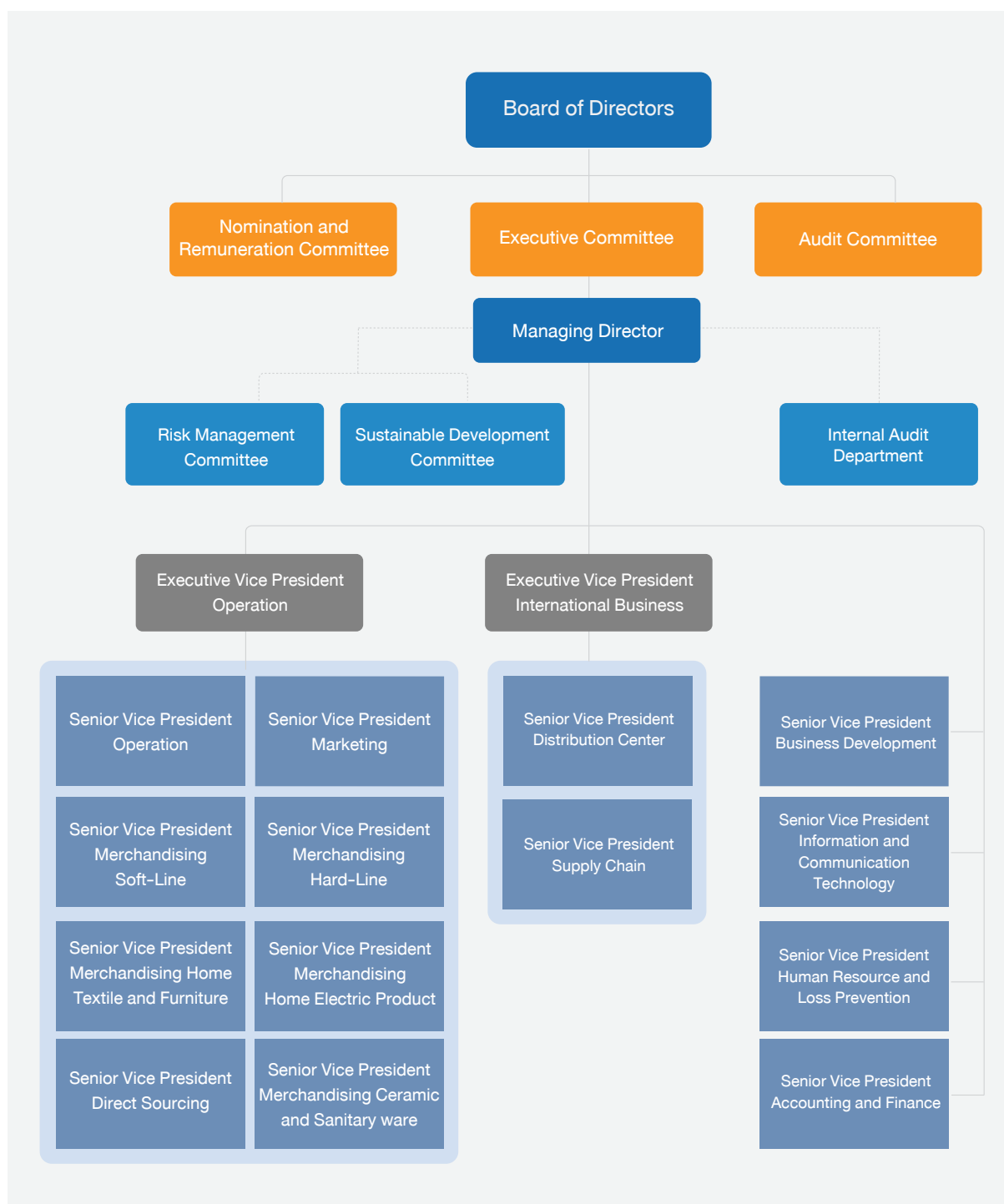
Foreign shareholders are capable to hold shares and appear their names on the Company's asset registration of totaling not exceeding 30% of the issued shares and paid up. As of December 30, 2016, the shares of the Company held by foreigner were at 13.24%.

Directors who are representative of the group of major shareholders as of December 31, 2016

Name - Surname			Representative of Shareholders	Position in HomePro
1.	Mr. Anant	Asavabhokin	Land and Houses Plc.	Chairman
2.	Mr. Naporn	Sunthornchitcharoen	Land and Houses Plc.	Director
3.	Mr. Achawin	Asavabhokin	Land and Houses Plc.	Director
4.	Ms. Suwanna	Buddhaprasart	Quality Houses Plc.	Director
5.	Mr. Chadchart	Sittipunt	Quality Houses Plc.	Director

ORGANIZATIONAL CHART

As of December 31, 2016



MANAGEMENT



The structure of Company's management consists of the Board of Directors, Sub-Committees, and Executive Directors. There are 3 sets of the Sub-Committees i.e. Executive Director, Audit Committee, and Nomination and Remuneration Committee, having details as follows:

1. Board of Directors

Structure of the Board of Directors

As of December 31, 2016, the Board of Directors consists of 12 persons including:

- 1 Director who is the management : Managing Director
- 11 Directors who are non-management (92% of the Board of Directors)

The Structure of the Company's Board of Directors has a system of checks and balances by means of:

- There are 4 Independent Directors accounted for one-third of board members, and being independent from the management and major shareholders.
- Audit Committee consists of 3 Directors which all are Independent Directors who have substantial knowledge, experiences and skill to review the Financial Statements and to perform other duty as Audit Committee.
- Having clearly separated its roles and responsibilities from those of management.
- Over the past 2 years, all directors have never been the employee, shareholder or partner of EY Office Limited which is the external audit firm of the Company and its subsidiaries.

List of the Board of Directors

Name – Surname		Position
1. Mr. Anant	Asavabhokhin	Chairman
2. Mr. Manit	Udomkunnatum	Director and Chairman of the Executive Director
3. Mr. Rutt	Phanijphand	Director, Executive Director and Chairman of the Nomination and Remuneration Committee
4. Mr. Boonsom	Lerdhirunwong	Independent Director and Chairman of the Audit Committee
5. Mr. Thaveevat	Thatiyamaneekul	Independent Director and Audit Committee
6. Mr. Chanin	Roonsamrarn	Independent Director, Audit Committee and Nomination and Remuneration Committee
7. Mr. Pornwut	Sarasin	Independent Director
8. Mr. Naporn	Sunthornchitcharoen	Director, Executive Director and Nomination and Remuneration Committee
9. Mr. Khunawut	Thumpomkul	Director, Executive Director and Managing Director
10. Mr. Chadchart	Sittipunt	Director
11. Ms. Suwanna	Buddhaprasart	Director
12. Mr. Achawin	Asavabhokin	Director

Remarks : Ms. Wanee Juntamongkol, Senior Vice President - Accounting and Finance, is the Company secretary

Authorized Signatory Directors on the Company

1. Mr. Anant Asavabhokhin
2. Mr. Manit Udomkunnatum
3. Mr. Chardchart Sittipunt
4. Mr. Naporn Sunthornchitcharoen
5. Ms. Suwanna Buddhaprasart
6. Mr. Khunawut Thumpomkul

Two of the sixth authorized signatory Directors are to co sign with the company's stamp.

Roles and Responsibilities of the Board of Directors

The board of directors has powers and responsibilities to manage the Company's business, the Company's objectives and the Company's Articles of Association together with resolution of the shareholder's meeting to be in accordance with the laws with honestly and due care in order to protect the Company's interest;

1. The Board of Directors has powers and responsibilities to manage the Company's business, the Company's objectives and the Company's Articles of Association together with resolution of the shareholder's meeting to be in accordance with the laws with honestly and due care in order to protect the Company's interest.
2. The Board of Directors shall set out the Company's vision, policy and operating direction and shall supervise the management team to effectively and efficiently implement such policy as specified in order to maximize the highest value for the Company and its shareholders.
3. The Board of Directors has its power to appoint a number of Directors to act as a sub-committee which comprises of Executive Directors, Nomination and Remuneration Committee, Audit Committee and other sub-committees depending on situation and suitability by

having numbers as specified by the Board of Directors in order to perform their tasks as assigned.

4. The Board of Directors may appoint any director(s) or person(s) to perform any action under the Board of Directors' control or may authorize such person to have his power as the Board of Directors deemed appropriate. However, in any reasonable time, the Board of Directors may revoke, withdraw, change or amend the said power
5. The Board of Directors shall consider and approve the operating target and shall evaluate the performance of sub-committee, Chairman of sub-committee, specific-purpose committee and Managing Director.
6. The Board of Directors shall hold the meeting at least once in every 3 months.
7. The Director shall not carry out his business in the same nature as and being in competition with the Company's business or be a partner in ordinary partnership or be an unlimited liability partner in limited partnership or be a Director of private company or other companies having the same nature as and being in competition with the Company's business, either for his/her own benefit or others, unless such has been notified to the shareholder's meeting prior to the resolution of his/her appointment.
8. To make a decision for high value investment which is not the Company's normal course of business, the Board of Directors shall comply with the laws and regulations of the Securities and Exchange Committee (SEC) and the Stock Exchange of Thailand (SET).
9. The Board of Directors shall manage and govern the Company's operation with morality and shall supervise in order to avoid the conflict of interest among the Company's stakeholders.
10. The Director shall immediately notify the Company if he/she becomes an interested person, either directly or indirectly, in any

contract or holds share(s) or debenture(s) in the Company or its subsidiaries.

11. In case any Director becomes an interested person in any matter, such Director shall have no right to vote in such matter.
12. The Board of Directors shall arrange the appropriate assessment process for internal control and internal audit for its efficient and effective.
13. The Board of Directors shall inclusively set out the risk management guideline and supervise the executives to have their efficient and effective system and process in risk management.
14. In case of the meeting having equality of votes, the Chairman shall have a casting vote.

Roles and Responsibilities of Chairman

1. Ensure effective operation of the Board and its committees in conformity with the highest standards of corporate governance.
2. Ensure effective communication with shareholders, host governments and other relevant constituencies and that the views of these groups are understood by the Board.
3. Set the agenda, style and tone of Board discussions to promote constructive debate and effective decision-making.
4. Ensure that all Board committees are properly established, composed, operated and build an effective and complementary Board.
5. Ensure comprehensive induction programs for new directors and updates for all directors as and when necessary.
6. Support the Managing Director in the development of strategy and, more broadly, to support and advise the Managing Director.
7. Promote effective relationships and communications between non-executive directors and members of the Executive Directors.

Independent Director

“Independent Director” means the director, who is independent in expressing his opinion to the operation of the Company, must be a person who has no involvement or interest to the result of operation either directly or indirectly.

As at December 31, 2016, there were 4 independent directors of the Company which consists of:

1. Mr. Boonsom Lerdinrunwong
2. Mr. Thaveevat Thatiyamaneekul
3. Mr. Chanin Roonsamrarn
4. Mr. Pornwut Sarasin

The qualifications of the Independent Director are as follows:

1. Hold share less than 1% of paid-up capital of the Company, affiliates company, joint company, associated company, including the shares held by the related person.
2. Being independent either directly or indirectly of both financial and management of the Company or joint company or the management or major shareholders of the Company, and having no benefit or interest in such manner within 2 years before being appointed as the Independent Director, unless the Board of Director has carefully considered and see that such participation in having benefit or interest will not affect the duty performing and the independence in giving an opinion.
3. Must not be the Director who has been appointed as the representative to maintain the interest of the Director of the Company, major shareholders, or shareholders who are related to the major shareholders of the Company.
4. Must not participate in management and must not be employee, staff or consultant who receives regular salary in the Company, affiliate company, joint company, company or major shareholder of the Company.
5. Must not be related person or relatives of the executive or major shareholders of the Company.

6. Capable to perform his duty and express opinion or report result of duty performing as assigned by the Board of Directors, freely and not under the control of the Executive or major shareholders of the Company, including related person or close relatives of such person.
7. No other character that causes the inability to give opinion to operation of the Company independently.

Terms of the Director of the Company

According to every Annual General Meeting of Shareholders, the Directors shall retire from the position of one-third; the Directors who have been longest in position shall retire. A retiring director is eligible for re-election, and beside the retirement, the Directors may leave from his position when:

1. Resignation
2. Death
3. Lacking of qualifications or possess prohibited character under Section 68 of the Public Company Act B.E. 2535
4. The Shareholders Meeting resolved to dismiss under Section 76 of the Public Company Act B.E. 2535
5. Dismissal ordered by the Court

2. Sub – Committees

Sub – committees consist of 3 sets of directors: Executive Directors, Audit Committee, and Nomination and Remuneration Committee. Details are as follows:

2.1 Executive Committee

Name – Surname		Position
1. Mr. Manit	Udomkunnatum	Chairman of the Executive Directors
2. Mr. Naporn	Sunthornchitcharoen	Executive Director
3. Mr. Khunawut	Thumpomkul	Executive Director
4. Mr. Rutt	Phanijphand	Executive Director

Remark : Mr. Supachai Boonyavichit, Vice President – Finance, is a secretary of the Executive Committee.

Roles and Responsibilities

1. To consider and screen the issue required primary decision marking prior to be proposed for the Board of Directors' approval.
2. To consider investment, branches expansion, annual budget allocation and propose the strategies plan to the Board of Directors.

Terms of holding office

1. Executive Directors shall retire when
 - 1.1 Completion of term
 - 1.2 Leaving from being the Director of the Company
 - 1.3 Resignation
 - 1.4 Death
 - 1.5 The Board of Director has resolution to leave from the position.
2. In case of resigning, the resignation letter shall be submitted to the Chairman of the Company not less than 30 days in advance, which shall be approved by the Board of Director.
3. In case of any vacancy other than by rotation, the Board of Directors shall appoint person who is qualified to be Executive Director, in order to fill up number of directors as stipulated in the regulations by the Board of Directors.

2.2 Audit Committee

Name - Surname		Position
1. Mr. Boonsom	Lerdhirunwong	Chairman of the Audit Committee
2. Mr. Thaveevat	Tatiyamaneeekul	Audit Committee
3. Mr. Chanin	Roonsamrarn	Audit Committee

Remark : Mr. Aryuratas Chai-anan, Vice President – Internal Audit is a secretary of the Audit Committee.

Roles and Responsibilities

1. Review financial transactions of the Company to be correct and complete according to the Generally Accepted Accounting Principle Standard with sufficient disclosure.

2. Review internal control and internal audit system of the Company in order to make it sufficiency, propriety, efficiency, and effectiveness.
3. Review the Company operations to be in compliance with good corporate governance policy and have appropriate, effective and efficient business ethics.
4. Review the Company operations to be in compliance with the laws regarding securities and Stock Exchange, regulations of the Stock Exchange of Thailand, or laws applicable to business of the Company.
5. Consider the related transactions or transactions that may have conflict of interest and make them to be in compliance with relevant laws and regulations.
6. Review the Company operations to have proper, effective and efficient risk management system.
7. Jointly review and consider with the auditor on the financial report, remarks and suggestions.
8. Consider, select, nominate a person, who is independent, to be in charge as an auditor of the Company, as well as to consider dismissal of the auditor and propose a remuneration of the auditor to the Board of Directors of the Company.
9. Consider the independence of internal audit department, and consider for the appointment, relocation and termination of employment, and consider annual performance of the chief of internal audit.
10. Supervise an operation of internal audit department, both in policy and working process, by considering for approval a charter of internal audit office.
11. Consider for approval an annual internal audit plan, as well as to consider the scope of audit and audit plan of internal audit department and the auditor of the Company, in order to have supportive relations.

12. Coordinate for common understanding among Audit Committee, Management Internal Auditor Department and External Auditor, and also follow up to ensure that the Management has sufficient, effective and timely proceeded according to the suggestion.
13. Jointly review and consider with the internal audit department regarding the result of audit, remark and recommendation.
14. Review and amend the charter of Audit Committee once a year regularly or as necessary in order to make it up to date and appropriate with the organizational environment, as well as propose to the Board of Directors for approval.
15. Conduct examination on the matters notified by the external auditor. In case the auditor finds a suspicious behavior that the director, manager or person who is responsible for the operation of the Company may have committed an offence as stipulated in the Securities and Stock Exchange Act (No. 5th) B.E. 2559, and report the result of preliminary examination to the Office of the Securities Exchange Commission and auditor of the Company within 30 days from the date of receiving notification from the auditor.
16. Proceed with an investigation based on the clue or complaint by assuring whistleblowers that the investigation procedure is independent and there is a proper monitoring procedure. In this regard, the information of the whistleblowers and the matters informed shall be kept confidential in order to prevent the rights violation.
17. Implement other matters as stipulated by law or as assigned by the Board of Directors as per the approval of the Audit Committee.
18. Prepare the Audit Committee's report by disclosing in the Company's annual report, which such report must be signed by the Chairman of the Audit Committee and must consist of information at least the following:
 - 18.1 Opinion on the accuracy, completeness, reliability of the financial report of the Company according to the Generally Accepted Accounting Principle and to disclose an importance information sufficiently and on time.
 - 18.2 Opinion on the sufficiency of internal control system of the Company.
 - 18.3 Opinion on practices complied with the law of Securities and Stock Exchange and regulations of the Stock Exchange or law relating to business of the Company.
 - 18.4 Opinion on transactions that may have a conflict of interest.
 - 18.5 Opinion on the suitability of the external auditor.
 - 18.6 Number of the Audit Committee's meeting, and the number of meeting participations of each Audit Committee.
 - 18.7 Overall opinion or remarks that the Audit Committee have received from their performed in accordance with the charter.
 - 18.8 Other matters that the shareholders and general investors should be informed, under the scope of duty and responsibility assigned by the Board of Directors of the Company.

Terms of holding office

1. Taking position for 3 years of each time, including additional appointment and removal from Audit Committee.
2. In case retire from position, such person may be re-appointed.
3. Audit Committee shall leave from the position when:
 - 3.1 Completion of term
 - 3.2 Leave from being a director of the Company
 - 3.3 Resignation
 - 3.4 Death
 - 3.5 Lacking of qualification to be an Audit Committee under this regulations or by the rules of the Stock Exchange of Thailand.
 - 3.6 The Board of Director has resolution to remove from the position.

4. In case of resigning, the resignation letter shall be submitted to the Chairman of the Company not less than 30 days in advance, the approval shall be made by Board of Directors who shall then send copy of resignation letter to the Stock of Exchange of Thailand.
5. In case of any vacancy other than by rotation, the Board of Director shall appoint person who is qualified to be an Audit Committee in order to fill up the number of Audit Committee as stipulated in regulations. Persons who will be appointed as the Audit Committee shall be in position only for the time period remaining of the former Audit Committee, and shall inform the Stock of Exchange of Thailand.

2.3 Nomination and Remuneration Committee

Name - Surname	Position
1. Mr. Rutt Phanijphand	Chairman of the Nomination and Remuneration Committee
2. Mr. Chanin Roonsamrarn	Nomination and Remuneration Committee
3. Mr. Naporn Sunthornchitcharoen	Nomination and Remuneration Committee

Remark : Mr. Nitat Aroontippaitoon, Senior Vice President - Human Resource and Loss Prevention, is a secretary of the Nomination and Remuneration Committee.

Roles and Responsibilities

1. Select persons who deserve to be nominated as the new Directors, or select of Managing Director.
2. Determine the procedures and regulations on selection of Directors or Managing Director to ensure the transparency.
3. Set up the procedures and criteria of compensation which have been fair and proper remuneration and other benefits to the Board of Directors and Sub-Committee appointed by the Board of Directors, and then propose to the Shareholders meeting for approval.

4. Consider and guide on determining remuneration and other benefits concerning duty and responsibility of the Managing Director including consider the criteria and evaluation of the Managing Director in order to determine annual remuneration from the annual operation and performance.
5. Review the structure of criteria of remuneration on items 3 and 4 to suit to duty, responsibility, and operation result of the Company to be in line with market condition.
6. Consider salary budget, annual merit increase and annual reward, welfare, structure and various procedures criteria in relation to staff remuneration including other benefits of personnel of the Company and its subsidiary.
7. Prepare operation report presenting to the Board of Directors at least once a year.
8. Determine the overall policies of Employee Stock Option Plan / Employee Joint Investment plan as proposed by Managing Director.
9. Perform other duties as assigned by the Board of Directors.

Terms of holding office

1. Nomination and Remuneration Committee shall leave from the position when
 - 1.1 Completion of term
 - 1.2 Leave from being a Director of the Company
 - 1.3 Resignation
 - 1.4 Death
 - 1.5 The Board of Director has resolution to remove from position.
2. In case of the resigning, the resignation letter shall be submitted to the Chairman of the Company of not less than 30 days in advance, approved by the Board of Directors.
3. In case of any vacancy other than by rotation, the Board of Director shall appoint person who is qualified to be the Nomination and Remuneration Committee, in order to fill up the number as stipulated in the regulations by the Board of Directors.

3. Risk Management Committee

comprises Managing Director and representatives from the Company's major departments or Risk owner of specific department and coordinate with internal audit department as follows:

- (1) Accounting and Finance
- (2) Operation
- (3) Supply Chain Management
- (4) Merchandising
- (5) Human Resource and Loss Prevention
- (6) Information and Communication Technology (ICT)
- (7) Internal Audit Department serves as a secretary of the Risk Management Committee

Roles and Responsibilities

1. To draft the policy and risk management framework and prepare risk management system manual to seek endorsement from the Board of Directors.
2. To consider and provide advice to determine acceptable risk level (risk appetite) of the Company.
3. To assess the risk of the Company, to define procedures to eliminate risk and to define the risk management plan and procedures for entire organization.
4. To report significant risks, including status of risks and the progress in dealing with such risks to the Board of Directors at least once per quarter.
5. To provide support to ensure that risk management procedures will be successfully implemented, to provide preventive measures to reduce risk to an acceptable level and to promote continuous improvement of business workflows and risk management procedures.
6. To monitor performance to ensure that business operation follows the Company's guidelines with sufficient and appropriate risk control mechanism.

7. To review risk management policy at least annually to ensure that risk management procedures are up-to-date and appropriately cover overall business operation.

4. Selection of Directors and Managing Director

Selection of Directors

The Company appointed the Nomination and Remuneration Committee, which consists of 1 Independent Director from totaling of 3 persons, to determine selection of appropriate person in accordance with the Company policy to be nominated as the Director or Sub-committees, by considering persons who have knowledge, capability, experience and expertise (Board Skill Matrix) which in line with the Company's strategies. This includes the Board Diversity as required by the Company such as the appropriate of education, experience, board structure, gender, skill matrix and must not have the prohibited qualification under the rules of the Securities Exchange Commission and Stock Exchange of Thailand, the relevant laws, rules or other regulations.

Nomination and Remuneration Committee emphasizes on transparent selection of new Director by considering from existing Director lists, name list nominated from shareholders, and registered member from Thai Institute of Directors (IOD). Upon approval, the Board of Directors will propose to Shareholders' Meeting based upon sufficiency and transparency.

Criteria of vote to appoint the Company's Director in the Shareholders Meeting:

1. Each Shareholder has the vote equivalent to one vote per one share held.
2. Each Shareholder shall use all of his/her voting rights under item 1 to elect one person or more persons as the Director, but is not capable to share his/her varied voting rights to any person.

3. A person, who receives highest votes gradually order would be elected as director subject to the number of Directors allowed to be elected in such meeting. In the event of persons who have been elected in the lower order have received equal votes but there will be over the number of allowed or elected Directors in such election, the Chairman of such Meeting shall have a casting vote.

In 2016, there were 4 Directors who are retired by rotation as follows: 1. Mr. Chadchart Sittipunt, 2. Ms. Suwanna Buddhaprasart, 3. Mr. Thaveevat Tatiyamaneeikul, and 4. Mr. Chanin Roonsamrarn. However, the Nomination and Remuneration Committee, having considered in accordance with the criteria of selection, viewed that all 4 directors have the qualifications required according to the Public Limited Company Act B.E. 2535 and also have capability, experience and expertise (Board Skill Matrix) which in line with the Company's strategies and operation. In this regard, such matter has been proposed through the resolution of the Board of Directors of the Company in order to be presented as an agenda in the Annual General Meeting of Shareholders of 2016 in which the meeting, then, has approved to re-appoint the said directors to their office for another term.

Selection of Managing Director

For selecting Managing Director, the Nomination and Remuneration Committee has the duty to preliminary determine selection of appropriate person who have knowledge, capability and experience as required by the Company, including has abilities to manage business to achieve the company's objectives and goal as stipulated by the Board of Directors. The appropriate person would be then proposed to be appointed by the Board of Directors.

Roles and Responsibilities of Managing Director

As resolved in the Board of Directors Meeting no. 7/2544 on 21st June 2001 and the Board of Directors

Meeting no. 9/2544 on 16th August 2001, the Managing Director who has authority to manage the Company as assigned by the Board of Directors and shall strictly and carefully manage the Company according to the framework or budget approved by the Board of Directors, and maintain the best interest of the Company and shareholders. Authorization of the Directors also covers other matters as follows:

1. Daily Operation and, management of the Company.
2. Approval of expense on operation, expense of selling and administrative and capital expenditure according to the budget approved by the Board of Directors, however, not including the loan and guarantee.
3. Filling the post, appointing, removing, relocating, promoting, reducing or cutting salary or wages, disciplinary punishment to the staff and employees, and order the staff and employee to leave from position according to the regulations as stipulated by the Board of Directors.
4. Other operation as assigned by the Board of Directors, by having following authorities:
 - Having authority to administrate under the objectives, regulations, policy, rules, order, and resolution of the Board of Directors meeting and the resolution of the Shareholders Meeting.
 - Having authority to operate and enter into juristic act, agreement, order or any letter for contacting with the government authority, State Enterprise, and other person, including authorities to act as necessary and proper in order to succeed on the above mentioned acts.
 - Having authority to appoint other person to be proxy to act on specific work, which must be under the rules, regulations, or order that the Board of Directors or as imposed by the Company.

However, the Managing Director is unable to approve transaction that himself or person who may have conflict of interest in any other ways with the Company or its subsidiary.

5. Remuneration for the Directors and the Executives

The Nomination and Remuneration Committee has a duty on proposing the Board of Directors to set the criteria for evaluating the performance of the Directors, Executives, and Managing Director.

Remuneration for the Directors

(1) Cash Remuneration

Composition of remuneration for the Directors are remuneration for giving advice on any matters to operating team of the Company and fees for the meeting, which the Company normally has the Board of Directors Meeting once a month, and the Meeting of sub-committees, i.e. Audit Committee Meeting, Executive Committee Meeting, Nomination and Remuneration Committee Meeting.

The Nomination and Remuneration Committee and the Company's board of directors have considered to specify the remuneration for directors by relying on the Company's overall operating results, the payment of dividends to shareholders, obligations and responsibilities of each committee. For the criteria of remuneration payment, the Company will base on the same criteria as used for the payment of the director's remuneration of the Company which operates in the same industry.

On 7 April 2016, the Shareholders Meeting of 2016 has a resolution to grant the annual remuneration not exceeding Baht 12,000,000 and pension to the directors not exceeding Baht 30,000,000. Details of remuneration payment in 2016 are as follows:

Monthly Remuneration

- Chairman Baht 80,000/ person/ month
- Director Baht 40,000/ person/ month

Remuneration for Meeting

- Chairman Baht 30,000/ person/ time
- Director Baht 20,000/ person/ time

Details of Board of Directors' remuneration in 2016 are as follows:

Name – Surname		Meeting Allowances				Pension	Total (Baht)
		Board of Directors	Executive Directors	Audit Committee	Nomination and Remuneration Committee		
1. Mr. Anant	Asavabhokhin	1,290,000				4,615,385	5,905,385
2. Mr. Manit	Udomkunnatum	700,000	360,000			2,307,692	3,367,692
3. Mr. Rutt	Phanijphand	720,000	240,000		60,000	2,307,692	3,327,692
4. Mr. Boonsom	Lerdhirunwong	720,000		360,000		2,307,692	3,387,692
5. Mr. Thaveevat	Tatiyamaneeekul	720,000		220,000		2,307,692	3,247,692
6. Mr. Chanin	Roonsamrarn	720,000		240,000	40,000	2,307,692	3,307,692
7. Mr. Pornwut	Sarasin	700,000				633,754	1,333,754
8. Mr. Naporn	Sunthornchitcharoen	720,000	240,000		40,000	2,307,692	3,307,692
9. Mr. Khunawut	Thumpomkul	720,000	240,000			2,307,692	3,267,692
10. Mr. Chadchart	Sittipunt	700,000				1,478,581	2,178,581
11. Ms. Suwanna	Buddhaprasart	720,000				2,307,692	3,027,692
12. Mr. Achawin	Asavabhokin	680,000				2,307,692	2,987,692
Director who resigned during 2015							
2. Mr. Pong	Sarasin ¹					1,673,938	1,673,938
2. Mr. Joompol	Meesook ²					829,111	829,111
Total		9,110,000	1,080,000	820,000	140,000	30,000,000	41,150,000

Remarks : 1. Resigned from Director and Independent Director, effective on September 1, 2015. Received pension in 2016
2. Resigned from Director and Nomination and Remuneration Director, effective on May,1 2001 and April 30, 2015, respectively. Received pension in 2016

(2) Other Remuneration

The Company has given other benefits to the Directors only the welfares benefit for buying goods with discount, which the given discount are as specified in the Articles of Association of the Company having been approved by the shareholders meeting, and that such benefit was given by the Company at the rate not higher than the rate the Company gives to general VIP customers which is fixed at the highest rate not more than 10%.

Remuneration for the Executives

(1) Cash Remuneration

The Company has criteria on the making of payment of the remuneration to the Executives by considering from knowledge, capability, experience, and performance, and by comparing with other companies in the same industry.

Remuneration of Executives for the year 2016 and 2015 consisted of salary, bonus, and other remunerations for the total amount of Baht 94.95 million and Baht 92.71 million respectively.

(2) Other Remuneration

Since July 1, 2013, the Company has commenced Employee Joint Investment Program (EJIP) by the eligible and participated managements and employees will receive monthly contribution for buying the Company's stock starting from 1 July 2013 to 30 June 2018. See more detail on page 72.

Remuneration for Managing Director

The Remuneration for Managing Director is determined appropriately with the transparent criteria. The Company has the Nomination and Remuneration Committee to propose opinion to the Board of Directors of the Company in consideration of setting the annual Key Performance Indicators (KPI) to be used in evaluation of work performance of the Managing Director, such KPI shall be in accordance with the goal of the Company for both short term and long term as well as the company performance based on his roles and responsibilities of Managing Director. The objective is to create motivation and sense of participation in the ownership of the Company. The compensation and remuneration for Managing Director are as follows:

Short term : Payment of rewards in the form of salary and bonus based on the performance.

Long term : Employee Joint Investment Program (EJIP) starting from 1 July 2013 to 30 June 2018. See more detail on page 72.

6. Company Secretary

On March 20, 2008, the Board of Directors has resolution to appoint Ms. Wannee Juntamongkol as the Company Secretary in order to comply with the "Securities and Stock Exchange Act B.E. 2551 and subsequently revised in B.E. 2559 (5th issue)". The Company has already notified the name and place to retain documents of the Company to the Securities and Exchange Commission on 26th August 2008. The information of the Company Secretary can be found more on page 39.

Authority of Secretary of the Company

1. Facilitate for activities of the Board of Directors.
2. Follow up and coordinate with relevant person in order to be in compliance with the resolution of the Board of Directors and that of shareholder meeting, and closely report the result of such operation.
3. Arrange schedules of the Board of Directors meeting and Sub-Committees meetings, including conducting the Board of Directors meeting and shareholder meeting.
4. Arrange and maintain documents as follows:
 - Director registration.
 - Notice calling for the Board of Directors Meeting, Minutes of the Board of Directors Meeting, and the Annual Report of the Company.
 - Notice calling for the Shareholders Meeting and Minutes of the Shareholders Meeting.
5. Maintain the report on Conflict of Interest which have been reported by the directors or executives.
6. Coordinate with relevant organization such as the Securities and Exchange Commission, and ensure that all information relevant to the company is disclosed, accurately and transparently.
7. Giving legal advices and related regulations and the principles of Good Corporate Governance to the Board of Directors in accordance with the law.
8. Manage other matters as stipulated by the Capital Market Supervisory Board.
9. Conduct the Board Orientation Program and provide suggestion as required by new director.
10. Perform other duties as assigned by the Board of Directors.

7. Human Resources

Details of numbers of employee during year 2014 – 2016 are as follows:

Number of Employees	31 Dec 2016	31 Dec 2015	31 Dec 2014
Employees of the Company			
- Head Office	1,478	1,333	1,265
- Branches	6,786	6,971	7,494
Employees of subsidiaries	2,630	2,198	1,753
Total (persons)	10,894	10,502	10,512
Salaries, wages and other employee benefits (million Baht)	4,237	4,010	3,705

Remark : The information of permanent employees only.

8. The Employee Joint Investment Program (EJIP)

The Company's Board of Directors meeting held on April 30, 2013 passed a resolution approving the Employee Joint Investment Program (EJIP). The details of the program are as follow:

The Company eligible under EJIP	Home Product Center Public Company Limited
The Period of EJIP	July 1, 2013 to June 30, 2018, with a total duration of 5 years.
Eligible employees under EJIP	Employees at Division Manager or above or equivalent level on the voluntary basis. Directors and advisors of the Company are excluded from this program.
EJIP arrangement	The Company will make deduction from the payroll of eligible employees who voluntarily join the EJIP, at the rate 5% of the salary of each month. The Company will contribute 100% of the amount contributed by EJIP participants on a monthly basis.
EJIP buying schedule	Monthly basis.
Conditions for holding the securities	During the 1 st year - 3 rd year is the silent period. After the 3 rd year - 4 th year, employee can sell 75% of shares accumulated After the 5 th year, employee can sell all shares
EJIP program manager	Phillip Securities (Thailand) Public Company Limited

Remark : On June 15, 2013, the Company received the approval of Employee Joint Investment Program (EJIP) from Securities and Exchange Commission (SEC).

Directors and Management who are Authorized to Control the Company and Subsidiaries

Name – Surname		Home Product Center Plc.	Subsidiaries			
			Market Village Co., Ltd.	Home Product Center (Malaysia) SDN. BHD.	Mega Home Center Co., Ltd.	DC Services Center Co., Ltd.
Mr. Anant	Asavabhokhin	Chairman				
Mr. Manit	Udomkunnatum	Director				
Mr. Rutt	Phanijphand	Director				
Mr. Boonsom	Lerdhirunwong	Independent Director				
Mr. Thaveevat	Tatiyamaneekul	Independent Director				
Mr. Chanin	Roonsamram	Independent Director				
Mr. Pornwut	Sarasin	Independent Director				
Mr. Naporn	Sunthornchitchaoren	Director				
Mr. Khunawut	Thumpomkul	Director and Managing Director	Chairman		Chairman	Chairman
Mr. Chadchart	Sittipunt	Director				
Ms. Suwanna	Buddhaprasart	Director				
Mr. Achawin	Asavabhokin	Director				
Mr. Anuchar	Jitjaturunt	Executive Vice President				
Mr. Weerapun	Ungsumalee	Executive Vice President			Director & MD	Director
Mr. Kasem	Pinmontearntong	Senior Vice President				
Mr. Nat	Jarlitchana	Senior Vice President	Director			
Ms. Jarusopha	Thumkathikanon	Senior Vice President				
Ms. Siriwan	Paimsethasin	Senior Vice President				
Ms. Sannipa	Swangpuen	Senior Vice President				
Ms. Ittaporn	Srisukwattana	Senior Vice President				
Ms. Apiradee	Thavilap	Senior Vice President				
Ms. Thanomsri	Rujirekeserikul	Senior Vice President				
Mr. Chaityuth	Karunyasopon	Senior Vice President				Director & MD
Ms. Pornsook	Damrongsiri	Senior Vice President				
Mr. Vathunyuy	Visuthikosol	Senior Vice President	Director & MD		Director	
Ms. Sudapa	Chamod	Senior Vice President				
Mr. Nitat	Aroontippaitoon	Senior Vice President			Director	Director
Ms. Wannee	Juntamongkol	Senior Vice President	Director		Director	Director

Details of the changes in the Company's share holding by the Directors in 2016

No.	Name - Surname	Position	No. of Shares as at Jan 1, 2016	Changes in No. of Shares	No. of Shares as at Dec 31, 2016	Shareholding (%)
(1)	Mr. Anant Asavabhokhin Spouse and minor children	Chairman	19,921,741 -	- -	19,921,741 -	0.15 -
(2)	Mr. Manit Udomkunatum Spouse and minor children	Director and Chairman of the Executive Director	340,991,997 41,066	(43,000,000) -	297,991,997 41,066	2.27 0.0003
(3)	Mr. Rutt Phanijphand Spouse and minor children	Director, Executive Director and Chairman of the Nomination and Remuneration Committee	- -	- -	- -	- -
(4)	Mr. Boonsom Lerdhirunwong Spouse and minor children	Independent Director and Chairman of the Audit Committee	- -	- -	- -	- -
(5)	Mr. Thaveevat Thatiyamaneeikul Spouse and minor children	Independent Director and Audit Committee	- -	- -	- -	- -
(6)	Mr. Chanin Roonsamrarn Spouse and minor children	Independent Director, Audit Committee and Nomination and Remuneration Committee	- -	- -	- -	- -
(7)	Mr. Pornwut Sarasin Spouse and minor children	Independent Director	- -	- -	- -	- -
(8)	Mr. Naporn Sunthornchitcharoen Spouse and minor children	Director, Executive Director and Nomination and Remuneration Committee	- -	- -	- -	- -
(9)	Mr. Khunawut Thumpomkul* Spouse and minor children	Director, Executive Director and Managing Director	141,876,313 -	138,240 -	142,014,553 -	1.08 -
(10)	Mr. Chadchart Sittipunt Spouse and minor children	Director	- -	- -	- -	- -
(11)	Mrs. Suwanna Buddhaprasart Spouse and minor children	Director	- -	- -	- -	- -
(12)	Mr. Archawin Asavabhokhin Spouse and minor children	Director	- -	- -	- -	- -

Note : * The increase in number of shares is mainly due to shares from Employee Joint Investment Program (EJIP).

Details of the changes in the Company's share holding by the Management in 2016

No.	Name - Surname	Position	No. of Shares as at Jan 1, 2016	Changes in No. of Shares	No. of Shares as at Dec 31, 2016	Shareholding (%)
(1)	Mr. Anuchar Jitjaturunt	Executive Vice President	14,083,109	(60,964)	14,022,145	0.11
	Spouse and minor children		-	-	-	-
(2)	Mr. Weerapun Ungsumalee	Executive Vice President	6,335,596	(3,582)	6,332,014	0.05
	Spouse and minor children		-	-	-	-
(3)	Mr. Kasem Pinmonteartong	Senior Vice President	178,875	70,639	249,514	0.0019
	Spouse and minor children		-	-	-	-
(4)	Mr. Nat Jarlitchana	Senior Vice President	8,772,915	(2,976,858)	5,796,057	0.04
	Spouse and minor children		-	-	-	-
(5)	Ms. Jarusopha Thumkathikanon	Senior Vice President	10,526,732	96,983	10,623,715	0.081
	Spouse and minor children		-	-	-	-
(6)	Ms. Siriwan Paimsethasin	Senior Vice President	3,639,517	(855,965)	2,783,552	0.02
	Spouse and minor children		-	-	-	-
(7)	Ms. Sannipa Swangpuen	Senior Vice President	19,130	79,976	99,106	0.0008
	Spouse and minor children		-	-	-	-
(8)	Ms. Ittaporn Srisukwattana	Senior Vice President	422,766	67,328	490,094	0.0037
	Spouse and minor children		-	-	-	-
(9)	Ms. Apiradee Thavilap	Senior Vice President	42,782	32,918	75,700	0.0006
	Spouse and minor children		-	-	-	-
(10)	Ms. Thanomsri Rujirekserikul	Senior Vice President	8,694	21,987	30,681	0.0002
	Spouse and minor children		-	-	-	-
(11)	Mr. Chaiyuth Karunyasopon	Senior Vice President	2,572,766	44,486	2,617,252	0.02
	Spouse and minor children		134,400	-	134,400	0.001
(12)	Ms. Pornsook Damrongsiri	Senior Vice President	49,329	64,035	113,364	0.0009
	Spouse and minor children		-	-	-	-
(13)	Mr. Vathunyu Visuthikosol	Senior Vice President	9,809,700	(3,510)	9,806,190	0.07
	Spouse and minor children		-	-	-	-
(14)	Ms. Sudapa Chamod	Senior Vice President	78,796	40,269	119,065	0.0009
	Spouse and minor children		-	-	-	-
(15)	Mr. Nitat Aroontippaitoon	Senior Vice President	5,445,231	70,083	5,515,314	0.04
	Spouse and minor children		-	-	-	-
(16)	Ms. Wannee Juntamongkol	Senior Vice President	9,727,418	112,305	9,839,723	0.07
	Spouse and minor children		-	-	-	-

Note : The increase in number of shares is mainly due to shares from Employee Joint Investment Program (EJIP).

CORPORATE GOVERNANCE

The Board of Directors realizes the importance of corporate governance and believes that the good corporate governance is the crucial factor for business operation, in order to efficiently and effectively manage the business to have stability, continuous growth and fairness to all stakeholders. From such reasons, the Board of Directors stipulates the corporate governance Policy, having content covering the important principle on the rights of shareholders, equitable treatment of shareholders, roles of stakeholders, disclosure and transparency, and Board responsibility, in order to be guideline for managing business to achieve the Company's objectives and goal that have been set according to business policy sticking to correctness and transparency. The policy of corporate governance of the Company is disclosed at <http://hmpro.listedcompany.com/>

The aforementioned policies on the principles of good corporate governance for the listed company 2012 have been updated for completeness, clarity and coherence as directed by the Stock Exchange of Thailand, the regulations of the Thai Institute of Directors (IOD), and the international criteria in level such as ASEAN CG Scorecard.

Throughout the entire year of 2016, the Company has complied with the good corporate governance except the following:

1. The Chairman is not Independent Director due to the nature of the business that we need to resort to the knowledge and skill of the expert who possesses thorough long experience in Retail Business. However, the management of the Board of Director rests upon the Good Governance Policy stipulated by the Stock Exchange of Thailand.
2. The Company has two Independent Directors who have assumed this position for longer than 9 years, Mr. Thaveevat Tatiyamaneeikul and Mr.Chanin Roonsamrarn. These Independent Directors are well-skilled, knowledgeable and have first-hand experience in Retail Business. Throughout the past while, they have been providing valuable advice both

in the capacity of Independent Directors and in the capacity of Audit Committee. Especially, Mr. Chanin Roonsamrarn. is knowledgeable and specializes in both Finance and Accounting. The details of the assuming of the position of Independent Directors are as elaborated below:

Name - Surname	Date of Appointment	Number of Service Years (Date of Appointment -31 Dec 2016)
1. Mr. Pornwut Sarasin	Oct 1, 2015	1 year 3 months
2. Mr. Boonsom Lerdhirunwong	Oct 1, 2014	2 year 3 months
3. Mr. Chanin Roonsamrarn	Oct 3, 2005	11 years 3 months
4. Mr. Thaveevat Tatiyamaneeikul	May 29, 2001	15 years 7 months

1. Rights of Shareholders

The Board of Directors is well aware of and has always emphasized on sustaining the rights of all shareholders in exercising each and every one's basic rights, such as the right to participate in the shareholder meeting, the right in casting votes to appoint or remove any particular director, the right in casting votes to appoint the external auditor and determine the remuneration for the auditor, the right to vote in different important matters, the right to freely express one's opinions in the shareholders' meeting, the right to acquire repurchased stocks, the right to be fairly approved of dividend payment, and the right to obtain adequate company's information in a timely and fair manner. In the previous year, the Company has ensured that shareholders' rights have been properly enhanced as details below:

- Clearly reveal the shareholding structure to assure shareholders that the Company has a transparent and accountable operation, without any complicated shareholding patterns; no co-shareholders, cross-ownership or pyramid ownership within the group of companies.

- Disseminate the information and details on the exercising of rights in several aspects via the vehicles of the Stock Exchange of Thailand and the Company's website, with consideration to equality in access to information, the duration and convenience in exercising rights, without any particular actions to limit the access to the source of company information or obstruct communication among shareholders.
- Actively protect shareholders' rights by constantly holding meetings. The Annual General Meeting of Shareholders 2016 was held on Thursday April 7, 2016 at Grand Ball Room, 1st floor, Mandarin Hotel, 662, Rama 4 Road, Bangrak Sub-district, Bangrak, Bangkok. Details are as follows:

Before the Meeting

- Prior to the meeting, shareholders were involved in proposing the meeting agendas and the names of individuals to get nominated to be the directors since October 13, 2015 to January 13, 2016, as well as submit questions to the Company Secretary ahead of the meeting day. Guidelines on meeting agenda and director candidate proposal were posted on the Company's website. Nevertheless, proposals for neither the meeting agenda nor director candidates were made for the Annual General Meeting of Shareholders 2016.
- Kept shareholders informed of the meeting date of the Annual General Meeting of shareholder agenda well ahead of time for full participation. Communication on the matter was made through the Stock Exchange of Thailand's channels and the Company's website on February 23, 2016, which was also the day that the Board of Directors agreed upon the meeting date.
- Posted the meeting notice, both in Thai and English, on the Company's website since March 7, 2016; 31 days before the meeting and distributed to shareholders since March 23, 2016; 15 days prior to the meeting. This provided shareholders with enough time to acknowledge the meeting agenda and to examine the information.
- Facilitated shareholders who could not attend the meeting by themselves, such as individual shareholders, juristic and institutional investors,

by sending the proxy Form A, B, and C together with the meeting notice. These forms can also be downloaded from the Company's website. Moreover, the Company has nominated of a list of independent directors' names and backgrounds that shareholders could appoint to be the proxy. In the Annual General Meeting of Shareholders 2016, Mr. Chanin Roonsamram, an Independent Director, was appointed as proxy in casting votes on behalf of the shareholders.

On the Meeting Day

- Facilitated the shareholders and institutional investors by providing the appropriate and easily accessible venue to accommodate the participants, with the map attached. Staff members were arranged at the reception to provide information and inspect the documents at the point of registration. In addition, shareholders could register their attendance roughly 2 hours ahead of the meeting time using the bar code system for accurate and convenient processing. Besides, revenue stamps were prepared for shareholders wishing to assign proxies to attend the meeting on their behalf.
- Regulated the voting rights in the meeting to be in accordance with the number of shares held; one share is equivalent to one vote.
- Before the meeting commenced, the Chairman of the Board informed the participating shareholders of their rights according to the Company's rules and regulations, meeting proceedings, guidelines on casting votes as well as the opportunity for shareholders to ask questions and fairly express opinions in the meeting.
- The bar code system was used to count votes and clearly display the results in each and every agenda. The voting cards were used in the process of casting votes, whereby the ballots were prepared and separated by agendas, allowing shareholders to cast their votes as they see appropriate.
- Arranged an independent, external inspector, who performed a legal counsel role, to monitor the meeting and ensure that the meeting was transparent and complied with the laws and the Company's regulations.

- Encouraged the appointment of a particular shareholder as the representative and the witness in the vote counting process in every agenda.
- The Chairman of the Board allocated enough time for the meeting and appropriately conducted the meeting with absolute transparency according to the agenda specified in the meeting notice. For the record, there have never been any occasions where documents containing essential information were distributed to the shareholders right in the meeting without prior notice, as well as the inclusion of addition agendas in the meeting without prior notice, which can be unfair to shareholders who did not attend the meeting.
- Shareholders were allowed to join in the meeting even the meeting had already commenced but they could only vote in the agendas that had not yet been voted.
- Shareholders were encouraged to express their opinions and ask questions. The Chairman of the Board, the Chairman of the Audit Committee, the Chairman of the Nomination and Remuneration Committee, Managing Director, top executives and the external auditor were also present to answer shareholders' questions..

After the Meeting

- Submitted the meeting's resolutions and accompanying details i.e. the number of votes in each agenda to the Stock Exchange of Thailand and posted on the Company's website on the day of the meeting so that absent shareholders can immediately reach of the information.
- Shareholders can view the video recording of the meeting via the webcast posted on the Company's website.
- Prepare the meeting minute, in Thai and English, and distribute via the Stock Exchange of Thailand's channels and the Company's website within 14 days after the meeting and also submit a copy to the Stock Exchange of Thailand by the indicated due date.

In the year 2016, the Company has been evaluated 100 full marks on the assessment of the shareholders'

meeting arrangement for 8 consecutive years, under the AGM Quality Assessment program, hosted by the Thai Investors Association, in collaboration with the Securities and Exchange Commission (SEC) and the Thai Listed Companies Association. Main criteria are inclusive of different meeting arrangement processes, from the time prior to the meeting, the day of the meeting and after the meeting.

2. Equitable Treatment of Shareholders

The Company places great emphasis on fair and equal treatment towards every single shareholder; major shareholders, individual shareholders, institutional investors or foreign shareholders. There are regulating guidelines as follows:

- (1) Regularly disseminate the information to shareholders via channels supported by the Stock Exchange of Thailand and the Company's website, as well as arrange a channel that shareholders can directly request for any information or make inquiries via the Board of Directors', Independent Directors' and the Investor Relations' email addresses.
- (2) Devise internal rules and regulations on the use of information within the organization in coherence with the security-related laws. Constant reviews are encouraged in order to promote fairness and equality towards all relevant stakeholders, as follows:
 - Inform the rules, regulations and policies related to the use of internal information to the Directors, management and employees on a regular basis to ensure that those rules, regulations and policies are well aware of and obliged by everyone.
 - The Company's stock trading transactions are forbidden one month in advance prior to the time that the financial statements are disclosed to the public. The Company Secretary Office will inform the Directors and executives of the said silent period.
 - The Directors and executives' shareholding information is accurately and completely disclosed in the annual report, as regulated by the Securities and Exchange Commission. Furthermore, the Board of Directors has put

in place the protocols in following up with business ethics compliance on the use of internal information. Directors and executives are advised to submit a copy of report recording any changes in their shareholding information to the Company Secretary Office on a monthly basis in order to report to the Board of Directors every time changes occur. The Company Secretary Office will consolidate the information and report to the Board of Directors' meeting as well as submit the documents to the Securities and Exchange Commission and the Stock Exchange of Thailand.

3. Roles of Stakeholders

Policies on Treatment towards Different Groups of Stakeholders

The Company places high significance on all stakeholders, holding on to everyone's mutual and sustainable benefits as the key. Policies and roles imposed upon stakeholders are clearly written down in "Business Ethics Manual", with details as follows:

Shareholders:	Perform one's duties with utmost honesty. Make any decisions to proceed with care and fairness for the highest sake of shareholders' interests as a whole. The Company shall provide regular accurate, accurately and most updated reports, operating performance, financial information and any other reports, while fairly keeping shareholders well informed of the Company's situation and tendencies, on the basis of possibilities and sufficient reasons.
Employees:	Treat employees with fairness, in terms of opportunities, remuneration, promotions, transfers and potential development. Respect every person's individuality and human dignity. Maintain the work environment to be in good and safe conditions for employees' physical well-being and properties, as well as open the channels for filing complaints in case there are any unfair treatment as opposed to the system and processes being put in place.
Customers:	Deliver good-quality products and services that meet clients' expectations in reasonable prices. Provide adequate, accurate and timely information to match with clients' organizational contexts. Strictly abide by any conditions towards clients and deal with clients with politeness and effectiveness. Arrange appropriate channels for clients to file complaints regarding quality, quantity and safety of products and services, as well as provide advices on how to use the Company's products and services.
Suppliers:	Treat suppliers with equality and always be aware of mutual interests. Develop and maintain healthy relationships with suppliers and nurture trusts between both parties. The Company has laid out clear regulations on the procurement process and strictly forbidden the request for, receipt of or payment of any interests that are deemed dishonest towards suppliers. In addition, the support of Anti-Corruption and operating the business with responsible to economic, social, and environment issues have been implemented continuously.
Creditor:	Strictly comply with any conditions required by creditors. Effectively utilize loans for the right purposes and never mismanage the fund on activities that can cause damages to the Company. Monitor the payment of loans and interests to creditors by the due date and complete comply to loan covenants according to the agreement. In case of failure to comply with such conditions, the Company will keep creditors informed ahead of time in order to mutually find solutions.
Competitors:	Operate the business under the rules of fair competition and never attempt to seek confidential information of competitors via any dishonest or inappropriate means and never attempt to damage competitors' reputation by making untrue allegations.

Society, Communities and Environment:	Operate the business that contributes to the benefits of the economy, society and environment. Place focus on preserving customs and traditions of the locality where the Company's units operate. The Company is firmly determined to behave as a good citizen and comply with the rules of law and relevant regulations. In support of such policies, the Company will constantly be holding activities that are beneficial to the public, while at the same time intensively and continuously cultivate a sense of responsibility for employees in all levels towards the society, community and environment in order to sustain as the key element of the corporate culture.
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Remark : Details on the Company's roles towards stakeholders are available in the "Sustainable Development Report".

Policies and Guidelines on Intellectual Property

The Company has imposed regulations to all staff members to perform duties under the rules regarding rights in intellectual property, trademark or any other intellectual properties identified by law, for instance, the use of licensed computer programs, whereby all programs must pass the qualifications and be installed by the Information and Communication Technology (ICT) Department only. Also, employees are advised to thoroughly check prior to making use of any information to determine whether or not it violates others' Intellectual Properties etc.

Moreover, employees are equipped with knowledge and understanding with regards to legal regulations and potential damage caused by violation of Intellectual Property rights.

Policies and Guidelines on Legal Compliance and Human Rights Principle

Complying with the rules of law is the significant foundation of the Company's business operations. This is inclusive of domestic law, international law, customs, traditions and cultures that are relevant to the operations. The focus is on the enhancement of standard practice to be above what is regulated by law.

The Company supports the protection of human rights and ensures that the Company's business is not involved in any infringements of human rights, e.g. forced labor, child labor, standard working hour according to labor law. Emphasis is also on fair treatment towards all groups of stakeholders on the basis of human dignity, regardless of origins, race, gender, age, skin color, religion, physical condition, status, and nobility. The Company has

also put in place an internal monitoring system regarding human rights protection that is up to the international standard in order to protect all stakeholders from possible damages from violation of human rights caused by the Company's business operations. In case compensations is considered, it will not be lower than the rate determined by law.

Policies and Guidelines on Anti-Corruption

The Company commit its intention on anti-corruption practices by issued Anti-Corruption policy to ensure that the Company and its employees can prevent and counter corruption which was set up according to internal control. The Policy will be annually review can be used as guidance. Related Measures and Guidelines are as follows:

1. The Company is neutral in political matter and has no political contribution policy and no action to show that the Company is interested in any particular political party or political group.
2. It is prohibited to receive or give any gift or benefit unless such is made correctly, openly and transparently.
3. Donation for Charity or Subsidy must be performed correctly, directly and transparently and not in violation of a good moral, laws and practical regulations.
4. Measures, guidance and authorization for procurement audit and contract arrangement must be in place.

The Policy has been informed to all stakeholders of the company via communication channels: Intranet, Vendor Relationship management system (VRM), employee orientation, etc.

The Company determined that risk management would be responsible by all level of the Company's employee: director, management and employee. For the corruption risk, it was assessed the possibility of occurrence in the Company's activities such as procurement process, disbursement, government license, etc, the activities will be appropriated monitored and control via following tools.

- Determine working schedule, planning enough lead time for handle unexpected event.
- Documents and procedure must be checked and verified prior to applying for approve from the authority.
- Budget control and working procedures are clearly specified.
- The disbursement must be approved and verified according to authority level in any case.

The Company emphasizes on the ethics and integrity to be one of the Company's cultures and cultivating all employees to adoption this practice. In this regard, the Company has become the certificate member of Collective Action Coalition: (CAC) which jointly undertaken by the Thai Institute of Directors Association (IOD), Thai Chamber of Commerce, Foreign Chambers of Commerce, Thai Listed Companies Association, and Thai Bankers' Association.

Whistleblowing Policy

The Company has assigned Human Resource and Internal Audit departments as a complaint handling center to receive complaint in relation to violation of laws or ethics and the code of business ethics. The Company's employees, suppliers, customers, shareholders and stakeholders are able to report or file complaint to the Company so that appropriate investigation can be conducted. This is to ensure that the policy is consistent with the anti-corruption measure of the CAC.

In case of suspecting or seeing any action that may not in accordance with law, regulation, and business ethics including the petition for right violation, stakeholders can inquire or complain by sending the evidence details to the related person or department through channels as follows:

Board of Directors

In case requiring for notifying or communicating in relation to operation of the Company, by such information will be sent to the Managing Director at http://hmpro-th.listedcompany.com/contact_board.html

Audit Committee:

In case requiring for filing complaint in relation to violation of laws or ethics, accounting issues, internal controlling etc. Such information shall be sent to the Internal Audit Department of the Company in order to be compiled and proposed to the Audit Committee for further consideration at http://hmpro-th.listedcompany.com/contact_audit.html

Complaints Notification Unit, Human Resources Department:

In case requiring for employees to make complaints or notify any wrong doing at md@homepro.co.th

For the communication channels with other stakeholders have been disclosed on "Sustainable Development Report" page 102.

The identity of the whistleblower and information will remain anonymous. The Managing Director and Senior Vice President in charge of that business unit are only the person who kept such information. Then the Management gather complaints and propose to the Audit Committee and Risk Management Committee for further consideration. In 2016, there was no such complaint is received of wrong doing so far.

4. Disclosure and Transparency

The Board of Directors views that disclosure of accurate, complete, transparent and timely information is of utmost importance to investors and related parties, for both financial statements and other critical information that has impact on the Company's stock price. Disclosure of information can be communicated via the Stock Exchange of Thailand's channels and the Company's website in order for investors and all stakeholders in Thailand and overseas to obtain of reliable and adequate information for their decision making.

Investor Relations Department

The Company has a dedicated Investor Relations Department to fully take charge of providing information and collecting opinions from shareholders, analysts and investors on a regular basis, as well as presenting operating performance and compiling comments from shareholders, analysts and investors to the Board of Directors at least 4 times annually. The Company expects that the Investor Relations Department serves as an important medium in providing information, giving clarification, answering questions and collecting and exchanging comments or concerns with shareholders, investors, securities analysts and interested individuals. In this regard, the Head of Investor Relations is Mr. Rakpong Aroonwatdhana. The Company information can be requested via 3 channels as follows:

1. Telephone : +66 2832 1416
2. Fax : +66 2832 1066
3. Email : ir@homepro.co.th

Moreover, the Company has shared important information in order to reach out to target audience in an accurate, complete, timely and fair manner via 3 main channels:

1. The annual information disclosure report (Form 56-1) and the annual report (Form 56-2), detailing key topics such as overall business operations, risk factors, shareholding structure, management, related transactions, corporate governance etc. These two reports will be distributed within 90 days and 120 days after closing date of the fiscal year, respectively, to investors to be timely informed of the operating results in the previous year.
2. The Management Discussion and Analysis (MD&A), published quarterly and annually, detailing the operational and financial performance, as well as the analysis and explanation of reasons for changes with consideration to factors affecting change in the business performance.
3. The Company's website under the Investor Relations section. This is in order to facilitate investors and interested individuals to study

the Company's information, which is regularly updated. The information displayed on the website is available both in Thai and English, comprising of the nature of business operations, historical and updated financial statements, press releases, shareholding structure, organization chart, structure of business groups, Directors' and executives' information, information on Investor Relations, the Company's regulations, annual reports and policies which are all downloadable.

Analysts Meeting

The Company normally arranges a session for analysts, investors and interested shareholders to announce the operating results including publishing of Investor Releases on a quarterly basis.

Investors Meeting and Company Visits

Throughout the year 2016, the Company has allowed opportunities for analysts, shareholders and institutional investors in Thailand and overseas to meet with the executives via different arrays of activities on a continuous basis, as a way of sharing information, operating performance, strategic plan, growth directions, a summary of key events throughout the year, as well as answering questions. The following are activities that took:

1. Hosting roadshows as follows:
 - 9 overseas roadshows: 3 times in Singapore, 1 time in Hong Kong, 1 time in Malaysia, 1 time in Japan, 1 time in United State of America and 2 times in Europe
 - 7 domestic roadshows
2. Hosting 56 company visits for analysts, individual investors, and institutional investors both domestic and international, to meet with executives via prior appointments to acquire Company information.
3. Hosting 12 site visits via prior appointments for investors and securities analysts.
4. Holding 32 conference calls with investors.
5. Joining 2 Opportunity Days hosted by the Stock Exchange of Thailand.

Press Conference and Media Relation

In 2016, the Company arranged one press announcement on the annual business results in 2015 and business plan in 2016. There were press releases provided to the media and informing of business progress as well as other marketing events throughout the year.

5. The Board of Directors' Key Responsibilities

Apart from the roles and responsibilities and authorities of the Board of Directors specified on page 61, the following are additional roles of the Board of Directors:

- **Determination of policies and business directions:** The Board of Directors is involved in determining the Company's vision, policies, goals, business plan and budgets which are reviewed and approved annually. The group is also collectively accountable for monitoring the management team to operate the business according to strategies, plan and budget effectively and efficiently.
- **Monitoring the Company's strategy execution:** The Board of Directors is involved in monitoring the execution of the Company's strategy via meetings which report on a monthly basis.
- **Good corporate governance:** The Board of Directors encourages Directors, executives and all employees to abide by the principle of good corporate governance and the Company's business ethics manual for standardized, transparent, and effective business operations and auditable. In addition, Directors and Independent Directors must not take a position of Director in listed companies more than 5 companies, Also, Managing Director shall not be appointed as Director outside the Company's group more than 2 listed companies.
- **Internal control and audit:** The Board of Directors is well aware of the significance of internal control and audit systems. The Company has an effective internal control system in place and is coherent with the level of risk that the Company is able to accommodate. The Audit Committee has been assigned to conduct any examinations and follow

up with the results regularly in order to build confidence to executives, investors and other stakeholders.

- **Risk management:** The Board of Directors is responsible for monitoring any potential risks that can possibly affect the business. The Risk Management Committee has been appointed to take charge of regulating and supporting effective risk management, as well as considering any potential risks and defining execution plan, following up, and constantly improving such plan to minimize risks to be in the acceptable level.
- **Avoidance of conflict of interest:** The Board of Directors will determine the tool to ensure that the Company effectively and transparently operates the business, for the best interests of shareholders, by way of avoiding chances of conflict of interest in business operations. However, in case any Directors or executives are one of the stakeholders in any matters, they must be completely disclosed of.

The Company has appointed the Audit Committee which is formed entirely of Independent Directors in order to verify accuracy of information disclosure and ensure reliability of financial statements. The Committee is also responsible for regulating good governance and internal control, with its roles and responsibilities of the Audit Committee detailed under the topic "Management".

In case of unusual transactions, the Board of Directors is supposed to consider such transactions, with Independent Directors' presence in the meeting.

The Company has the Nomination and Remuneration Committee to determine the procedures and criteria in the recruitment of the Company's Directors and determining remuneration or any other benefits that are fair and reasonable, and propose to the shareholders' meeting for approval.

Chairman of the Board and Managing Director's Roles

The Chairman of the Board and the Managing Director are not the same person, so that roles are clearly separated and balance of power remains in all aspects of operations

Even though the Chairman of the Board is the representative of the shareholder who is not the Independent Director, the Nomination and Remuneration Committee's resolution according to mutual agreement among the Board of Directors is that this particular structure is appropriate for the Company's business operations and has also served as the key strength that accelerates success and growth until present. Since the Chairman of the Board is knowledgeable and full of experiences and expertise in many fields; housing, real estate and retail, he has consistently been capable of performing duties with consideration to benefits of all groups of stakeholders.

The Chairman of the Board is supposed to assume duties and responsibilities as a director under the Board of Directors' charter, abide by the Code of Conduct and corporate governance policies to serve as a role model for Directors, executives and employees. In this regard, the Chairman of the Board also takes the role of the chairman of the Board of Directors' meeting and shareholders' meeting, monitoring effective proceeding of the meeting, and allowing opportunities for Directors and shareholders to express their constructive opinions independently.

The Managing Director is responsible for effectively managing and administering the Company as part of executing the strategic plans, vision and mission being formulated. The scope of authority has been specified under the law, objectives, the Company's regulations, as well as resolutions from the Board of Directors' meeting and shareholders' meeting.

More information regarding the Chairman of the Board and the Managing Director's scope of authority can be found in the topic "Management", on page 61 and 68, respectively.

The Board Orientation

The Company has policy to organize orientation to every newly appointed Director in order to acknowledge the roles, duty, and responsibility, including giving knowledge, understanding of business and operating in every part of the Company, which is to prepare the readiness to perform duty

of the Directors. By presenting information that will assist newly appointed Directors in performing their roles such as Directors' Handbook, Company's Good Corporate Governance and Business Code of Conduct Handbook, Company's Articles of Association, capital and shareholding structures, annual report, Form 56-1, business performance, laws and best practices guidelines, training programs for directors as well as other information related to the business operation in order to create better understanding about the Company and its operation to newly appointed Directors.

In 2016, there was no Board orientation as there was no newly appointed director.

Training Programs for the Board of Directors

The Board of Directors facilitates and promotes Directors to attend training courses and seminars in order to accumulate knowledge that will benefit the Company. The Board of Directors assigned the Company Secretary to collaborate and notify Directors of upcoming training courses and seminars as training schedule.

In 2016, Mr. Rutt Phanijphand was completed training on Corporate Governance for Capital Market Intermediaries (CGI) and Mr. Boonsom Lerdhirunwong was completed training on Anti Corruption : The Practical Guide (ACPG) at Thai Institute of Director Association.

The Board of Directors' Meeting

The Board of Directors and Executive Directors shall have regular meeting every month and may have special extra meeting as necessary. In order to conduct Board of Directors' meeting and vote in the meeting, the Company requires a quorum of one-half of directors to participate. The schedule of Board of Director meeting and the sub-committee's meeting for the whole year are defined in advance, and there shall be sending of the notice calling for meeting with agenda of the meeting at least 5 working days in advance for the Directors to be prepared.

During meetings, the Chairman sufficiently allocates times in explaining on important issues, encourages

every Director to express opinion creatively and independently as well as uses discretion carefully. In addition, the Company Secretary will regular join the meeting and take a meeting minute.

The Directors, who has conflict of interest in any issue, shall be absent and have no right to vote on that issue.

Meeting documents, meeting minutes as well as related information and documents shall be completely kept in the safe place and recorded into the electronic files along with the original copies.

In addition, Non-Management Directors, Independent Directors and Audit Committee can conduct meetings among themselves as appropriate to discuss issues related to the management of the Company without involvement of the Company executives.

The Board of Directors shall consider regularly on any change in law, rules and regulation, and important guideline, The management of industrial data and good corporate governance guide so that the performance as the Board is in accordance and updated with the law, regulation, and good principles and guidelines.

In 2016, the Company had 12 times of Board of Directors Meeting. The meeting of sub-committee are 12 times of Executive Directors meeting, 12 times of Audit Committee meeting, and 2 times of Nomination and Remuneration Committee's meeting. Details of meeting attendance the Board of Directors' meeting and other sub-committees' meeting are as follows:

Name – Surname			No. of Attendance / No. of all meetings (times)			
			Board of Directors	Executive Directors	Audit Committee	Nomination and Remuneration Committee
1	Mr. Anant	Asavabhokhin	11 / 12			
2	Mr. Manit	Udomkunnatum	11 / 12	12 / 12		
3	Mr. Rutt	Phanijphand	12 / 12	12 / 12		2 / 2
4	Mr. Boonsom	Lerdhirunwong	12 / 12		12 / 12	
5	Mr. Thaveevat	Tatiyamaneeekul	12 / 12		11 / 12	
6	Mr. Chanin	Roonsamrarn	12 / 12		12 / 12	2 / 2
7	Mr. Pornwut	Sarasin	11 / 12			
8	Mr. Naporn	Sunthornchitcharoen	12 / 12	12 / 12		2 / 2
9	Mr. Khunawut	Thumpomkul	12 / 12	12 / 12		
10	Mr. Chadchart	Sittipunt	11 / 12			
11	Ms. Suwanna	Buddhaprasart	12 / 12			
12	Mr. Achawin	Asavabhokin	10 / 12			

Procedures and Criteria for the Board of Directors' Performance Evaluation

The Board of Directors' performance evaluation is categorized into the following:

- **Performance Evaluation for the Board of Directors as a group :** The Company has assigned the Nomination and Remuneration Committee as the champion in determining the criteria for performance evaluation for the Board of Directors as a group on an annual basis in order to make decisions on remuneration and pensions. The consideration is normally based upon industry data comparison,

the business expansion, profitability growth, market capitalization, dividend payment, and the meeting attendance record. The objective of the annual performance evaluation is to enhance the Board of Directors' effectiveness and to figure out ways to improve evaluation criteria for the next evaluation period.

- **Performance evaluation for sub-committee :**
In the year 2016, the performance evaluation of the Audit Committee was categorized into 2 main parts: (1) the appropriateness of the structure and elements of the Audit Committee (2) the Audit Committee's performance in the past year.

Criteria of Performance Appraisals and Remuneration Policy for Managing Director

The Company has the Nomination and Remuneration Committee to propose opinion to the Board of Directors in consideration of setting the annual Key Performance Indicators (KPI) to be used in evaluation of work performance of the Managing Director, such KPI shall be in accordance with the goal of the Company for both short term and long term with an objective to create motivation and sense of participation in the ownership of the Company. The compensation and remuneration for Managing Director are as follows:

Short term : Payment of rewards in the form of salary and bonus based on the performance.

Long term : Employee Joint Investment Program (EJIP) starting from July 1, 2013 to June 30, 2018 as further details in topic 8 on page 72 (EJIP).

Guidelines for performance evaluation and employee's compensation

The company determined guidance for fairness to its personal at all level including: job opportunity, compensation, promotion and training as following

1. The Company Board of Directors shall individual and human dignity.
2. The Company shall have fair remuneration to employee.
3. Appointment and transfer the position including reward and punishment to the

employee shall be made with good faith and based on knowledge, ability and suitability of the employee.

4. The Company concentrates on the importance of knowledge development and employee's competency by providing all opportunities and regularly.
5. The Company shall regularly preserve working environment to be safe for employee's life and property.
6. The Company opens to employee's opinion and suggestion on the basis of employee's professional knowledge.
7. The Company shall strictly comply with labor and any regulations related to the employee.
8. The employee is allowed to file complaints to the Company if the employee is treated unfairly given the specified system and procedure.

Executive Succession Planning

The Company is well aware of the importance of continuously effective running of business, hence the succession plan was formulated to recruit the qualified personnel to develop his/her potential in order to succeed the important position for business operation. The qualified personnel may succeed the position immediately or within 1-2 years with the operation procedures as follow:

1. Determine the important position as the Key Position to operate the Company's business.
2. Determine the criteria to select the successor by considering the knowledge, skills, competency, experience, potential and vision for management.
3. Consider to select the successor having the qualifications that meet the requirement and evaluate the readiness of the selected candidates in terms of strengths and weaknesses and area of improvement.
4. Formulate the Individual Development Plan to develop the competency for each individual selected in order to equip them with skills to assume the position to be succeeded.

5. Evaluate and review the annual succession plan to attain an approval from the Board of Director.

Governance on subsidiaries

The Board of Directors appointed the Company's executives to be Directors of the subsidiaries. The Directors' responsibilities are to ensure the maximum benefits of such subsidiaries, to supervise the subsidiaries to comply the rules regarding related party transactions, asset acquisition and disposition, and other major transactions, to ensure that such subsidiaries apply the same disclosure policy and practices to the aforementioned transactions as the Company, and to supervise such subsidiaries to appropriately retain information and record accounting transactions in order to facilitate the Company in the reviewing and gathering of subsidiaries' financial statements to be consolidated with the financial statements of the group in an appropriate timeframe.

Compliance Unit

According to the notification of Capital Market Supervisory Board regarding to Establishing Compliance Unit of Business Operator which is applicable to person licensed to undertake the following businesses : (1) securities brokerage, (2) securities dealing, (3) securities underwriting, (4) mutual fund management, (5) private fund management, (6) being derivatives broker, (7) being derivatives dealer and (8) being derivatives fund manager. The notification stipulated that business operator shall arrange to have compliance unit having duty to monitor business operator's compliance with good governance.

The Company does not have a dedicated Compliance Unit, but instead assigns each department and division to manage on its own, for examples, compliance on different licenses, legal compliance, and compliance related to the Stock Exchange of Thailand and the Securities and Exchange Commission will be taken care of by the Legal Department; compliance on the standard operations of branches will be the responsibilities of Branch Operations Division; and there is also the

Internal Audit Department that will supervise each department's operations to ensure standardized practices as a whole.

Internal Audit Department

In order to promote the procedures of good governance, the Company has formed an internal audit to review and followed up the result to the Management, by performing its task independently, and reporting the result of the operation to the Audit Committee directly and regularly.

Moreover, the appointment of auditor who passes a consideration from the Audit Committee shall be assessed the effectiveness of the internal control in accounting. The resolution of shareholders' meeting of 2016 approved to appoint Miss Sumana Punpongsanon, the auditor with certified license no.5872 of EY office limited to be the Company's and its subsidiaries' auditor for 2016. In this regard, the auditor has no direct and indirect benefit or conflict of interest including not being a debtor, creditor, executives, major shareholder or persons relating to said person. The auditor is independent and has acceptable qualification as approved list of Securities and Exchange Commission.

Supervision on the Use of Internal Information

The Board of Directors has regulated policies governing the use of internal information and the trading transaction of the Company's stocks, in order to promote equality and fairness towards all shareholders and to prevent directors or executives to inappropriately purchase or sell their shares and dishonestly seek personal benefits for oneself or for others.

- **Control of Internal Information :** Directors, executives and all staff members must never utilize the Company's critical internal information that has not been disclosed to the public for their own and others' benefits and must strictly abide by the confidentiality policy regulated by the Company
- **Possession of the Company's Shares :** Directors, executives and staff members are allowed to invest in the Company's shares. However, in order to prevent possible conflicts of

interest, directors, executives and employees who can access insider information, as well as their spouses, Cohabitation, or children not having yet become sui juris are prohibited from purchasing, selling, transferring or getting transferred the Company's shares during the one-month period before the financial statement is disclosed to the general public. In this regard, if any executives or employees violate such regulations on the use of internal information, it is considered a disciplinary offense and the person can be subject to legal punishment

- **Possession of the Company's Shares Report :** The Company Secretary Office is responsible for compiling the information on the shares possessed by directors and executives, as well as their spouses, Cohabitation and children not having yet become sui juris to the Board of Directors' meeting. This is to be dedicated as one of the agendas in the meeting on a monthly basis. Moreover, it has been internally regulated that the directors and top executives are required to report to the Company Secretary Office regarding their share transactions at least one day prior to making any transactions.

Management of Conflicts of Interest

It is the Company's policy to operate the business with honesty, openness, transparency and equality. Directors, executives and all employees are not allowed to do any businesses that are considered to compete with the Company and are advised to avoid making transactions related to oneself, individuals or juristic persons that are prone to conflicts of interest with the Company. The Board of Directors is accountable for ensuring strict compliance to the criteria, procedures and disclosure of any inter-related transactions as regulated by laws or the Corporate Governance Office.

In case the so-called inter-related transactions are necessary or unavoidable, such transactions have to be according to the general criteria of business transaction as approved by the Board of Directors on a transparent and equal basis. This is to be regarded

as if a transaction made with the outsider and the Company's utmost benefits must be considered at all times. Stakeholders must not get involved in considering the transactions in which they have conflicts of interest. On the other hand, in case the inter-related transactions which are not in accordance with the general criteria of business transaction approved by the Board of Directors, and might possibly generate conflicts of interest, such cases must be investigated and opined by the Audit Committee, prior to proposing to the Board of Directors or shareholders for approval.

- **Report of inter-related transactions :** Directors and executives are required to fill out the inter-related transactions declaration form for accounting period ending December 31 every year in order to demonstrate transparency and cautiousness in doing any transactions. The Company Secretary Office will hand out this declaration form and put together all the information.
- **Disclosure of directors, executives and related parties' conflicts of interest :** The report is due to be prepared within 30 days after the date of assumption of duties and to be reported annually as of December 31. For cases taking place during the year, directors, executives or any related parties having to make transactions, either directly or indirectly, with the Company or its affiliates, must declare such activities to the Company of the type of contract being made, name of the partner of the contract and any interests eligible to the directors or executives, in order to ensure transparency in making such transactions.
- **Report of Conflicts of interest :** Directors and executives are required to report their own and related parties' transaction in case such interests are related to the Company's management and administration according to the criteria, conditions and procedures regulated by the Securities and Exchange Commission. The Company Secretary Office will compile the information and submit a copy of this conflict of interest report to the

Chairman of the Board and Chairman of Audit Committee, which is to be reviewed within 7 days after receipt of the report.

- **Disclosure of strategic shareholder information :** The Company is responsible for preparing the share distribution report on shares held on a free float basis by individual minor shareholders, or shareholders who are not involved in directing or managing the Company (Strategic Shareholder). So the proportion of free float shares is considered as significant factor determining the Company's liquidity of share transactions and this benefits all shareholders and investors as a whole in a way that they can conveniently purchase or sell their shares. Reasonable price is also another appealing factor for those who are interested in investing in the Company

However, in the year 2016, the Company had not received any complaints with regards to acts of violation conducted by directors or executives in using the internal information for inappropriate purposes.

Code of Conduct

The Company places great emphasis on operating the business with morality, taking business ethics as a way of practice and a good guiding principle for directors, executives and all staff members to abide by, in order to encourage effectiveness and transparency. This will in turn build trust and acceptance in the Company's transparent operations, as well as create values to all stakeholders equally in the long run. The Board of Directors has initiated the "Code of Conduct" as part of the Company's "Good Corporate Governance" principles, which can be downloaded from the Company's website.

The Code of Conduct is comprised of policies and ways of practice in 6 different perspectives that reflect the Company's values in business operations. Directors, executives and employees are expected to adhere to and abide by the following topics:

1. Principles of business operations
2. Conflicts of interest and confidentiality
3. Responsibility towards the Company and its assets
4. Treatment towards stakeholders
5. Supervision on business ethics compliance
6. Receipt of complaints regarding corporate governance and business ethics

This manual has been distributed to all directors, executives and employees to encourage the execution of code of conduct and can be used as reference. It is assumed that it is everyone's accountability to acknowledge, understand and strictly comply with the policies and protocols regulated in the manual. Everyone will be evaluation the execution of code of conduct via performance evaluation on a yearly basis. The Company's culture (HomePro Culture) was integrated on code of conduct. The Company has published this manual on the website under the good governance topic for shareholders, investors and interested individuals' convenient access This manual has been distributed to all directors, executives and employees to refer to and abide by and it is assumed that it is everyone's accountability to acknowledge, understand and strictly comply with the policies and protocols regulated in the manual. Moreover, the Company has published this manual on the website under the good governance topic for shareholders, investors and interested individuals' convenient access

The Company has consistently been placing great significance on equipping knowledge and understanding on good governance and business ethics. The Board of Directors has been working to ensure that communication on such matter is sufficient to encourage compliance of such policies, as seen from the incorporation of the good governance topic and business ethics as one of the orientation agendas for directors and staff members. In the year 2016, there had been 2 orientation sessions for directors and 24 sessions for employees.

RISK MANAGEMENT AND INTERNAL CONTROL



Risk Management

The Company recognizes the importance of risks that may occur and affect the operation. A Risk Management Committee has been established to track and set guidelines on how to manage and maintain risks under the acceptable level. The Risk Management Committee consists of the Managing Director who chairs the Committee, Executive Vice Presidents and Senior Vice Presidents as Committee members from 6 departments who cover major risks within the Company. The process is as follow:

1. Set risk management policy for the Company according to international standard by focusing risk management on 4 aspects including strategy, operation, finance and related regulations.
2. Review major risks at the corporate level. The process includes the analysis, assessment and summary of Corporate Risk Profile. Set Key Risk Indicator as the precaution reminder for risks and how to manage them effectively.
3. Follow up and review such risks every quarter in accordance with the ever changing business environment. Manage and maintain risks at the acceptable level.
4. Report the risk assessment to Board of Directors every quarter.

Internal Control

In the first Board of Directors meeting of 2017 on January 31st, 2017, the Board of Directors has reviewed the sufficiency of the internal control system with the Audit Committee and Top Management according to the 5 aspects of 17 COSO principles. It is concluded that the internal control system of the Company is sufficient and appropriate for the operational objective and good corporate governance. Key summaries are as follow:

1. Control Environment

- 1.1 The Company prioritizes integrity and ethical values by setting the organizational structure, line

of authority and responsibility of each position appropriately. In addition, the Company put together a manual for business ethics and anti-corruption policy as a guideline for directors, management and employees of every department. The guideline is communicated to new employees during the orientation and published on the Company's website and intranet.

- 1.2 Board of Directors are experts of the retail business who possess diverse knowledge that are valuable to the management of the Company. Board of Directors are independent of the Company's management. They oversee and develop the internal control. Board of Directors also monitors the clear setting of measurable business goals.
- 1.3 Management has established the line of command and authorization, which delegates the authority and responsibilities among Board of Directors, Top Management, managers and employees appropriately.
- 1.4 The Company recognizes the importance of employee development and retention. There is a process to develop and retain talented employees, as well as measures to handle the shortage of talented employees and the succession planning.
- 1.5 Board of Directors and management have a process to communicate and ensure that employees are responsible for internal control. The process is open for adjustment in necessary cases.

The Audit Committee opines that the Company has set the internal control that is transparent and appropriate, and efficient for the business plan to meet the objective.

2. Risk Assessment

- 2.1 The Company appoints the Risk Management Committee to be responsible for reviewing and following up with potential risk factors or incidents that may affect the business

operations and report the result to Board of Directors on a quarterly basis.

- 2.2 The Company assigns the Risk Management Committee to represent risk owners and follow up on the work process according to the internal control system and risk management plan.
- 2.3 The Company has the measure and plan to manage risks with the following methods: acceptance, reduction, avoidance and sharing the risk.
- 2.4 The Company has guidelines to evaluate the risk of corruption by using both internal and external information. Inspections have been conducted in cross functional department. Should any corruption occur, the Company already has the policy and standard practice stated in the regulations of Human Resource department.

The Committee opines that the Company has sufficient evaluation and analysis of factors that may affect the business operations, including the changes in each factor, in order to set the appropriate measure to maintain risks within the acceptable level.

3. Control Activities

- 3.1 The Company has created work process control to reduce the risk of not being able to complete the planned objective or goal.
- 3.2 The Company has made the policy and regulations in writing for financial transactions, procurement and general management. The Company recognizes the importance of delegation and sets approval hierarchy of each management level clearly.
- 3.3 The Company designs the internal control system by determining it as part of operation at the corporate level and work process in each business unit. The Company drives each business unit to have self-assessment to control risk regularly.

- 3.4 The Company regulates the access to Company's data by setting clear policy for Access Control. The objective is to prevent outsiders from accessing and editing Company's sensitive operational information.
- 3.5 The Company regulates the Access Control of each work system and has prepared Disaster Recovery Plan (DRP) to counter any incident that may affect the information and communications system.
- 3.6 The Company has the policy to track the related transaction of major shareholders, directors, executives and others who are related to mentioned parties. All transactions must go through predefined approval process.
- 3.7 The Company has a process to follow up and oversee the operation of subsidiaries and partner companies regularly by appointing a representative to be the director or management in each subsidiary.

The Audit Committee determines that the Company has sufficient work process control system, which is appropriate for reducing the risk of not being able to complete the objective and goal.

4. Information and Communication

- 4.1 The Company incorporate the correct, detailed and timely information in meetings in order to make decisions on important matters.
- 4.2 The Company incorporated and considered both internal and external information in the analysis and decision making process. Every department must submit appropriate information and check before the information is used.
- 4.3 The Company provides sufficient information to the Board of Directors to support their decision making. Invitations and related information are sent to the Board of Directors and subcommittee for review at least five days prior to the meeting. Minutes are recorded during the meeting with details that are helpful for reviewing the appropriateness of the task carried out by the Committee.

4.4 The Company prepared the financial statements in accordance with the Generally Accepted Accounting Principle. Records and documents supporting transactions are properly stored by the hired Recall Enterprise (Thailand) Limited, professionals with expertise and the appropriate storage system to handle these documents.

4.5 The Company has adequate and effective processes and communication channels to control operations expeditiously, as well as reporting to the Board of Directors on a regular basis.

4.6 The Audit Committee is to attend meetings with external accounting auditors without the Executives' attendance on a quarterly basis, as to maintain the auditors' independent.

4.7 The Company has arranged internal and external channels for whistleblowing as to inform the Board of Directors and the Audit Committee. The whistleblowers can inform through the Company's website.

The Audit Committee concluded that the Company has the appropriate information management system, and the included information systems containing sufficient, appropriate and accurate information to support the decision making of the Board of Directors', Management, and Shareholders'. This includes having the appropriate internal and external communication systems for Company's operational control.

5. Monitoring

5.1 The Company tracked and evaluated the internal control system to ensure the system is effective and that the operational results are in line with the targeted objectives by arranging analysis, reporting, and meetings on a regular basis.

5.2 The Company arranged and conducted internal audits. The internal auditors report results directly to the Audit Committee so that the internal auditors can perform their duties and report their results independently.

5.3 The Management must immediately report to the Board of Directors when corruption occurs or is suspected as it may significantly affect the Company's reputation and financial position. The error report including solution guidelines are to be reported to the Board of Directors or the Audit Committee for consideration within a timely manner.

The Audit Committee has agreed that the Company has a monitoring system to track operation results to be in accordance with its targets, adequate internal control systems. The internal audit department has examined the internal control sufficiency and report to the Audit Committee on a regular basis.

Apart from this, Mrs. Sumana Punpongsanon, certified public accountant (Thailand) no.5872 of EY Office Limited, as the external auditor of the Company's for the year-end on December 31, 2016, as well as the auditor approved by the Office of the Securities and Exchange Commission, has given her comment on the assessment of the efficiency of the internal control of the Company's accounting that no significant weak points were found.

Head of Internal Audit

On January 9, 2014, the Audit Committee meeting no.1/2014 has a resolution to appoint Mr. Aryuratas Chai-anan, Vice President – Internal Audit to be the Internal Audit Manager since he has the experience in internal audit of the company for 13 years and in the same business of the company totaling 16 years. He passed the Certified Professional Internal Audit of Thailand (CPIAT) and has been trained in related courses of the internal audit such as, Audit Standard Information Technology Auditing, Risk Management etc., including he has an understanding of the operations of the Company. As a result, it is appropriate to appoint him to perform such duties.

The Audit Committee is responsible for approving the appointment, removal, and transfer of the Internal Audit Manager.

Head of Internal Audit's Profile

Mr. Aryuratas Chai-anan (49 years old)

Vice President – Internal Audit

Relationship with the management

None

Education

Bachelor of Accounting, University of the Thai Chamber of Commerce

Training

- 2016 - How to Develop a Risk Management Plan
 - Cyber Operation Contest – Information system
 - Seminar “Internal Auditor and value creation in currency economy situation”
 - CG Forum 3/2016 – “The way to prevent corporate corruption”
 - Seminar “Internal control to prevent the inappropriate offers to a government official”
 - The upcoming of New Financial Reporting Standards
- 2015 - COBIT 5 for enterprise framework and CG forum “Risk oversight: High priority roles of the board”
- 2014 - Going From ‘Good’ to ‘Great’
- 2013 - Certified Professional Internal Auditor of Thailand (CPIAT)
- 2012 - Mini Master of Business Administration - NIDA
- 2011 - Internal Auditing for the certified internal auditor
- 2010 - Risk Management - Action
- 2006 - Skill for new Auditor-In-charge
- 2005 - Operation Audit
- 2003 - Internal Audit Standards vol. 2
- 1998 - Internal Audit Standards vol. 1 and Information System Auditing vol. 1

Work Experiences

- 2010 – Present - Audit Committee's secretary
- 2014 – Present - Vice President – Internal Audit
- 2003 – 2014 - Assist Vice President – Internal Audit (Home Product Center Plc.)
- 2000 – 2003 - Inventory Management Consultant (Karat Sanitary Ware Plc.)
- 1997 – 2000 - Head of Internal Audit (Siam City Cement Plc.)

DIVIDEND POLICY

Dividend Policy of Home Product Center Public Company Limited

The Company has the policy to pay dividend to shareholders not less than 40% of the net profit of each year. However, the consideration for dividend payment will take other factors into account such as result of operation and financial status of the Company, Liquidity, Expansion of Business and other factors relating to the management of the Company. Each dividend payment is required to obtain approval from shareholders and Board of Directors.

Dividend payment during 2014 – 2016 is as follows:

Period	2016 ⁽³⁾	2015 ⁽²⁾	2014 ⁽¹⁾
Stock dividend payment rate (amount of existing share : stock dividend)	-	-	(8 : 1) , (15 : 1) (Interim) , (Final)
Stock dividend rate per share (before dilution)	-	-	0.191670
Cash dividend per share (unit : Baht/ share)	0.27	0.25	0.087219
Total dividend payment (unit : Baht/ share)	0.27	0.25	0.278889
Earnings per share (Diluted)	0.31	0.27	0.25
Dividend payout ratio	85.64%	93.26%	95.91%

Remarks : 1) Dividend for 2014 amounted to 0.278889 Baht/share paying from the first 6 months operation of 0.138889 Baht/share (consisting of cash dividend of 0.013889 Baht/share and stock dividend at the rate of 8 existing shares per 1 stock dividend or equivalent to 0.125 Baht/share), according to the resolution of the Extraordinary General Meeting of Shareholders No. 1/2014, and from the last 6 months operation of another 0.14 Baht/share (consisting of cash dividend of 0.07333 Baht/share and stock dividend at the rate of 15 existing shares per 1 stock dividend or equivalent to 0.06667 Baht/share) according to the resolution of the Annual General Meeting of Shareholders 2015.

2) Dividend for 2015 amounted to 0.25 Baht/share paying from the first 6 months operation of 0.10 Baht/share, according to the resolution of the Board of Directors' Meeting No. 8/2015, and the last 6 months operation of another 0.15 Baht/share, according to the resolution of the Annual General Meeting of Shareholders 2016.

3) Dividend for 2016 amounted to 0.27 Baht/share paying from the first 6 months operation of 0.12 Baht/share, according to the resolution of the Board of Directors' Meeting No. 8/2016, and the last 6 months operation of another 0.15 Baht/share, according to the Board of Directors' Meeting No. 2/2017 approved to propose to the Annual General Meeting of Shareholders 2017.

Dividend Policy of Subsidiaries

The subsidiary companies had yet determined the dividend payment policy. However, it will consider paying dividends in case of having net profit from operation and enough cash flow after statutory reserve as stipulated by law.

RELATED TRANSACTION

In 2016, the Company and its subsidiaries had significant business transactions with related parties (related by means of having common shareholding or co-directors), which have been concluded on commercial terms and bases agreed upon in the ordinary course of business between the Company and those companies. Furthermore, the Company has no related transaction neither by way of financial support nor guarantee other than in subsidiaries of the Company.

As of December 31, 2016 and 2015, the Company had outstanding balance with the related transaction, which can be summarized as follows:

Name of Company / Nature of Relationship	Transaction	Amount (Thousand Baht)		Audit Committee and Management's opinion
		31 Dec 16	31 Dec 15	
1. Land and Houses Plc.				
- Being a major shareholder of the Company by holding 30.23% of total paid-up capital, as of Sep 15, 2016.	Sales income	49,357	55,074	Such value was the appropriate selling price as it was the same as the market price which the Company sells to the other manufacturers or sellers.
	Accounts receivable	5,439	11,317	
- With 2 co-directors				
1. Mr. Anant Asavabhokhin				
2. Mr. Naporn Sunthornchitcharoen				
2. Quality Houses Plc.				
- Being a major shareholder of the Company by holding 19.87% of total paid-up capital, as of Sep 15, 2016.	Sales income	2,207	483	Such value was the appropriate selling price as it was the same as the market price which the Company sells to the other manufacturers or sellers.
	Accounts receivable	512	20	
- With 4 co-directors:				
1. Mr. Boonsom Lerdhirunwong				
2. Mr. Chadchart Sittipunt				
3. Mr. Anant Asavabhokhin				
4. Ms. Suwanna Buddhaprasart				
3. Land and Houses Bank Plc.				
- With 2 co-shareholders:	Interest income	16,854	21,151	- The Company received the interest with the same rate as other bank's customers, such rate was a normal rate of other banks and financial institutions.
1. Land and Houses Plc.	Deposit with financial institution	2,728,457	1,943,121	
2. Quality Houses Plc.	Rental and service income	18,005	14,941	- Rental and service income from leasing spaces, the Company charges at a normal rate similar to other tenants.
- With 4 co-directors:				
1. Mr. Anant Asavabhokhin				
2. Mr. Naporn Sunthornchitcharoen				
3. Mr. Khunawut Thampomkul				
4. Mr. Rutt Phanijphand				

Name of Company / Nature of Relationship	Transaction	Amount (Thousand Baht)		Audit Committee and Management’s opinion
		31 Dec 16	31 Dec 15	
4. Quality Houses Leasehold Property Fund				
- With 2 co-shareholders	Other receivables	2,479	646	Such value was generated from the transactions of rent and services fee for the space in the Wave Place building. In addition, such price was calculated from the appropriate rate.
1. Quality Houses Plc.	Rental and service expenses	21,188	21,370	
2. Land and Houses Plc.	Other payables	1,689	1,632	
	Rental guarantee deposit	3,000	3,000	

Necessity and Appropriate Reason of Transaction

The connected transaction made was necessary and reasonable to create the highest benefit to the Company. The Audit committee concluded that such was in accordance with business and the general ordinary course of received and paid consideration by and from the Company was fair.

Measure/Procedure of Approval of Connected Transaction

The connected transaction being made at present and expectedly in the future, e.g. sales of goods to Land and Houses Plc. and Quality Houses Plc., renting space in the Wave Place building of Quality Houses Leasehold Property Fund, leasing space and deposit transaction with Land and Houses Bank Plc.

For the sale of goods transaction, the Company determined the price according to the market price which was the price that buyer could buy them from other manufacturers or sellers. Generally, the specification and price of goods would be determined earlier. For the purchase of goods transactions, the Company purchased them at the market price which it could purchase from other manufacturers or sellers. The Audit Committee considered the connected transactions and concluded that the Company received and paid remuneration in the fair price according to the general ordinary course of business.

Policy or Tendency of Inter-Transaction

The Company has policy to specify the trade conditions for entering into inter-transaction to be as normal business operation. Price of products to be sold shall be prescribed at the level that can be competed to other vendors.

As for Inter-transaction that may be occurred in the future, the Board of Directors shall comply with the laws on Securities and Stock Exchange, and Regulations, Announcement, Order, or Regulations of Stock Exchange of Thailand, and including compliance with the regulations on disclosure of information of connected transaction and acquiring or disposing of material assets of the Company or the Subsidiary.

However, if there will be inter-transactions of the Company or its subsidiary occurred to person or stakeholder who may have conflict of benefit, or may have conflict of interest in the future, the Company shall have the Audit Committee give the opinion on necessity and appropriateness for such transactions. In case the Audit Committee is not skillful in considering the inter-transactions that may be occurred, the Company shall arrange for an Independent expert or auditor of the Company to give opinion on such inter-transactions in order to bring such information to support for the decision making of the Board of Directors or shareholders as the case may be. However, the Company shall disclose inter-transactions in the note of the financial statement audited by the Auditor of the Company.

2016 SUSTAINABLE DEVELOPMENT REPORT

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Report of the Sustainable Development Committee

Dear Stakeholders,

Home Product Center Public Company Limited determines to conduct its business responsibly in consideration to all stakeholder groups including customers, employees, suppliers, society and community. The Company focuses on sustainable development by integrating the sustainability targets with its business strategies by establishing balance between the Company's growth and development, risk management, optimizing operational efficiency, good corporate governance, as well as value creation with all stakeholders.

Product and Service

The Company has developed and improved its internal processes starting from product procurement to after-sale services as a one-stop shopping center. In 2016, the Company has complied with its goals and policies as well as short and long term strategies as planned by increasing the number of ECO Products that amounted to 26% of total sales. The Company still plans to increase its proportion continually. Moreover, the Company will keep on doing product and service development to meet with the customers' demand e.g. elderly care products and new innovation.

For service, the Company supported small contractors and provided trainings to them in order to have depth knowledge and increase their capacity as well as to make them able to provide good services to customers under "Tao Kae Noi" (Young Entrepreneur) project. To date, the Company has more than 1,000 professional teams ready to serve and plans to have 1,500 teams in the next milestone by 2020 in order to meet with customers' demand as well as provide job security to those small contractors.

Employees

The Company believed that employees are the most valuable resources and factors driving the Company to achieve its goals. Therefore, the Company has revised its culture to make it more international and being ready for business changing as well as lifted up the employees' quality of life and personnel development.

Moreover, the Company has continually provided opportunities to less opportunity students under "Bilateral Scholarship"; to date, the Company has provided 797 scholarships since the project inception. These would create proudness and Loyalty to employee resulting to the customer satisfaction as planned.

Efficiency

With operational efficiency under tools and measures taken by 2016 e.g. using solar renewable energy which already installed for 12 stores in total and changing from fluorescent T5 light bulbs to LED light bulbs, the Company can achieve its goal of a decrease in Specific Energy Consumption by 20.82%, which was faster than planned by three years. In this regard, the Company still has continuous plans to improve its operational efficiency and considers the next appropriate target at the next milestone.

Society and Community

For promoting on sustainable society and community, the Company developed new projects e.g. toilet for elderly which already given 36 toilets to the society, continued from Kid's toilet Project as the Company

realized the importance of the aging society. The Company also followed up on existing projects accordingly e.g. Kids' Toilets project, to which the Company has given 2,371 toilets upon the campaign's inception. Besides, the Company has taken into consideration all stakeholders to build up the strength and long-term sustainable community.

Management

Besides from stores and new business expansion as planned, the Company recognized that operating under transparency and good corporate governance according to business ethic was the fundamental of business operation. In 2016, the Company has considered and improved internal working process complies with good corporate governance guidance. As a result, the Company received awarded: receiving a full score of 100 for the 8th consecutive year in organizing Annual General Meeting, rated a good governance level of "Excellence: 5 stars" for the 2nd consecutive year, receiving SET Sustainability Awards 2016 for "Rising Star", being listed in "Thailand Sustainability Investment (THSI) for the 2nd consecutive year, being listed in "MSCI Global Sustainability Indexes" and "MSCI Global SRI Indexes" and being listed in "FTSE4Good Emerging Index" and "FTSE4Good ASEAN 5 Index" .

The Company conducted key risk assessments and managed those risks to be in an acceptable level or decrease the probability of occurrence including monitoring its results. Moreover, the Company recognized the importance of anti-corruption. Currently, the Company is in the process of applying as a certified member of Collective Action Coalition against corruption.

In 2016, the Company remained committed to the transparent disclosure of sustainability performance to its stakeholders by choosing reporting approach of Global Reporting Initiative 4.0 (GRI) that is recognized as a global standard, by having the Sustainable Development Committee's attention and follow-up in order to be the growing sustainable business.

Sustainable Development Committee

Sustainable Development Committee consist of the management level across the value chain to jointly define and review policies, strategies, operational plans and regulations. Moreover, the Committee would monitor the performance regarding the related sustainable development and balance between business operations, environment, and living standards of society and community by the participation of all stakeholders. The Committee was as follows:

- | | | | |
|----|--------------|-----------------|--|
| 1. | Mr. Weerapun | Ungsumalee | Executive Vice President |
| 2. | Mr. Nat | Jarlitchana | Senior Vice President - Marketing |
| 3. | Mr. Vathunyu | Visuthikosol | Senior Vice President - Business Development |
| 4. | Ms. Siriwan | Paimsethasin | Senior Vice President - Merchandising |
| 5. | Mr. Nitat | Aroontippaitoon | Senior Vice President - Human Resource and Loss Prevention |
| 6. | Ms. Wannee | Juntamongkol | Senior Vice President - Accounting and Finance |
| 7. | Mr. Chaiyuth | Karunyasopon | Senior Vice President - Distribution Center |
| 8. | Ms. Orapin | Sirijitgasame | Vice President - Corporate Communication |
| 9. | Mr. Nopadon | Phiwkliang | Vice President - Organization Development |

About This Report

Report Guidelines

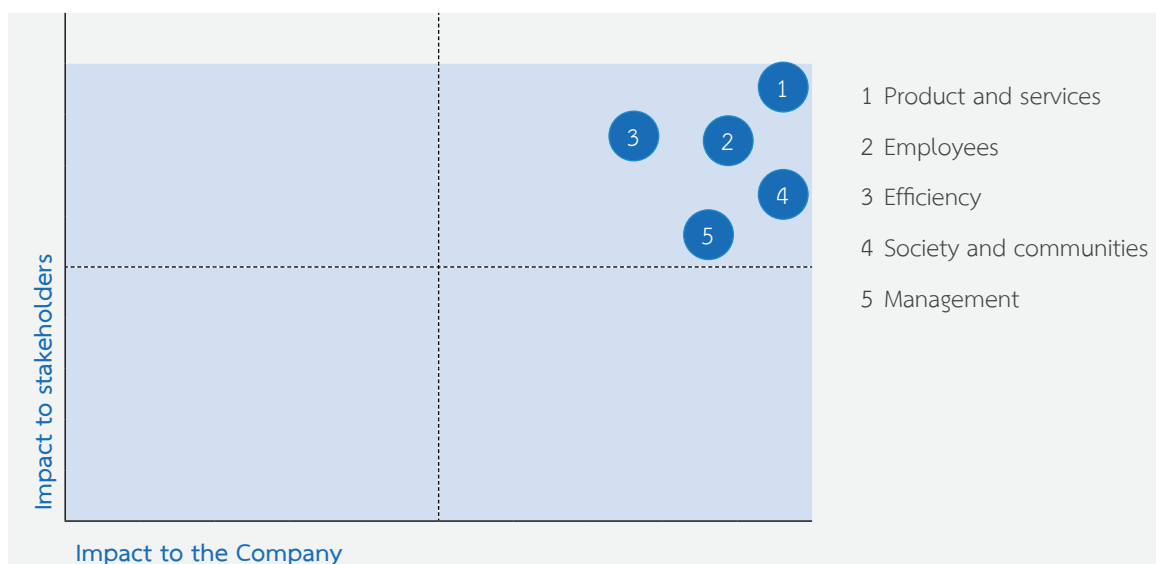
This report has been written for the fourth year with an objective to report the sustainable development performance of Home Product Center Public Company Limited in the aspects of economic, social and environment. It covers the periods from January 1, 2016 to December 31, 2016 in accordance with the index of Global Reporting Initiatives (GRI) Version 4.0 in which the selected indicators must relate to the Company's business operations and interests of stakeholders.

The scope of this report covers the overall policies, procedures, and activities associating with sustainability of economy, social and environment of Home Product Center Public Company Limited and its subsidiaries.

Report Content Selection

To select issues that were important to the Company and align with interests of stakeholders, the selection process was as following steps:

1. Identify the issues that were important to the Company regarding business strategies, risks, challenges, and activities along with expectations and interests of stakeholders which cover governance, economic, social and environment, which could be summarized into 5 main aspects as follows:
 - Products and services
 - Employees
 - Efficiency
 - Society and communities
 - Management
2. Prioritize the issues according to their importance measured by the risk assessment of the Company and interests of stakeholders.



3. Present the results to the Sustainable Development Committee in order to review and approve related contents and publishes to the annual report and post to the Company's website.

Stakeholder Engagement

The Company determined stakeholders by considering activities in the value chain, which consist primary activities and support activities as the following diagram:



Primary activities included product order placing and manufacturing, product distribution to stores across the country, as well as product sales and services providing. Supporting activities included the development of technology in terms of product management, knowledge improvement of employees, increase of distribution channels, service development, and internal management development. The integrated additional values from all activities would be transferred in terms of the quality of products and services, reduction in lead time for operations, higher convenience for customers, reduction in social and environmental impacts and reduction of wastes and expenses of the Company.

From the above activities, the Company divided stakeholders into 6 groups including (1) suppliers, (2) employees, (3) shareholders, (4) creditors, (5) customers and (6) society and communities. Moreover, interests and concerns of stakeholders were included in sustainable plans and issues as well as communication and action plans to stakeholders in both official and unofficial ways for the whole year of 2016 as follows:









Stakeholders	Expectations	Approaches	Communication Channel
(1) Customers	<ul style="list-style-type: none"> - Social and environmental friendly products - Fair prices - Product quality and safety - After-sales services 	<ul style="list-style-type: none"> - Sales promotions - Sales of products complying with standards as advertised - Equality of services - Pre- and after-sales services - Listening and responding to all complaints 	<ul style="list-style-type: none"> - Customer satisfaction surveys - Suggestion box in all stores - Call Center at 2831 6000 - Customer service - Website : www.homepro.co.th
(2) Employees	<ul style="list-style-type: none"> - Fair compensations - Comply to labor ethics - Safety of life and belongings - Knowledge development and career path - Work-life-balance 	<ul style="list-style-type: none"> - Activities promoting employee engagement - Work stability and opportunities for career advancement - Fair compensations including good welfares competible to the market - Pleasant and safe working environment - Training programs relating to responsibilities 	<ul style="list-style-type: none"> - Information providing to employees - Satisfaction survey - Team meetings - Complaint center, the human resource department - Direct complaint to the management - Email : md@homepro.co.th
(3) Suppliers	<ul style="list-style-type: none"> - Fair trades - Higher volume of product orders 	<ul style="list-style-type: none"> - Equitable treatment - Clear purchasing process - Knowledge sharing and improvement - Implementation complying to trading regulations and conditions - Free and fair competition focusing on manufacturing standards - Operations with ethics 	<ul style="list-style-type: none"> - Policies and ethics for business operations and regulations of business partnership - Supplier audit and evaluations - Traning programs for suppliers - Vendor day - Contact via the management - Website : www.homepro.co.th
(4) Creditors	<ul style="list-style-type: none"> - Debt repayments as scheduled - Compliance to loan covenants 	<ul style="list-style-type: none"> - Debt repayment as scheduled and as required in conditions - Maintaining the debt-to-equity ratio as required in conditions of bond issuance and bank loans 	<ul style="list-style-type: none"> - Contact via the management - Website : www.homepro.co.th - Contact to the Finance Department at 0 2832 1000
(5) Shareholders	<ul style="list-style-type: none"> - Improvement in business performance - Good corporate governance - Data transparency - Right and Equitable treatment 	<ul style="list-style-type: none"> - Report disclosure and transparent information - Business operations in accordance with the corporate governance - Generating sustainable returns through long-term value creation - Benefits maximization to shareholders 	<ul style="list-style-type: none"> - Annual reports - Annual General Meetings - Contact via the Investor Relation at 0 2831 1000 - Email : ir@homepro.co.th - Website : http://hmpro-th.listedcompany.com
(6) Society and Community - Community	<ul style="list-style-type: none"> - Business operations with responsibilities - Sustainable Community development - Economic improvement of community 	<ul style="list-style-type: none"> - Maintaining the ecosystem in the braches areas - Listening to all opinions and suggestion of the communitiy - Career supports in the local community - Organizing cultural activities together 	<ul style="list-style-type: none"> - Meeting with the community before starting the construction - Contact via store managers after the construction - Website : www.homepro.co.th
- Public Sector	<ul style="list-style-type: none"> - Compliance to the laws and regulations - Participation in public activities 	<ul style="list-style-type: none"> - Compliance to the laws and regulations - Coordination and participation in activities of public sectors 	<ul style="list-style-type: none"> - Contact via the management and Government Relations Department - Website : www.homepro.co.th

2016 Sustainability Performance and Plan

	Work Plan	Performance in 2016	Next Plan
Products and Services			
Customer Satisfaction	Increase customer satisfaction score to 95% in 2020	Customer satisfaction was closed to the previous year at 94.41%	Maintain product standard and quality of services including increases of product and services assortment
Sale-mix of ECO products	Increase sale-mix of ECO products to 30% in 2020	Sale-mix of ECO products were 25.70%	Product assessment of ECO Product with high quality, various and at seasonable price
No. of processional technicians team	Increase number of processional technicians to be 1,500 teams in 2020	Number of processional technicians was 1,000 teams.	Maintain service quality and increase number of processional technicians teams to meet customer's demand.
Employees			
Employee Satisfaction	Increase employee satisfaction score to 90% in 2020	Employee satisfaction was closed to the previous year at 87.2%	Maintain working framework, "Happy Work" including Happy Home, Teamwork, Think Good Do Great and Stay Healthy.
Employee training	Provide training and development program to support the Company's expansion by maintain employee knowledge at 96%	Employee knowledge increased from 91.9% to 95.8%.	Provide training and potential development programs to create career advancement and to build leaders for the organization's success
Health and Safety	Maintain accident rate per store not more than 0.16 times	Accident rate per store was maintain at 0.16 times	Promote safety habits and arrange Safety Week events
Society and Communities			
CSR Activities	Acceptance from surrounding communities - Kids' toilets project and Public and Elder' Toilet operated along with store expansion. - Dual Vocational Scholarship	Implemented as planned - Established additional Kids' toilets for 13 schools totaling of 54 toilets. Extension the Public and Elders' Toilet of 36 toilets. - Provide 169 scholarships in Diploma degree.	Increase numbers of toilets and target group expansion Increase more educational institutions to participate in the vocational scholarship program
Management			
Business Expansion	95-100 HomePro stores 15 - 20 Mega Home stores 8 - 10 HomePro stores in Malaysia (within 2020)	80 HomePro stores 11 Mega Home stores 2 HomePro stores in Malaysia (As of December 31, 2016)	Continuously expand the stores domestically and internationally to cover target customers in Home Improvement business
Operation			
Energy	Reduce energy consumption 20% within 5 year (2014-2020) and continually improve	Energy consumption per area decreased by 20.82% from base year (2014).	Create energy conservation awareness in all level of employees

Awards Proudly Presented

Home Product Center Limited (Public) Company is well aware of managing business with responsibility and in consideration to all stakeholder groups no matter whether they are the customers, employees, vendors, society and community, to develop a sustainable business. The Company appended operational goals for sustainability integrated into the Company's operating strategy focused on establishing balance between organizational development and growth, risk management, optimizing operational processes, good corporate governance and creating value for stakeholder groups altogether. Subsequent to this past year, the Company has received various assessment ratings and awards both nationally and internationally, including:

			
<p>Receiving a full score of 100 from the Thai Investors Association for the assessment on the quality of shareholders' meeting for the 8th consecutive year.</p>	<p>Rated a governance level of "Excellence: 5 stars" from the Thai Institute of Directors Association (IOD).</p>	<p>Selected as 1 of 100 listed companies having outstanding progress in Environmental, Social, and Governance (ESG) performance from Thaipat Institute</p>	<p>Being listed in "MSCI Global Sustainability Indexes" and "MSCI Global SRI Indexes" with "A" rating from Morgan Stanley Capital International.</p>
			
<p>Being listed in "FTSE4Good Emerging Index" and "FTSE4Good ASEAN 5 Index" the indexes evaluate ESG issues of listed companies.</p>	<p>Receiving "Outstanding Investor Relations Awards" in the SET Awards 2016, the awards are given to companies with outstanding performance in conducting investor relations activities. The participation of all parties within the company is the key part for the consideration.</p>	<p>Being listed in "Thailand Sustainability Investment (THSI)" for the 2nd consecutive</p>	<p>Receiving SET Sustainability Awards 2016 for "Rising Star" category.</p>

1. Products and Services

The objective of product selection is to provide the best products to customers with the main focus of product quality and values. The Company aims for offering the varieties of products such as LED light bulbs, water-saving sanitary wares, and other new innovative products to respond to the change in customers' needs. In addition, the Company recognized the service demand so that technicians in 3D design, installation, decoration, fixing, inspection, and maintenance would be sourced for customers to be able to control their budgets and times.

The Company and its suppliers jointly selected and promoted environmental-friendly, energy-saving and safety products with the international standards as well as innovations to meet the needs to customers with environmental concerns. The products are

1.1 ECO Product activities that support environmental friendliness

The Company assigns various symbols on products and on store shelves that are easily observable by customers when selecting products. The Company also creates campaigns to support the environment as follows:

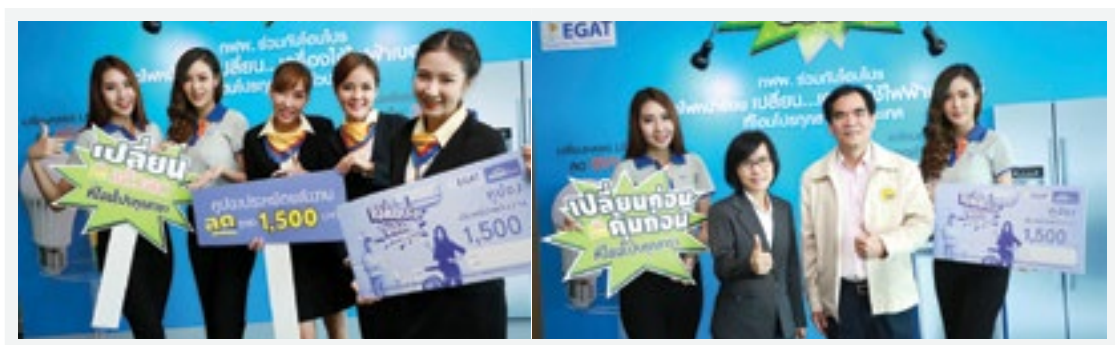


The Company embarks on campaigns to educate about products that are environmentally friendly using these 6 symbols through various Medias both internal and external. Promotional activities are arranged for customers to select ECO Products. In 2016, the Company sold ECO products with these 6 labels totaling 14,783,312 items, which accounted for over 25.70 percent of sales.



Activities to promote energy saving

The Company promotes customers to select products that are energy efficient, to reduce the emission of carbon dioxide gases (CO₂), which is a major cause of global warming. The Company cooperated with the Electricity Generating Authority of Thailand (EGAT) to create the event “**Power Saving project this summer, Changing to Electric appliance No. 5**”. This campaign provide discount coupon for customers who purchase Electric appliance No. 5. By this campaign the electric energy efficient product group was sold totaling 225,657 items, equivalent to carbon dioxide gases (CO₂) reduction of 10,513 ton per year.



The Company also cooperated with the Energy Policy and Planning Office (EPPO.) Ministry of Energy to organize “Consolidated power to reduce the energy switch to new for surely save” a public campaign to promote the use of LED lighting bulb that is 30% more energy saving, also the encourage the use air conditioners with high Seasonal Energy Efficient Ratio (SEER) which is 85% energy saving.





No Bag, Shop & Save Earth

The Company always had a business policy to be responsible towards society and environment, by hosting the activity “No Bag, Shop & Save Earth” to create environmentally friendly shopping behaviors for the customers. The Company offers Home Card points to customers who purchase with no plastic shopping bags, to motivate for customers in regards to being environmentally conscious. In 2016, more than 340,000 customers did not take plastic shopping bags, this helped reduce plastic bag usage by more than 370,000 bags

1.2 Product Innovation for Society

As Thailand’s is entering an aging society, and the number of elders tends to increase, to meet the needs of this customer group the Company collaborated with business partner to develop innovative products for the elder. These products are easy to use and safe for the elderly which can reduce the causes of accidents to the elderly. The Company has several model rooms for elderly’s daily life at HomePro Rama 3 store and Chaiyapruk store. In addition, there are 3D design services by expertise according to Universal Design professional standards such as bathrooms, bedrooms, kitchen, and living room, etc.



1.3 “Home Makeover” Service Innovation

Throughout 20 years, the Company aims for value delivering for both products and services. The Company learns from customers’ needs and develops a suitable service which can serve customers’ needs. Currently, there are over 5 million existing home in Greater Bangkok, and some of these residences could not solve with home owner’s problem about continually change of life style Moreover, Home improvements could create hard experience and problems for home owner. HomePro, as a leader of Home Improvement products, recognized that problems by develop service to meet customer’s expectation which enhance the quality of life and living conditions for Thais.

In year 2016, in collaboration with businesses partners, the project “Home Makeover” by having professionals team from Home Service providing consultation, design, and renovate homes. This was organized as a Reality Show about home improvement by selecting 10 homes that were affected from change of lifestyle such as difference in lifestyle between younger generation and elderly. The Company solves these problems free of charge. This program started broadcasting on the channel Voice TV on July 2016 and has progressed continuously.



1.4 Service Excellence

Most of the Company’s products had detailed instructions and procedures that must be communicated with customers. Thus, the Company provided relevant services to customers such as consulting service to help them choose the most suitable products to their purposes. The Company also provided “Home Service” including 3D Design and the 3 main service groups of installation service, maintenance service, home improvement service and Home Makeover Service. Nevertheless, the Company would help provide technicians and contractors, provide convenience to customers through product ex-change, return, fix in any stores no matter which store customers purchase and the Company also has delivery service across country without any charge if delivery point are near to HomePro store in the radius of 30 kilometer, DIY (Do It Yourself) workshop, and other relevant workshops regarding the home care purpose of customers

Lady Service

Currently, there were large numbers of elders and ladies staying alone, so the Company recognized the importance of security and risks. The lady service was then adopted by providing female technicians who would be trained for services of installation and maintenance of electrical appliances in which in 2016, there were female technicians for the lady service of 16 teams supporting services of 25 stores in Bangkok metropolitan region



Tracking Service

The tracking service helped control the service quality provided to customers in terms of delivery and installation (by setting up the tracking center to track delivery trucks and installation teams with GPS) and home service (by using the program for quality check via a tablet or a mobile that could help monitor a technical team in real time).

1.5 Responsibilities to Customers

Customer Service

Each product type of the Company was designed to suit with each purpose of household use, and these products met the manufacturing standards of environmental concern. Therefore, they had high quality and durability as well as standards regarding pre- and after-sales services. The Service Excellence given to customers was as follows:

1. Pre-Sales Service

- Provide professional and reliable suggestions on products and services to ensure that customers would receive suitable products with the most benefits
- Provide 3D Design for customers who would like to modify their bathrooms, kitchens, or tiles by professionals who would propose designs to meet the demand and benefits of customers. The 3D Design would help them visualize before making their decisions as well as provide customers the technicians who would also be monitored to complete tasks as scheduled.

2. After-Sales Service

- Deliver and install electrical appliances and kitchen equipment to customers in accordance with the terms and conditions of the Company in which staff could inform and appoint delivery date with customers on the right date of purchase. Such services of delivery and installation were offered in all stores across the country. Customers could purchase products from any stores, and the delivery and installation would be from the nearest stores to their destinations.
- Provide the maintenance service. The Company would coordinate and send products back to the manufacturers as well as monitor the maintenance process for the convenience of customers.
- Ex-change and refund products in which customers could change and refund products in all stores within 14 days and under the defined conditions.

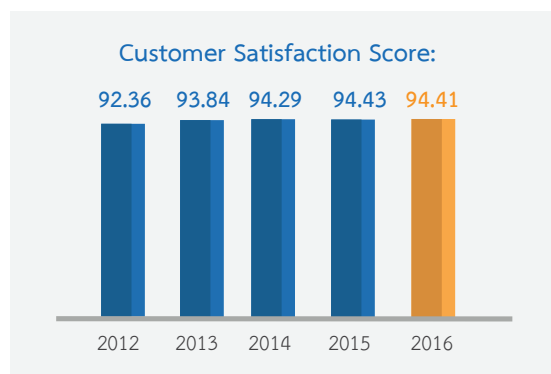
- Provide the Home Service which was the after-sales service of 3 main service groups including (1) Installation Service, (2) Maintenance Service, and (3) Home Improvement Service and Home Makeover Service. Customers would be given such services from knowledgeable professional technicians in each particular product with controllable their budgets and time.

Customer Information Confidentiality

The Company recognized the importance of privacy and protection of personal information of customers so that all customers' information would be kept confidentially and stored in the database with the different level of authorization to access, save, and edit such information. If customers would like to request or correct their information or to use their privileges upon member cards, they must show their ownership by presenting their identification cards for the investigating process before the accession.

Equable Service

All customers would be equally treated with the same standard under Service Excellence Principle. Moreover, the principle will be delivered to all level of employee for implementation. The service has been determined to equally treat all customers without any discrimination such as queue management, service reservation, free drinking water, wheelchairs for disabled people and elders, etc.



In 2016, customer satisfaction was at 94.41% which evaluated from all employees' operation. Furthermore, the Company used customer satisfaction data to analyze for further development and improvement of product and services.

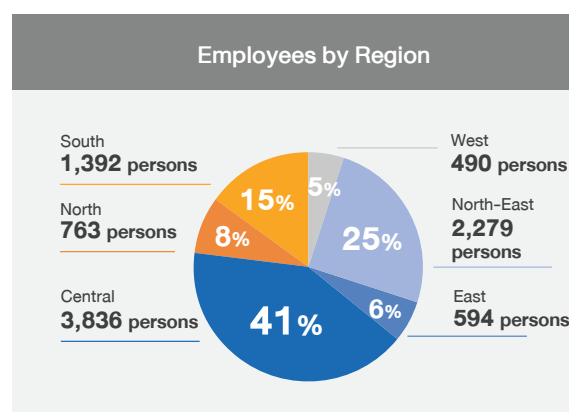
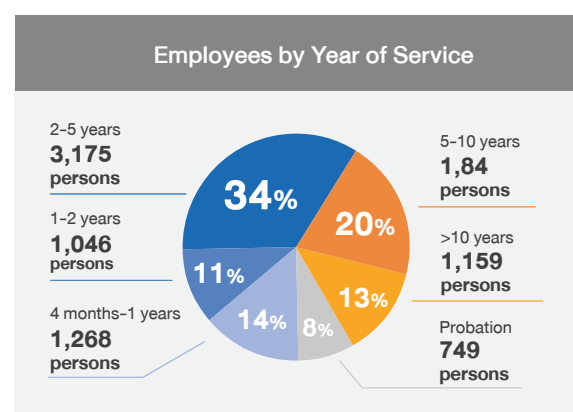
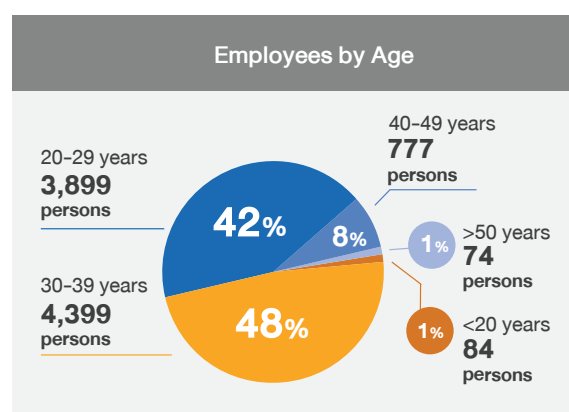
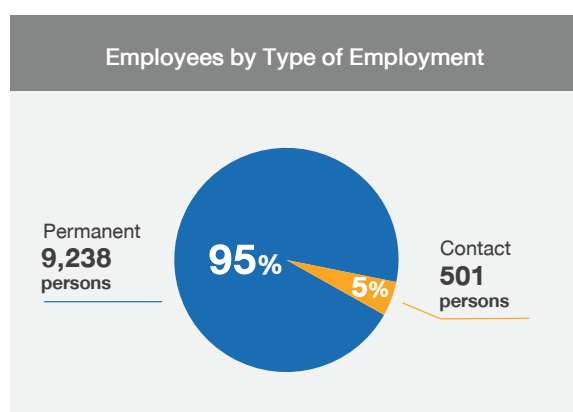
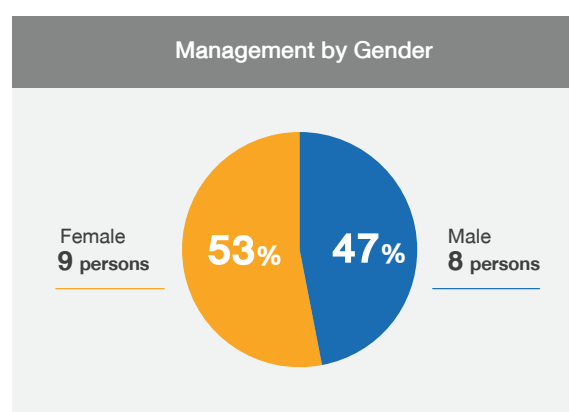
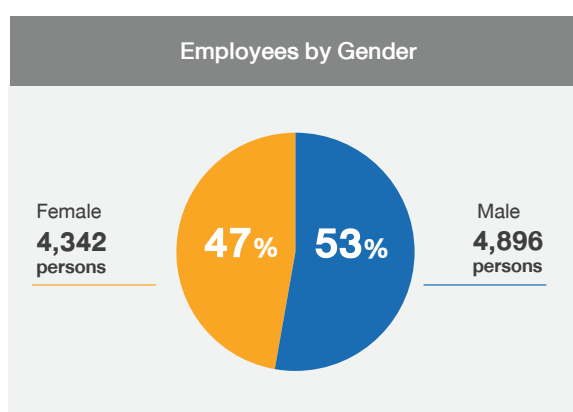
Responsible Communication and Customers' information Security

The Company focused on responsible marketing communication and privacy of customers' information particularly promoting through PR activities or online communication. The Company respected customers' privacy and gave them a choice to unsubscribe news and data as well as maintained the information accuracy.

In 2016, the Company found no case of misconduct and violation relating to marketing communication. There was also no complaint significantly relating to the violation of customers' privacy.

2. Employees

The Company believed that employees were the most valuable resources and factors driving the strategy of the organization to achieve the goal. Therefore, the Company focused on the importance of care and development of all personnel in accordance with human rights without the discrimination of gender, age, skin color, and other characteristics. The employee profiles categorized by character are as follows:



2.1 Diversity in labor and equally recruitment

Recruitment

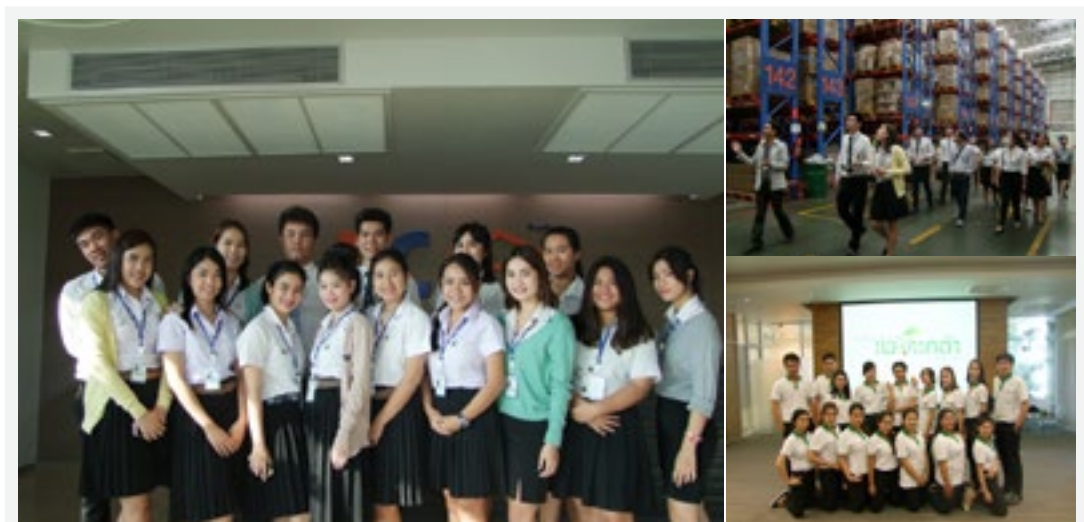
The Company complies with policy of equally treatment to customers, full-time employees, part-time employees, suppliers, and stakeholders. The Company recognized and respected human rights without any discrimination of gender, religion, skin color, origin, disability as well as accepted the differences of idea, societies, environmental conditions, traditions, norm and cultures in each location where the store are operated.



The Company respected human rights in workers' welfares, no child labors, against on forced labor, determination of working hours, overtime (OT) and holidays in accordance with the Labor Law. The Company also legally hired foreign workers with the international standard for human rights. Additionally, the Company and its subsidiaries promoted non-discrimination in gender even for the management. It also focused on performance, experience and the evaluation for job promotion must be considered by the Committee.

Consequently, the Company recognized the important of human resource development, educational support as well as staff recruitment from the proper location in accordance with the specified recruitment process in order to facilitate the employment under the reasonable time frame and the target achievement. There were also various systematic recruitment processes to select talented and good employees such as;

- Personality Test to evaluate the personality matching each position. Supervisor Test would also be required for the management level and above to evaluate the supervising skill.
- Competency-based Interview was used by interview Committee to ensure that the Company would hire personnel as required.
- Management Trainee campaign to select the new generation of management.
- Store Management Trainee / Internship to prepare labor force with appropriate skill according the the job requirement.



“Suk jai Klai Baan” (Happy Home Town) Project

“Suk jai Klai Baan” (Happy Home Town) Project offered opportunities for employees to relocate to work in or nearby their hometown in order to support the happiness of employees. Currently, there have already been 1,088 employees engaging in this project.

Year	Number of Employee (Person)
2012	254
2013	228
2014	264
2015	101
2016	241
Total	1,088

Disability Employment

The Company had the policy of non-discrimination in employment by hiring disabled people in accordance with the law of disability employment and supporting disabled people to work in the same positions as normal people such as sales, maintenance, call center, logistics, and administration. Information of disability employment in 2012-2016 is as follows:

Year	Disable Employees (Person)
2012	83
2013	91
2014	110
2015	106
2016	95

Elderly Employment

In 2016, the Company joined the business network of Corporate Social Responsibility towards the Elderly group, to develop an Age-Friendly Business in collaboration with Thaipat Institute, Department of Older Persons, Ministry of Social Development and Human Security. The Company has recruited elders as service personnel's both at stores and at head office. Presently, there are 9 elders working in 9 HomePro stores.



2.2 Increase of Capabilities in Knowledge and Skills

The Company focused on the continuous training and personnel development at all levels to support the business growth and encourage the management and employees to fully perform their capabilities. Moreover, the Company encourages employees to develop new innovation which could be sent via inno@homepro.co.th. The Company has founded the particular training center to educate and enhance employees' working capabilities by specialized teams. The Company would then monitor the performance after the training. Such employee training and development could be divided into the following 4 categories.

1. Corporate Fundamental Training (15 courses) in all areas such as safety, team or psychological development, and other areas supporting the international business expansion including English course.
2. Function Training (48 courses) to ensure knowledge and skills of employees to be able to work in their responsible functions.
3. Competency-based Development (9 courses) to enhance capabilities of employees to be able to work in more detailed functions.
4. Leader/Talent Group Development (7 courses)

Apart from classroom training, there were also other learning segments such as:

- Coaching and mentoring through on-the-job training (OJT) with real working practices in which each store manager could share knowledge, best practices, and information to new employees.
- Encouraging employees in the management level and above to be trainers which would not only help the improvement of themselves but also other people. This could also be the internal transfer of their tacit knowledge to explicit knowledge through the preparation of learning media and documents.
- Technological investment of conference rooms in every store for immediate training from the training center which could help save time for employees who had to travel to the learning center

In order to monitor and evaluate the development of employees, the Company set the 3-level mentor and evaluation systems as follows:

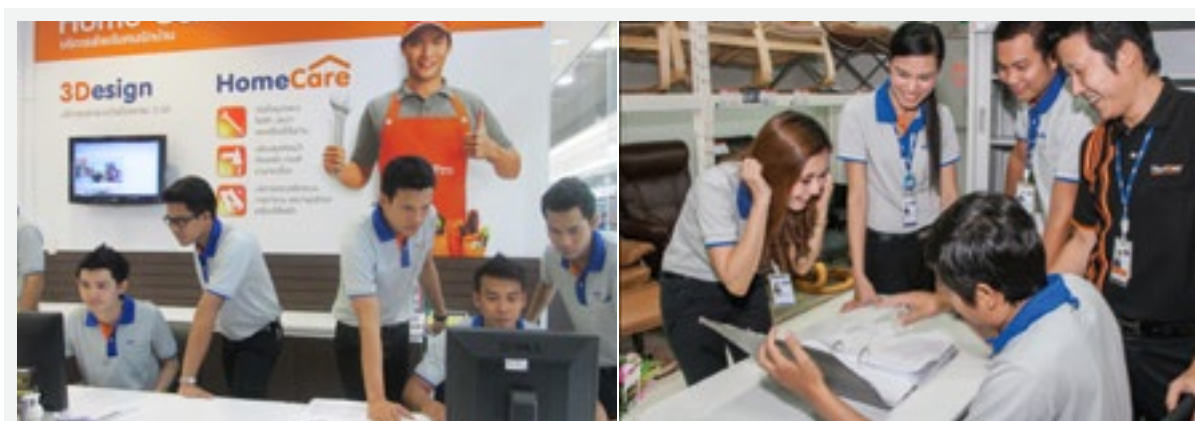
1. Efficiency such as the efficient training, training satisfaction, and lecturers' skills.
2. Effectiveness such as the increase of knowledge and change in behavior by the Knowledge Survey Check of each store at least once a year
3. Impacts on business such as the increase of sales and customer satisfaction in which the Company has monitored the results from sales values or customers satisfaction after training.

Details of Training and Development of Employees are as follows:

Training and Development	2016	2015	2014
Training and Development Investments (million THB)	7.08	6.09	8.89
Training Statistics			
Classroom (no. of participants)	11,781	13,523	21,953
OJT ¹ (no. of participants)	1,802	1,633	823
Classroom (no. of hours)	1,060,062	1,068,182	183,823
OJT (no. of hours)	585,560	508,640	207,396
Average Training Hours per Participant			
Top management level	37.28	40.06	31.59
Middle management level	69.04	31.13	50.34
Lower management level	43.27	37.26	38.75
Operational level	102.7	100.55	49.93
Average Training Hours per Participant per Year	77.24	69.06	45.04
Knowledge of Store Employee (Annual Test)	95.80% ³	91.90% ³	96.25%

Remark :

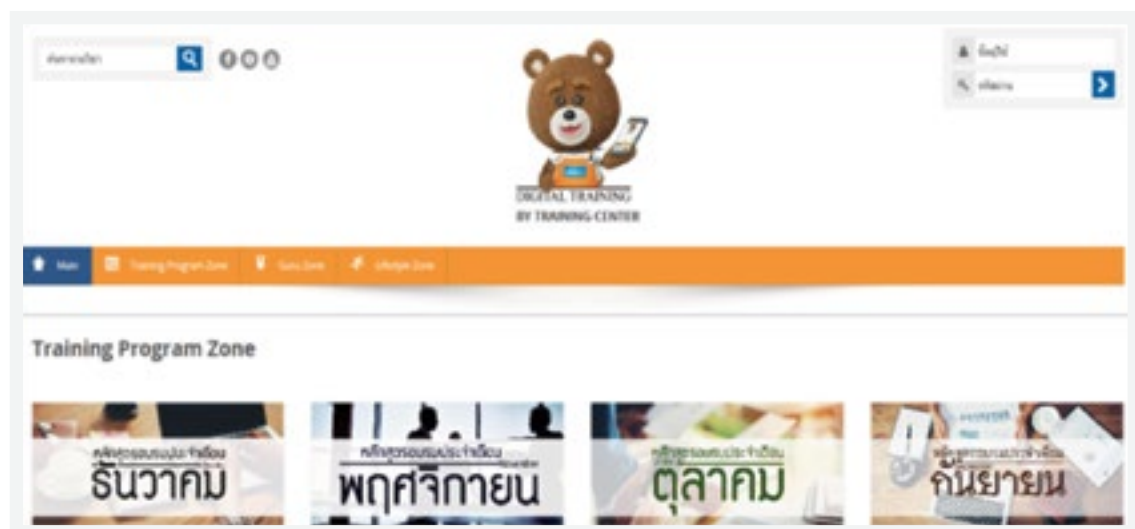
1. OJT (On the Job Training) was the in-store training by supervisors
2. No. of employees participating in classroom training decreased due to the change in training model since 2015 to be the in-store training by supervisors to create the coaching session in each store as well as training through VDO Conference which save time as well as cost-saving for employee to travel to the training center.
3. Knowledge of Store Employee for 2015 and 2016 evaluated from annual test which changed from classroom training to On the Job (OJT) as employee could training through VDO Conference and Digital Training.



Digital Training

In 2016, the Company launched a mobile-based learning with plans to develop the system and learning content to support all target groups covered in all positions to create the learning culture in the digital age under the concept of learning everywhere and anytime named “Digital Training” which consists of 5 sections as follows:

1. My Course: a job function based curriculum which enables employees to learn basic knowledge on their field of work. Roles and responsibilities, performance standards, and the basics knowledge that new employees should be aware of were presented in VDO format which is easy to learn, concise, and interesting.
2. Training Program Zone: the list of monthly training programs which allows employees to search for course details e.g. date, time, and venue for each seminar.
3. Guru Zone or Best Practice Zone: the key to success by the Company’s role models, in this section employees can exchange their knowledge, method, or best practice for further use.
4. Lifestyle Zone: good tips and tricks that can be adapted to the working life and also benefits to everyday life.
5. Re-run Zone: Summary of contents, tools, and tips from the trainers that participants can come back to study and review the contents freely at any time and an unlimited number of times.



Career Path

Career path management was a tool for systematic employee development. There was also the assessment on core competencies in core divisions that mainly drove the business such as operational, purchasing, and inventory management. The talent group was also developed by considering knowledge, skills, and other components such as knowledge and performance, capability, working experience, years of services and personality. This was also one of the management systems that could lead to the clear development path and potential growth of the Company. Moreover, this would encourage employees for self-improvement and build good engagement with the organization.

Apart from the employee development through training, the Company has developed the plan of career path for individual career growth along with the business expansion both locally and internationally. The Individual Career Development Plan of each employee would be directed by their supervisors including;

- Individual Career Plan – the projection of short-term and long-term career growth of employees considered by current competencies comparing to the expectation for a higher position.

- Individual Development Plan (IDP) – the determination of employees’ skills that should be developed with the procedures defined in the Individual Career Path Plan such as in-store training, on-the-job training, coaching, and Project Assignment.

Employees would be monitored on their IDP and receive feedbacks from their supervisors every 6 months. It would be in terms of development progress and discussion between employees and then supervisors to continuously develop capabilities for the future career growth. The capability assessment would be the same in all levels and positions for employees to freely rotate to related positions in the future, and it was divided into 3 areas including performance indicator index, management capability, and core value of organization.

The result of capability assessment would be included in the consideration along with the annual performance assessment and presented to the management for the promotion and compensation for talent group, and creation of successor, which was one of development plans for the development of leaders along with the growth of organization.

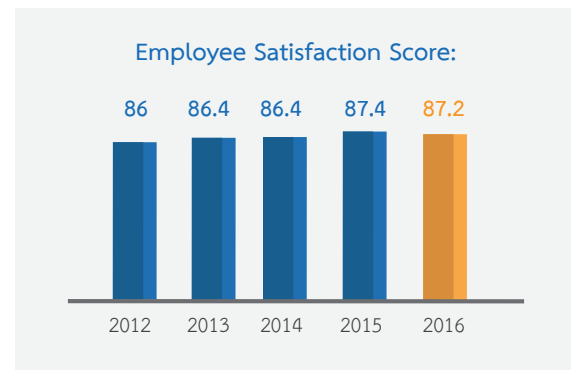
2.3 Benefits and Employee Relation Activities

The Company annually surveys the employee satisfaction and brings the results to develop the working environment. In 2016, the Company has implemented policy and activities under the objective of “Happy to Work” including Happy Home town, Teamwork, Think Good Do Great, and Stay Healthy as in which the following operational plans.

- Provide welfares above the labor market level including cost of living, fuel cost, position allowance, provident fund, phone bill allowance, health insurance, accident insurance, uniform, maternity clothes, allowance for purchasing products in staff prices, emergency financial support, patient visiting basket, and financial support for marriage and funeral for both employees and relatives.
- Involve technology in Human Resource Management System (HRMS) in which employees could manage by themselves for checking working profile, taking leave as well as welfare disbursement. The system would help reduce the approval process so that employees could efficiently manage their time attendance with accurate and prompt payment compensation, and this was the result of openness for employees’ feedbacks to improve the system.
- Respect employees’ rights without prohibition to establish or participate in the labor union. Moreover, the Company was open for giving advice to employees in all aspects of both working and personal issues. There is no prevention on individually or group discussions, by allowing employees to communicate directly with their supervisors, or through committee representatives. The discussion could be done with human resource team, supervisors, representatives, or complaint channels for the human resource division to develop all areas in such that employees could receive the guideline and participate to solve when the issues arises. However, there has been no labor union with the organization, and none of the Company’s employees has participated in any labor union.
- Improvement the workplace to be more modern and cozy in order to accommodate the increase of employees such as canteen that was controlled regarding hygienic and cleanness of food, drinking water, plates, and containers. There was a policy to offer food at the subsidized price, providing indoor garden to feel relax, and fitness room that was open daily from 06.15 – 22.00 hrs. as well as multi-purpose room for seminar and other activities.
- Allow employees to gather and form clubs as preferred and volunteered such as sports club (football, badminton, table tennis, and fitness).
- HomePro Low Fat activity was organized to raise awareness on employees’ health by measuring Body Mass Index (BMI) of selected employees whose health may be at risk, by provide training on building good health habits. Additionally, awards are given to winners participating in self-care.



From the above mentioned plan, resulting in the employee satisfaction survey for the year 2016 was closed to the previous year at 87.2%



Employee relation

10th and 20th Year-Work Anniversary Awards

The Company recognized the value of employees which is a key factor in the business operation. Aside from taking care of employees e.g. provide salary and welfare not less than the as required by the labor law. The Company also has a policy of awarding as recognition and moral support to employees who work with the Company for 10th and 20th year-work anniversary for their dedication for a long period of time. In 2016, the Company organized the event to award employees who had service year for 10th and 20th anniversary as follows:

	10 th Anniversary	20 th Anniversary
Head office (2016)	54	15
Stores (2016)	221	12
Total Employees (person) (2016)	275	27
Total accumulated Employees (since the Company's establishment)	1,245	65



2.4 Safety and Health

2.4.1. Safety in organization

The Company has measures as following:

- Decrease Lost time Injury Frequency Rate (LTIFR) such as Safety orientation to newly employee as well as subcontract worker.
- Decrease accident rate outside distribution center such as public the Company's safety policies and rule to related parties: Driver, contractor, etc.
- Organize campaign on safety awareness such as training on fire fighting to all department employees, Billboard on safety issue, attend safety seminar, etc.
- Examine working environment to ensure that it pass working environmental criteria consisting of annually brightness and dust measurement and semi-annually chemical measurement which the Company could pass all criteria.

2.4.2. Crisis Management

- The Company considered fire as the first priority as it treated as critical crisis. In the previous year, the Company has plan as follows:
- Training on Emergency Response Team (ERT)
- Training according to Business Continuity Plan (BCP)
- Training and attend Emergency Response Team (ERT) competition to find the best ERT Team in 2016
- Attend firefighting course.



2.4.3. Prevention and solving drug issue in the workplace

In the recent year, the Company has plan as follows:

- Revised the Company's rule related to drug test as well as operation plan in case that employee posse drug. The materiality of the revision was to provide the job opportunity to both full-time employee and part-time employee cure the drug addiction until recovery and be back to resume normal work.
- Joining project "To Be Number One" to improve the prevention and problem solving drug addiction by received advice from government agencies to participate in various activities

Safety and health of employees were important so that the Company focused and managed the proper environment in the workplace. The Company selected the toxic-free equipment to prevent pollution and chemicals during the operation process for health safety in short and long terms such as Back Support belts for staff lifting tiles and heavy materials and ventilators for Back Stock areas. Furthermore, the Company constantly measured the working environment such as the brightness measurement of light.

Besides, the safety policy in the workplace was responsible by the particular team to train, provide knowledge, monitor, and give advice to employees regarding the working environment as well as to evaluate risks arising from equipment, to promote activities relating to safety of work, and to monitor the result.

Accidental Rate (time per store)

	2016	2015	2014	2013	2012
Accidental Rate ¹	0.16	0.16	0.2	0.2	0.21
(Lost time Injury Frequency Rate : LTIFR) ²	0.33	0.26	0.32	0.36	0.44
(Lost time Injury Severity Rate : LTISR) ³	2.65	2.6	4.77	2.95	5.02
Fatal Accident (time)	0	0	0	0	0
Death (person)	0	0	0	0	0

Formula : 1. Accidental Rate = Number of accident / Number of stores
 2. Lost time Injury Frequency Rate = (Lost time Injury Frequency X 1,000,000 hour) / total working hours
 3. Lost time Injury Severity Rate = (Lost time Injury Severity X 1,000,000 hour) / total working hours

In 2016, the Company joined Project “Zero Accident” incorporated with Thailand Institute of Occupational Safety and Health and received award with detail as following:

Award Type	Number of Award	
	2016	2015
Primary level (the accumulated working hours of employees less than 1,000,000 hours)	44	23
Bronze level (the accumulated working hours of employees from 1,000,000 to 2,999,999 hours)	5	4

Apart from safety at work, employees’ health, and customers’ safety, the Company also focused on emergency prevention such as fire by assigning the emergency team in each store. In 2016, there was the competition of Emergency Response Team (ERT) to ensure that ERT was well-prepared in both skills and physical fitness, and all employees must also be trained and practice the annual fire drill to recognized their roles and duties in real situation.

Furthermore, the Company extended the policy of safety to cover major suppliers in the supply chain in which one of them was a contractor who played the main role in construction projects. For instance, regulations upon safety would be specified in a contract that a contractor working with the Company must strictly follow the safety checklist and provide a security guard at a construction site as well as hire an external consultant certified by the standard of ISO 14001 for the additional investigation apart from the weekly investigation by the project manager of the Company. Moreover, safety would also be provided to contract workers of a subcontractor to be aware of human rights such as no child labor, legal foreign workers with work permits, and no compensation exploitation. Additionally, contractor must provide proper facilities for workers such as toilet, bathroom, washing room, canteen, store, childcare room, accommodation, and safety training. All contractor must also provide life insurance to their workers in case of death while working, additional to what is defined by the law.

2.5 Home Pro Culture

The Company has set the organizational culture for all HomePro's employees to serve as a guideline for their conduct and work procedure in order to achieve the vision and missions as planned, by aiming such cultures to be integrated with employees' lifestyle as a part of their daily life. To enhance and develop employees' knowledge and capabilities, to dare to think and act and be adaptable to changes in all aspects, so that the Company can move forward and develop itself steadily and sustainably. Presently, there are 5 HomePro Culture as follows:

1. Customer First

Excellent service comes from within, from service-minded. The foundation of outstanding service starts with the heart, passes through the thinking process, and leads through action and behavior.

2. Teamwork

Goals can be achieved through teamwork. No individual can succeed by oneself. Working together as a team can bring about success as well as achieving goals.

3. Think&Act as HomePro

Everyone comes from different backgrounds. However, the determination in self-improvement will eventually lead to success.

4. Passion

"Where there is a will, there is a way". No great work can be achieved without great determination and endeavor

5. Integrity

Integrity is doing good deeds even no one watching. The determination in doing things righteously will always be recognized. Integrity comes from self-respect and believing in doing the right things



3. Operational Efficiency

As carbon dioxide (CO₂) was one of greenhouse gases causing the global warming potential, the Company was aware of such issues for energy management, especially in energy consuming activities such as electricity consumption and transportation that affect carbon emission. Hence, the Company has developed and improved its environmental performance in which it would not only help reduce the impact on environment but also the costs reduction leading to the higher efficiency of the Company

3.1 Energy Management

According to the focus on energy management, the Company has planned for energy saving since the process of layout design for stores, material selection for construction to be light in weight in order to save amount of concrete, sensor system to automatically turn-on and turn-off lights in parking areas, Intelligent Car Park system in Market Village, and setting up the water treatment within each store.

Even after store opening, the Company has still been focusing on resource conservation through the reused system, energy saving, and efficient waste management. The Company has been installing energy-saving equipment such as LED light bulbs in each store and reusing water from the water treatment to water plants as well as reusing materials such as packaging both wood, paper boxes and plastic bags. Moreover, DC Center Limited Company, the subsidiary, has made its own clean ice for the usage within the distribution center in order to decrease wastes and carbon dioxide during the transportation.

In addition, no illegal environmental activity was found in 2016.

Energy Consumption

The Company recognized the importance of environment along with economic and society in accordance with the internal management in terms of cost reduction, especially in energy costs. The Company then set up the instruction in energy consumption for all related parties as well as frequently monitored the environmental impact by forming the team to formulate a plan, monitor, and evaluate the effectiveness of environment-related operational processes in the following areas.

In 2016, the Company adopted power-saving techniques into many stores leading to the decrease in overall power consumption. Meanwhile, the Company has compared the index of Specific Energy Consumption (SEC) in 2016 which decreased over previous year by 14 GWh/Sq.m. or 4.57%

Year	No. of store Included in the Calculation	Electricity Consumption (GWh)	Electricity Used per Unit Area (kWh/ Sq.m.)
2013	51	127	394
2014	63	155	370
2015	72	159	307
2016	76	158	293

Measures for the Reduction of Electricity Consumption	No. of stores	Amount of Reduced Electricity (kWh)	Amount of Reduced Ton CO ₂
Installed deodorized equipment replacing air conditions in 1 existing store and 5 new stores.	6	42,000	24,448
Installed Water Fog equipment in air-cool chillers to reduce the power consumption and increase the efficiency of the chillers.	12	3,600,000	2,095,560
Installed High Bay LED 65W lamps s replacing High Bay T5 3x28W lamp	4	107	62
Installed LED 20W light bulbs replacing T5 28W light bulbs	11	181,742	105,792

Remark : Ton CO₂ / kWh = 0.5813, according to the information from Thailand Greenhouse Gas Management Organization (Public Organization)

3.2 Solar Renewable Energy

Solar Cell can transform solar energy into electrical energy. The electricity generated from solar cell to a DC (Direct Current) can be used instantly. In 2016, the Company installed solar panels to generate electricity for its own use as follows:

Installation on Car Park Roof at Rajapruek Store

Installation size: 3,288.50 sq.m. that can generate electricity by up to 459,681 kW per year.

This can reduce electricity consumption by 459,681 kW a year and decrease carbon emissions by 391.4 tonCO₂ per year.



Installation on HomePro's and MegaHome's Roof for 11 stores

These include Homepro at Bangsara, Khonkaen, Udonthani, Bhudamonton, Rama 9, Srinakarin, Burirum, and Surin stores. For Mega Home business, Nakornratchasima, Nakornpanom and Hadyai stores.

Installation size: 7,000 – 8,000 sq.m. per project which can generate electricity by 1,377,718 – 1,458,613 kW per year in each project, totaling 15,789,097 kW per year. This can reduce carbon emissions by 11,040 tonCO₂ per year.



Besides, the Company encouraged and promoted consumers to install solar panels on their homes' roof to generate electricity either for personal use or to sell to the Government. In this regard, the Company arranged seminars for those interested in the installation of solar panel, with the collaboration of Mr. Khunawut Thumpomkul, Managing Director of HomePro; SPCG Public Company Limited; and the Stock Exchange of Thailand under "Cost-Cutting Strategy during Crisis with SPR Solar Roof" to provide the consumer on the knowledge of solar roof.

The seminar details in 2016 were as follows:

Time	Venue	Number of attendants
1	Home Pro training center – Ekkamai- RamIntra	261 persons
2	Sangvian Indravichai Conference Hall , Stock Exchange of Thailand	385 persons
3	Chiang Mai International Exhibition and Convention Centre	144 persons
Total		790



3.3 Water Resource Management

Sources of water used for the Company's operations were from tap water, groundwater, and recycle water in which it was mainly used in stores, offices, rental stores, cleaning parking areas, and watering plants.

Additionally, the Company has been trying to reduce the water consumption by assigning the maintenance division to check water pipes, meters, and other equipment every month. The Company also installed water-saving sanitary wares, faucets, and bidet showers as well as changed faucets to be with the sensor system and set the proper time for each time water flowing. Moreover, the Company chose water from natural sources such as artesian wells for watering plants (with the grant of the government).

Year	No. of stores Included in the Calculation	Water consumption (cubic metre)	Water consumption per store (cubic metre)
2013	51	977,276	19,162
2014	63	982,016	15,588
2015	72	930,644	12,926
2016	76	872,480	11,480

Water Treatment

Water used in all systems must be treated and measured with the standard of Ministry of Natural Resources and Environment before releasing to public drain pipes, and some would be recycled and used in watering plants.

For new stores, the Company replaced the original water treatment system of Conventional Activated Sludge (CAS) by Membrane Bioreactor (MBR). To compare water pumps, MBR's pumps were 35% smaller and could reduce the treatment time for one-thirds. Furthermore, MBR could block large-size bacteria, and the system could be easily enlarged without removing the existing system as well as could help reduce the investment cost up to 0.8 million THB per project.

3.4 Carbon Footprint

The Company began implementing the carbon footprint project in 2015 by having HomePro Lum Luk Ka store as the first home improvement retailer in Thailand to receive the Carbon Footprint registration and the Carbon Logo from Thailand Greenhouse Gas Management Organization (Public Organization), or TGO, as well as compensated for carbon emission to be Carbon Neutral.

In 2016, the Company expanded the project to its 80 stores with the following Carbon Emission data:

Carbon Emission	Volumn (Ton CO ₂)	
	2016	2015
Scope 1	1,013	1,102
Scope 2	85,026	91,040
Scope 3	23,339	23,225

3.5 Waste Management

The Company had the waste sorting process by dividing wastes into 3 groups including (1) recycled waste, (2) wet waste, and (3) chemical waste.

To manage recycled wastes such as paper, plastic, and glasses, the Company would offer an auction with waste recycle operators every 6 months or 1 year in according to the change of waste prices. For wet wastes, they would be separated and stored in the particular room with air conditioning to maintain the temperature in order to control smells and the growth of bacteria, and they would finally be collected by the municipal authorities every day. For chemical wastes such as light bulbs or lubricants, the Company would also separate and return to contracted vendor for the proper toxic waste disposal.

3.6 Efficient Transportation

The Company puts the effort to reduce carbon dioxide emission from fuel combustion with the concept of Green Transport and Supply Chain. This concept engaged in technology that could help decrease environmental impacts and help efficiently manage logistics as well as reduce the use of fuel and carbon dioxide emission.

Elements of Green Transport and Supply Chain concept were as follows:

1. Product delivery with the concept of Full Truck Load by setting up the weighting platform and the controlling system of the proper product volume per each time delivering.
2. Consolidation of product deliveries by planning delivery routes and schedules to be able to deliver products to many customers in the same or close areas in one time.

3. Reduction of back haul by taking products from manufacturers to warehouses or stores instead of taking empty trucks back in which the Company could decrease fuel usage in 2016 up to 343,057 liters in total

3.7 Green Warehouse

Distribution Center is in Lam Sai, Wang Noi District, Ayutthaya, was established in 2004 in the area over 142,900 sq.m. to manage warehouses and logistics for the Company. Currently, there were 850 employees in which most of them were local employment.

With the objective to achieve the highest operating standards, Distribution Center invested in warehouse construction and internal systems with both local and international standards including the change of internal operation procedure to be in effective, environmental concern and increase efficiency along with decrease waste e.g.

- Install LED Highbay replacing deteriorating fluorescent T5 Highbay
- Install High Volume Low Speed Fans (HVLS Fan) ventilation systems replacing of Jet Fan ventilation system, to reduce electric energy consumption
- Purchase an adequate amount of battery chargers and batteries for use, and adjust battery charging cycle time for forklifts and truck batteries
- Control lighting illumination times, and have an action plan to reduce electric consumption every year.
- Decrease travelling distance for forklifts and trucks that uses batteries.
- Reducing paper usage from printing Tag Label for the picking and storing of products by sending information through the Hand Held system. As such, Tag Label usage has been decreased from 2,000 rolls to 1,000 rolls per month.

Moreover, Distribution Center was chosen by the Ministry of Energy to participate in “The Development of Energy Management System Standard: ISO50001 for building control”. It started to operate in accordance with such standard that was certified by the Ministry of Energy and also plan to acquire ISO50001:2011 standard in the future.

Reduction in the Use of Wrapping Film

The Company has reduced the use of wrapping film about 45% a month by replacing labor with machinery since 2013. In 2016, the Company would like to further decrease the use of wrapping film so that it started to use pieces of wrapping clothes to hold products before passing them to the film-wrapping machine. This can reduce the usage of film by approximately 2,876 rolls or 6,327 kilogram a month.

3.8 Environmental Management of Subsidiaries

Market Village Company Limited

Providing areas for rent and utilities to tenants were its business. There constantly was the environmental management including the building design to match with the surrounding environment, planting trees, and maintaining the outside surrounding atmosphere with the cooling system. There were also the energy-saving control and save the environmental as follows:

- Set turn-on and turn-off times for air conditioning system and avoid starting time such system during the peak time (at 9 AM and 10 PM) due to the higher electricity price.
- Set up the Chiller Plant Management System to manage the automatic air conditioning system for the efficient use and cost saving.
- Install films inside building areas where were sunny spots to decrease the work load on air conditions.

- Set up the water treatment system by treating and measuring quality of used water in accordance with the standard of Ministry of Natural Resources and Environment before releasing to public pipes.
- Install the intelligent car park to help find parking lots that could also help customers save energy.
- Preventive maintenance measures, machinery efficiency assessment, re-commissioning test, and adaptation of other new environment-friendly techniques.
- Other measures such as installation of automatic escalators and auto-adjustment temperature of the air-conditioning system.

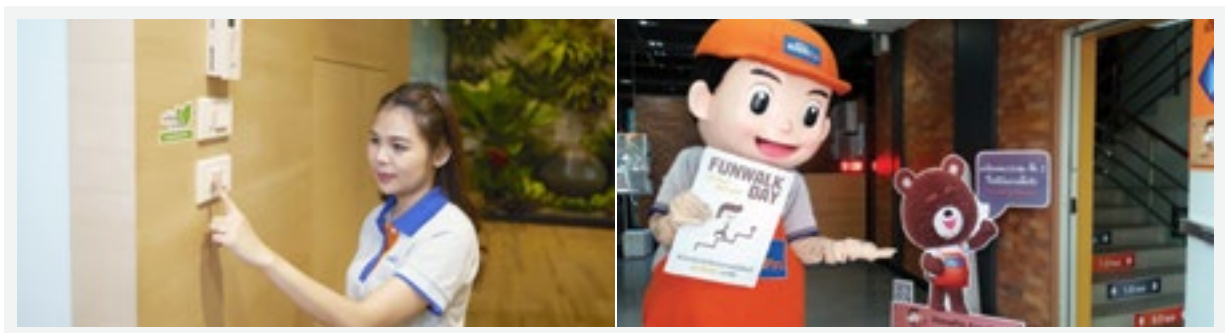
Mega Home Center Company Limited

Mega Home operated the integrated retail and wholesale of home related products. It started the environmental responsibility by choosing the Evaporative cooling system (EVAP) of air conditioning system relying on evaporation that could help produce cool air. When the hot weather was through the cooling pad, water would extract heat for changing liquid into vapor. The temperature of air from the cooling pad would then be low, and when it was included in the design of ventilation, fresh and cool air would be released. Finally, the Company would be able to save its investment as well as electricity usage more than using air conditions

3.9 Other Campaigns for the Efficient Use of Resources

- Provide knowledge and training to employees regarding environment as well as internally promote energy saving procedures in office via PR boards, intranet through HomePro Go Green and HomePro We Green projects
- Encourage the reuse of material such as 2-side use of paper
- Turn-off air conditionss and lights when no one uses a room for awhile
- Change switches to be a non-offsystem, and employees would be responsible for their own desks
- Promote energy-saving activities such as “HomePro Fun Walk” for employees to walk up stairs rather than taking an elevator
- Set the temperature in the office not less than 24 degrees Celsius

Such project might not give the result in exact numbers of energy usage or cost saving but would build the habit and awareness of employees in their daily and future behavior which would further be carried on to their families and society.



4. Society and Community

To be the leader of Home Solution and Living Experience business in Thailand and Southeast Asia, the Company intended to expand more stores and business with the commitment to improve and develop living standards of society and communities as well as to build values through activities and campaigns. Therefore, the Company’s

operations must not harm the community to gain trust from surrounding communities. In the previous year, the Company's performance regarding the aspect of society and community was as follows:

4.1 "Tao Kae Noi" (Young Entrepreneur) Project

The Company would provide support to small contractors that were lack of financial supports and fundamental facilities under the project of "Tao Kae Noi". The Company distributed home services to external contractors in which technicians would be trained to acknowledge working policies, instructions, and procedures to provide services to customers within the same standards.

In 2016, the Company had developed more than 1,000 technician teams engaging in the project in order to have multi-skills. For instance, a painter could also paint an Epoxy floor, install a ceiling, and install a rain gutter. The training for such technicians were as follows:

- Home appliance installation course for 40 classes for 400 technicians.
- In-building electric wiring course for 4 classes for 80 technicians.
- Home appliance maintenance course for 10 classes for 200 technicians.
- Air condition installation course for 20 classes for 200 technicians.
- Ceiling repairment course for 4 classes for 80 technicians.



4.2 Bilateral Scholarship Program

The retail business was the fundamental trading and could be used in the business management of both small and large scales. In the past, there has been no institution in Thailand providing this specific area but mostly learnt from real practices.

As Thailand's retail business has been expanding, the Company recognized the importance of knowledge development in retail business and would like to encourage the development of personnel to support such expansion. The Company has signed the memorandum of agreement with the Office of the Vocational Education Commission (OVEC) to jointly develop and manage vocational education and training in commerce, majoring in retail business.

This project was the cooperation in organizing vocational education on bilateral system as well as offer opportunities for students to study in the field of commerce, majoring in retail business with the knowledge,

skills, and experiences from real practices. This cooperation would improve capabilities of students and allow them to have their own professions. Trained teachers and students would be able to enhance their working skills regarding business and services in real practices which would encourage them to love and foresee their future professional growth. OVEC would arrange 2 programs including High vocational Certificate Level (High Voc. Cert.) and 1-year internship.

Educational institutions participating in this project would be the key factor for the project accomplishment as they and the Company would jointly arrange proper courses to enhance students' technical knowledge. The Company would then be confident that the graduates (new employees) would have knowledge relevant to the requirements of the Company. This project was the cooperation of many parties so that it could be one of the important integrated educational systems of Thailand that could increase capabilities of students in both theoretical and practical areas under the supervision of the Company's Education Service Centre.

In 2016, there were students participating in vocational education on bilateral system since 2013 as 2nd generation graduated and received certificate of "Bilateral Scholarship Program" as well as were hired to be employees of HomePro for 80 students in 23 stores across the country



Historical data of Scholarship details in the previous year are as follows:


High vocational Certificate Level (High Voc. Cert.)

Year	Batch No.	No. of Participating Institutions	No. of Scholarships	Scholarship Amount (Baht)
2012	1	6	64	1,843,200
2013	2	10	123	3,542,400
2014	3	11	183	5,472,000
2015	4	10	258	7,430,400
2016	5	6	169	4,867,200
Total		43	797	23,156,000

Bachelor's Degree

Year	Batch No.	No. of Participating Institutions	No. of Scholarships	Scholarship Amount (Baht)
2015	1	2	100	1,360,000
2016	-	-	-	-
Total			100	1,360,000

Remark : There is no scholarship providing to the bachelor's degree in 2016



Chattiya Kaewsainun
22 years old

“I began without knowing about the Bilateral Scholarship Program. The starting point of joining HomePro was by following a friend. I was only aware when applying in admission of working and learning simultaneously. At the time I discussed with my family, who were very encouraging, in order to have an income of my own. Back then, I was studying at Thon Buri Commercial College, and I stepped into HomePro Ratchaphruek store with the responsibility as a sale person. Later on I was moved to be the cashier, and what was taught to me the first day was that in the different methods of working, is to behave as an adult, to have the seniors in the company to help mentor and recommend on how to work, and for providing life tips. In addition to this, the seniors of the company taught to help one another, and provided several commentaries. While learning, I was very glad when I received my first salary. I gave it to my parents, and bought with their things I wanted. I felt proud when someone praised that I was working and learning together, and other than that I was able to support my mother and father. I was able to graduate with 3.97 GPA, which is one of my proudest achievements in life. Lastly, I would like to thank my mother, father, teachers, HomePro and everyone that helped me grow and have this great future.”



4.3 Kids' Toilet Project

Currently, plenty of primary schools in Thailand were lack of bathrooms with sanitary standards as well as knowledge on how to use properly. According to the commitment of increasing and supporting hygienic conditions of students, the Company organized the campaign of “Kids' Toilet” together with the Department of Health of Ministry of Public Health, the Office of the Basic Education Commission of Ministry of Education, and business partners such as Parazzo Group (Thailand) Company Limited (Parazzo door manufacturer and distributor) and Beger Company Limited (Beger color manufacturer and distributor). They had examined and improved toilets to be clean, sufficient, and safe to meet the national standard of Healthy Accessibility and Safety (HAS).

The Company has allocated the budget in each year for bathroom improvement in provincial schools, especially in the province that the Company opened a store. In addition, this project is partly supported by customers who buy products at HomePro. A part of funds is from customer that shopping would be donated to support the “Kids' Toilet Project” in which the Company and business partners as well as Ministry of Public Health had examined and improved toilets in each school to meet the standard of HAS since December 2006 until the end of 2016. The Company has given 2,371 toilets to 175 schools in 46 provinces upon the campaign. Besides, the Company encouraged in the sustainable maintenance of toilet condition with the HAS standard in order to create happiness and pleasant learning atmosphere to students for their future creation of innovations to society.

Performance of the project since 2006 to Dec 31, 2016

Year	Number of province	Number of school	Number of toilet
2006	1	3	20
2007	6	20	215
2008	3	11	131
2009	4	18	210
2010	5	11	219
2011	5	17	200
2012	7	20	314
2013	10	35	494
2014	7	24	333
2015	5	13	181
2016	2	3	54
Total	46	175	2,371

Ad Muda
Student of Ban Hin Wong School
129/2 Moo. 8 ,Chom Thian,
Sattahip, Chonburi.

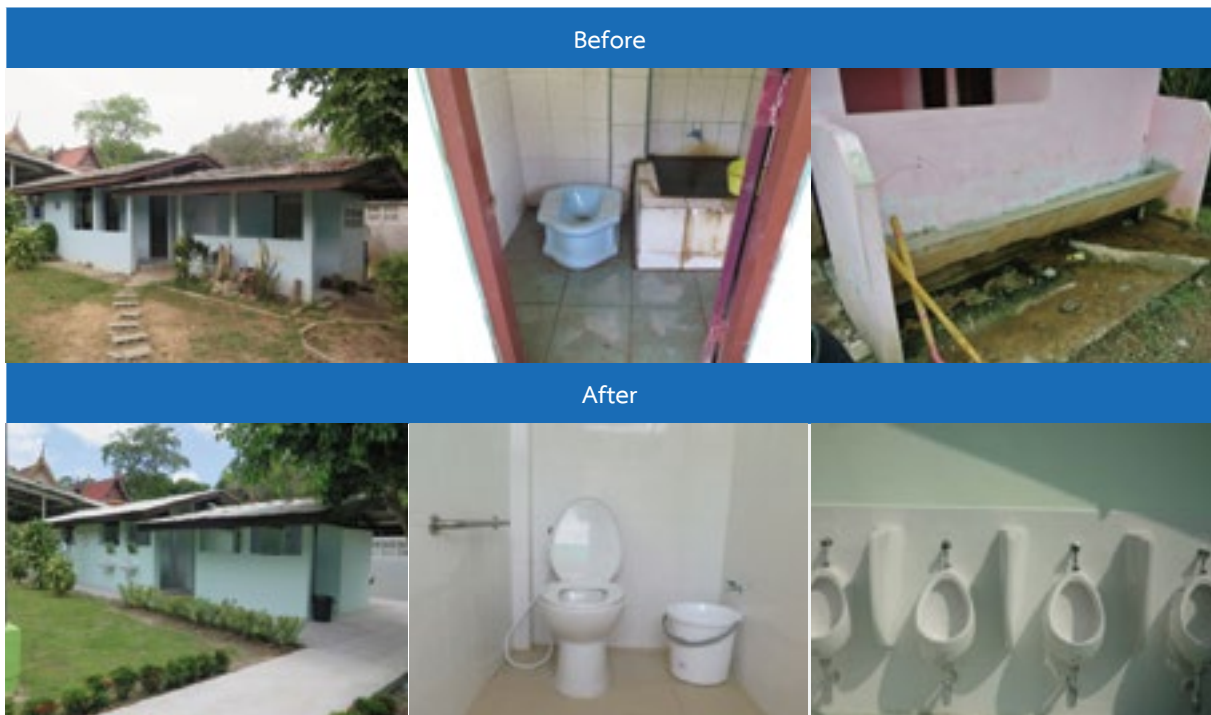
“ I Ad Muda, as the representative of Ban Hin Wong Elementary School, would like to thank HomePro for building new toilets for our school, turning the previous toilets that were small and worn-out into spacious and modern clean toilet that are easy to use. From the visit of our authority from the Chon Buri Public Health Office, our toilet received first prize in the provincial level, and we await for the national results. In addition to having a good toilet, we have received education in proper toilet hygiene. We would like to promise to maintain the bathrooms given to us by HomePro with the best intentions to our school. We hope that HomePro continues to arrange activities that are good for our school in the future.

Lastly, we, the students of Baanhinuang Elementary School, would like to thank HomePro and all concerned that provided good things for us. Thank you very much. ”

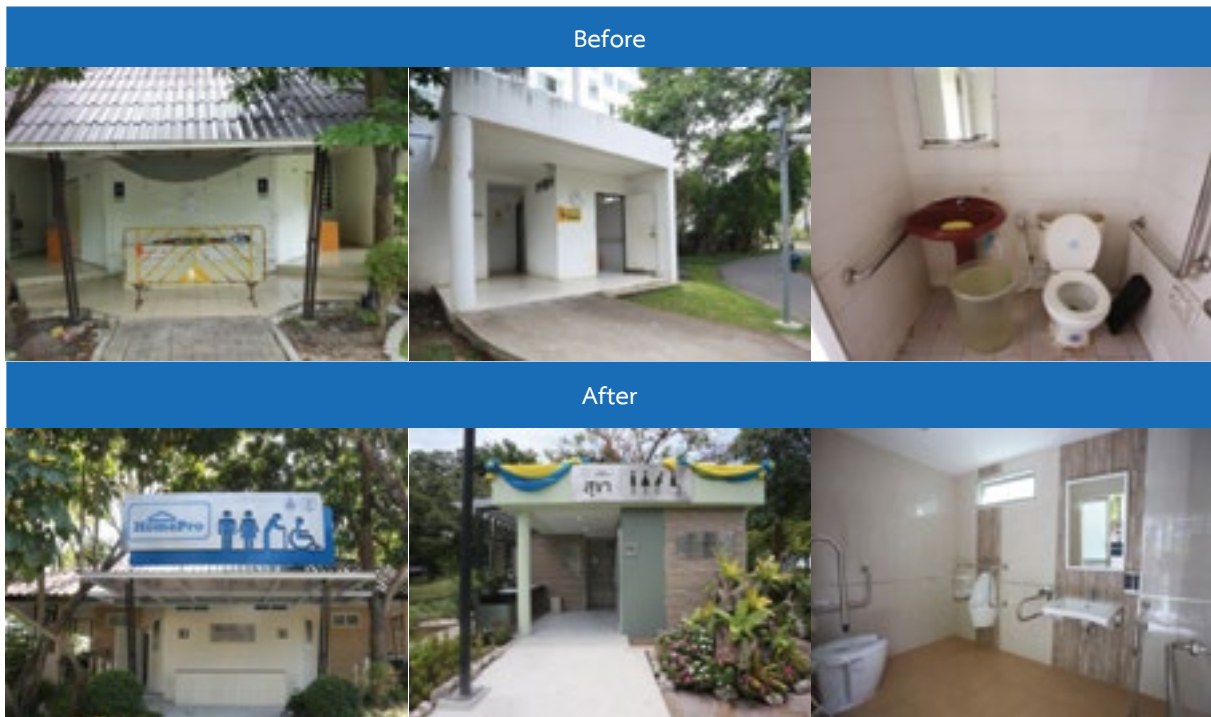
4.4. Public and Elders' Toilet

Currently, Thai society is entering into an aging society, and the number of the elderly is likely to increase trend. In 2016, the Company recognized the safety and sanitary of the elderly and handicapped. Presently, public places lack toilets that are up to standards, safe, and appropriate for the elderly. The Company has expanded the project from “Kids’ Toilet” and proceeded in the project “Public and Elders’ Toilet” in collaboration with Bangkok Metropolitan Administration to select public parks within the Bangkok area to remodel toilets according to Universal Design standards and certified by the Department of Health, Ministry of Public Health in accordance with the national standards for public spaces or HAS (Healthy Accessibility and Safety). In 2016, the Company proceeded in remodeling the toilets of public parks in the Bangkok area in 3 locations, totaling 36 bathrooms, at Suanluang Rama 9, Bung Nong Bon Water Sports Center and Cycling Route, and the Public Park in Commemoration of H.M. the King’s 6th Cycle Birthday.

Kids’ Toilet Project



Public and Elders' Toilet



4.5 Other Social Activities

Old TV Exchange for New

Currently, the advanced in technology has led electronic products to be quickly outdated, especially televisions that changed from the analog system to digital system. As a result, customers' behavior changed upon the evolution in technology so that old television has become an electric waste with negative impacts on quality of life and environment. The Company then focused on the protection of the environment by launching the campaign "Old TV for New". The objective of this campaign was to encourage customers and other people to donate their used televisions that still in good condition for a discount when purchasing new televisions at HomePro. The Company donated the used televisions to local schools. This campaign not only reduced electronic waste but also helped people who were in need.

In 2016, 497 TV were donated by customers and the Company delivered to The Mirror Foundation representative to give TV for those who have less opportunity.



Give & Get Project, Old Curtain Exchange for New

The Company and PASAYA jointly organized the project of “Give & Get, Old Curtain for New” by letting customers participate in sharing to the society and decreasing wastes from curtains that have negative impact on the environment. The Company sets up donation zones where customers can bring and donate their used curtains. The Company has donated more than 2,000 curtains to Baan Nokkamin Foundation. This was not only the social sharing but also the reduction of wastes that could cause the environmental problem.

Religious Activities

The Company continuously organized religious activities by encouraging the management and employees to participate in religious activities on buddhist days. In 2016, the Company hosted Kathina ceremony as follows:

Temple	Province / region	Donated amount (Baht)
Chanthararam	Khon Kaen / Northeastern	1,337,200
Lam Phak Chi	Bangkok / Central	200,000
Total		1,537,200

Furthermore, the Company organized the religious activity of offering robes ceremony to Buddhist priests at monastery in other Regions as follows:

Temple	Province	Donated amount (Baht)
Tha Chat Chai	Phuket / South	315,989
Sai Hin	Phitsanulok / North	486,216
Wat Ban Na Theptharam	Chachoengsao / East	194,999
Total		997,204



Activities Supporting Local Occupations within Community

Each expanding stores, the Company focused on community where stores were set up so that the construction and operation must not have negative impacts on occupations of local people. The Company also supported those communities by hiring local people and local contractors and supporting local products such as support farmer to sell rice, OTOP Fair, Tress and Garden Fair, etc.

Blood Donation Project

Currently, there was insufficient reserved blood at Thai Red Cross Society. Thus, the Company would like to support this social need by organizing the Blood Donation Project for employees who would like to donate blood 4 times per year every year to help patients who were in need in the future. The amount of blood donated during 2012 – 2016 was as follows:

Year	Donated Amount (Units)			Donated Amount (Milliliters)
	Head Office	Store	Total	
2012	354	-	354	123,900
2013	438	2,454	2,892	1,156,800
2014	397	2,637	3,034	1,365,300
2015	398	3,627	4,025	1,811,250
2016	351	5,534	5,885	2,648,250



5. Management

The sustainable development of the Company has been driven by all stakeholders in the value chain. In order to maintain as the leader in Home Center business, the Company had the proficient and efficient operational management along with services under good corporate governance by the Board, the management, and employees.

5.1 Store and Business Opportunity Expansions

HomePro Business

Retailer of home products and integrated home services including construction, expansion, decoration, renovation, and maintenance with more than 40,000 product items

Operation Plan	<u>Thailand</u> : 95 - 100 stores within the year 2020 <u>Malaysia</u> : 8 - 10 stores within the year 2020
Progress	<u>Thailand</u> : 80 stores at present with 4 new stores in 2016 in Chaiyapruet, Bangsare, Rama 9, Srinakarin and relocating the Rama 3 store <u>Malaysia</u> : 2 store with 1 new store in Summit Subang USJ

Mega Home Business

Retailer and wholesaler of building material center with more than 80,000 product items for the entire home construction processes including structure, systems, decoration and home appliances with high standards and reasonable prices for technicians, resellers as well as house owners.

Operation Plan	15 - 20 stores within the year 2020
Progress	11 stores with 4 new stores in 2016 in Rojana, Hat Yai, Nakhon Ratchasima and Nahon Phanom

5.2 Suppliers Selection

The Company viewed suppliers as important partners who will grow together. The Company equally supported and offered business opportunities to mid-scale suppliers or SMEs based on the mutual benefits. The Company also had the policy to help ease the cost burden of costs to suppliers or entrepreneurs in many areas such as;

Procurement:	The Company offered opportunities for partners to present products without pricing pressure via appointment and Company's website. There were selection and evaluation criteria in 4 areas of production capacity, product quality, service quality, and delivery capability. The Company also had the product ordering plan at least 3 months in advance for partners to plan their productions in which this could viewed as the mutual benefits.
Commercial:	In 2016, there were 80 stores in total, in addition, the Company online selling channel which could facilitate suppliers or entrepreneurs in terms of higher distributions, product delivery, quality services as well as knowledge development of suppliers representatives (Product Consultant).
Service:	The Company had its own distribution center to support product distribution nationwide to help reduce the costs of transportation and distribution as well as increase and convenience. There was also the Vendor Relationship Management (VRM) system to support the information system where suppliers can also check their own information.

Suppliers Selection Criteria

The Company focused on the importance of vendor selection through a standardized and fair selection processes with equal treatment. The Company considered having partners that are well-known, good governance, professional, and focus on welfares of their employees in accordance with labor standards without violating environmental and labor regulations as specified in the agreement, as well as encourage and promote vendors in anti-corruption policy by mutual understanding both the Company's and vendors' strengths to enhance further business growth.

For the business operations, the Company complied with the Trade Competition Act by the Trade Competition Commission for the guidelines of trade practices between retailers and manufacturers/ distributors under the Trade Competition Act B.E. 2542 (1999). The Company and suppliers jointly amended contracts to be more detailed and transparent in which the Company viewed suppliers as business partners. The criteria are as follows.

1. Reliable financial record and potential to grow with the Company in the long term.
2. Manufacture or distribute products with required and verifiable quality.
3. Support in promotional campaigns and provide after-sales services.

The Company also operated under the Intellectual Property Law by not selling pirated products so that the Company would check before hand, and if products were not pirated products, then they would be legally registered.

Store Construction selection

In 2016, there were totally 80 stores across the country, and the Company had the plan to continuously increase more stores. To construct a building, the Company would transparently operate with the following criteria for suppliers selection.

1. Hire architectural, interior, and system designers in which designers would define specification of raw materials, and suppliers would then present to the Company and designers to jointly decide the specification of those new materials.
2. The Company would select a contractor based on the working profile and at least 2 times of biddings. The Committee was also assigned to select a contractor or materials with fairness and transparency. Due to the continuous expansion of stores, once a contractor was selected, it could be used as the price reference for other store as well.
3. For the quality checking process, a site engineer must check all materials, equipment, and procedures to comply with the design.
4. When a project ends, a contractor would be evaluated for the next project

Responsible Procurement

The Company's business had various product procurement processes which were also related to many suppliers. Thus, the Company needs to set the standardization of supplier selection which can see more information on this issue on page 136. In addition, the Company also recognizes on product safety in which it distributes to consumers so that having safety standard of product and supplier evaluation as follows:

Traceability Investigation and Safety Standard of Product

The Company focused on safety of products sold to customers in which the purchasing department will work closely with distributors or manufacturers to investigate regularly and get certificated of product safety from government agencies because the Company recognized the importance of product quality and safety regarding customers' health. In addition, training programs on product safety and placement were provided to employees in the operational level.

The Company sold quality products that were legally certified without the violation of intellectual property, rights, or patents. Those products also needed to be certified in terms of safety from related authorities such as Thai Industrial Standards Institute (TISI), Office of the Consumer Protection Board (OCPB), Food and Drug Administration (FDA) and Hazardous Substances Used in Household and Public Health, products of the Label No.5, and International Electro Technical Commission (Electrics Standard). Moreover, if there was a defect on a product, it could be refunded or exchanged within 14 days.

In 2016, there was no product and service that did not meet the standards of safety and hygienic conditions. Moreover, the Company incorporated with Thai Industrial Standards Institute (TISI) to be certified as "TISI Shop". Thai Industrial Standards Institute (TISI) verified products and issued certification to all HomePro store. These could guarantee that HomePro's product are safe to consumer.

Quality Evaluation and Investigation of Suppliers

With the commitment to maintain the product safety, the Company then had a clear evaluation process on suppliers. New partners must be investigated and pass criteria of quality and safety standards, and existing suppliers must be regularly audited and assessed. If there was any problem, the Company together with suppliers would properly resolve such problem. The criteria for evaluation were as follows.

1. Ability to produce
2. Ability to control Quality
3. Risk Management
4. Product Audit
5. Warehouse Management
6. Quality of Delivery

In 2016, the Company investigated and evaluated suppliers as well as conducted Pre-assessment and Post Purchase audit to critical suppliers by the Buyers team, particularly in Private Brand group suppliers that has been audited 2 times a month along with supplier audit of Non-Private Brand group.

5.3 Anti-Corruption

The Company has an Anti-Corruption policy and approaches regarding corporate governance as well as monitoring and preventing the risk from corruption as follows:

1. The management and employees must acknowledge the Anti-Corruption policy and the Company's guidelines of good corporate governance and business ethics. Such guidelines would be posted through intranet, the Company's website, and through public campaigns to encourage the management and its personnel to acknowledge and comply with as well as communicate with the Company's suppliers via Vendor Relationship Management service on the Anti-Corruption policy and No Gift Policy.
2. The Risk Management and Internal Control Committee were assigned to constantly monitor and assess the risk of corruption as well as report the result to the Committee.
3. If there was any significant impact on the financial position and the Company's performance as well as activities that were illegal and violating ethics, the Audit Committee would report to the Board of Directors to define the prevention measure and punish the wrongdoers as recommended by Audit Committee.

Additionally, the Company identifies potential risks of involvement in corruption of the Company and its subsidiaries. In 2016, the Company communicated and provided trainings to employees on Anti-Corruption Policy as such all new employees would receive business ethics manual and relevant knowledge on Anti-Corruption practice on the day of orientation. The Company also determined the process to ensure the policy implementation by having the Internal Audit Department to perform internal control, risk management, corporate governance, and recommendations; the annual auditing plan would be implemented as stipulated by the Audit Committee. More information can be found on "Anti-Corruption Policy and Guidelines" at page 80.

Risk Management Policy

The Company prioritizes risk management by establishing a committee to continuously monitor and control all risks. The further information can be found on page 53.

GRI Indicator	Description	Reference Location
G4-1	Message from the Board of Directors	Annual Report pg. 16
G4-2	Key impact, risk and opportunities	Annual Report pgs. 53 - 57
G4-3	Name of the organization	Home Product Center Plc.
G4-4	Primary brands, products and services	Annual Report pgs. 49 - 51
G4-5	Location of the organization's headquarters	Annual Report pg. 43
G4-6	Number of countries where the organization operates	Annual Report pg. 43
G4-7	Nature of ownership and legal form	Annual Report pg. 43
G4-8	Market served	Annual Report pgs. 14 - 15
G4-9	Scale of the organization	Annual Report pgs. 14 - 15
G4-10	Total workforce by region and gender	Annual Report pg. 111
G4-11	Collective bargaining agreements	n/a
G4-12	Organization's supply chain	Annual Report pg. 101
G4-13	Organizational changes during the reporting period	Annual Report pgs. 14 -15
G4-14	If/How the precautionary approach or principle is addressed by the organization	n/a
G4-15	External charters, principles or other initiatives	n/a
G4-16	Membership associations	Investment Analyst Association, Thai Institute of Directors Association, Retail Association etc.
G4-17	Entities included in financial statement	Annual Report pgs. 150 - 205
G4-18	Process for defining report boundaries and content	Annual Report pg. 100
G4-19	List all the material aspects identified	Annual Report pg. 100
G4-20	If/How the aspect is material within the organization	Annual Report pg. 101
G4-21	If/How the aspect is material outside the organization	Annual Report pg. 101
G4-22	Explanation of the effect of any restatements	Annual Report pgs. 142 - 148
G4-23	Significant changes from previous reporting periods in the Score and Aspect Boundaries	n/a
G4-24	List of stakeholder groups	Annual Report pg. 102
G4-25	Basis for identification and selection of stakeholders	Annual Report pgs. 101 - 102
G4-26	Approach to stakeholder engagement	Annual Report pgs. 101 - 102
G4-27	Key topics and concerns raised through stakeholder engagement	Annual Report pg. 100
G4-28	Reporting period	Jan 1 - Dec 31, 2016
G4-29	Date of most recent previous report	Annual Report 2015 (Dec 31, 2015)
G4-30	Reporting cycle	Annual Report
G4-31	Contact point	ir@homepro.co.th

GRI Indicator	Description	Reference Location
G4-32	"In accordance" option, GRI index	Annual Report pg. 100
G4-34	Governance structure of the organization	Annual Report pg. 60
G4-35	Process for delegating authority for sustainability topics from the BOD to senior executives and other employees	Annual Report pgs. 98 - 99
G4-36	Executive-level positions with responsibility for sustainability topics	Annual Report pgs. 98 - 99
G4-37	Process for consultation between stakeholders and the highest governance body on sustainability topics.	Annual Report pgs. 81 - 82
G4-38	Composition of the BOD and its committees	Annual Report pgs. 60 - 67
G4-39	Whether the Chairman is also an executive office	Annual Report pgs. 83 - 84
G4-40	Nomination and selection processes for the BOD and its committees	Annual Report pgs. 67 - 68
G4-41	Process for the BOD to ensure conflicts of interest are avoided and managed	Annual Report pg. 83
G4-42	The BOD and senior executives' roles in the organization's mission statements, strategies, policies, and goals related to sustainability impacts	Annual Report pg. 83
G4-43	Measures taken to develop and enhance the BOD's knowledge of sustainability topics	Annual Report pg. 84
G4-46	The BOD's role in reviewing risk management processes	Annual Report pgs. 22 - 23
G4-47	Frequency of the BOD's review of sustainability impacts, risks and opportunities	Annual Report pgs. 22 - 23
G4-48	Highest committee or position that formally reviews and approves the organization's sustainability report	Managing Director
G4-51	Remuneration policies for the BOD and senior executives	Annual Report pgs. 67 - 68
G4-52	Process for determining remuneration	Annual Report pgs. 67 - 68
G4-53	Stakeholders' views on remuneration	Annual Report pgs. 67 - 68
G4-56	Codes of conduct	Annual Report pg. 89
G4-57	Mechanisms for seeking advice on ethical and lawful behavior	Annual Report pg. 81
G4-58	Mechanisms for reporting concerns about unethical and unlawful behavior	Annual Report pg. 81
G4-DMA	Impacts that make this aspect material	Annual Report pg. 122
G4-EC1	Economic value generated	Annual Report pgs. 14 - 15
G4-EC7	Development and impact of infrastructure investments and services supported	Annual Report pg. 128
G4-EC8	Indirect economic impacts	Annual Report pg. 128

GRI Indicator	Description	Reference Location
Environmental	G4-DMA Impacts that make this aspect material	Annual Report pg. 122
	G4-EN3 Energy consumption within organization	Annual Report pg. 122
	G4-EN5 Energy intensity	Annual Report pg. 122
	G4-EN6 Reduction of energy consumption	Annual Report pg. 122
	G4-EN7 Reduction of energy through products	Annual Report pg. 105
	G4-EN9 Affected water use	Annual Report pg. 125
	G4-EN13 Habitats protected	Annual Report pg. 125
	G4-EN15 Direct Greenhouse Gas (GHG) emissions (scope 1)	Annual Report pg. 125
	G4-EN16 Indirect Greenhouse Gas (GHG) emissions (scope 2)	Annual Report pg. 125
	G4-EN17 Indirect Greenhouse Gas (GHG) emissions (scope 3)	Annual Report pg. 125
	G4-EN18 Greenhouse Gas (GHG) emissions intensity	Annual Report pg. 125
	G4-EN19 Reduction of Greenhouse Gas (GHG) emissions	Annual Report pg. 125
	G4-EN23 Waste by type and disposal method	Annual Report pg. 125
	G4-EN27 Mitigation of environmental impacts of products and services	Annual Report pgs. 104 - 107
	G4-EN30 Environmental impacts of transporting products	Annual Report pgs. 125
Social	G4-DMA Impacts that make this aspect material	Annual Report pg. 127
	G4-LA1 Total number of new employee hires by region	Annual Report pg. 111
	G4-LA2 Benefits provided to full-time employees	Annual Report pg. 117
	G4-LA6 Type of injury and rates of injury	Annual Report pg. 119
	G4-LA9 Average hours of training per employee	Annual Report pg. 114
	G4-LA10 Programs for skills management and lifelong learning	Annual Report pg. 114
	G4-LA11 Percentage of employees receiving regular performance and career development review	Annual Report pg. 116
	G4-SO4 Communication and training on anti-corruption policies and procedures	Annual Report pg. 138
	G4-PR5 Results of surveys measuring customer satisfaction	Annual Report pg. 110

MANAGEMENT DISCUSSION AND ANALYSIS

1. Overview

Thai economy in 2016 grew at a slow pace and was affected by the risk from domestic and foreign factors; especially the decreased price of agricultural products and high level of household debt. These factors directly impact to purchasing power and consumer confidence. For the first half of the year, same-store sale growth was significantly driven by cooling products: fan, air condition, etc. However, early in the second half of 2016 besides the slowdown of the economic condition, there was some seasonal impact from the long rainy season, which affected spending and home improvement activities. In the 4th quarter, while Thailand was in the mourning period, there was a negative effect on consumer sentiment regarding domestic spending. However, during the last two weeks of December the government launched the “Shopping for the Nation” program for the second consecutive year, a shopping tax incentive for consumers to spur spending before the end of the year; this helped to boost purchasing power to a certain extent.

Despite of this economy’s situation, the Company has continued to operate the business as planned. Totaling of 9 new stores were opened: 4 new stores of HomePro consist of Chaipayruek, Bangsare, Rama 9, Srinakarin as well as relocating the Rama 3 store, 4 new stores of Mega Home consist of Rojana, Hat Yai, Nakhon Ratchasima and Nakhon Phanom, and 1 more store in Greater Kuala Lumpur at Summit USJ shopping center. The performance of HomePro and Mega Home were overall satisfactory. For HomePro in Malaysia, the Company continues to open more new stores to achieve and increase the economy of scale in the future.

Furthermore, the Company has continued to focus on operational efficiency improvement, especially costs and expenses. This involves driving operating productivity at branch operations, working capital management and capital allocation, as well as supply chain management and process improvement, as a results, in the Company can achieve growth in both sales and profitability. In 2016, as the Company aims for sustainable growth for the long term, the Company plans to expand more stores in both Bangkok and potential areas upcountry, as well as in neighboring countries. The Company also intends to improve existing store to be more modern with a pleasant atmosphere. In addition, the Company will undertake a study on product categories and new services to create additional value and meet further customer.

2. New financial reporting standards

2.1 Financial reporting standards that became effective in the current year

During the year, the Company and subsidiaries have adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. 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 Company and its subsidiaries’ financial statements.

2.2 Financial reporting standards that will become effective in the future During the current year.

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which is effective for fiscal

years beginning on or after 1 January 2017. 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 management of the Company and its subsidiaries believe that the revised financial reporting standards and interpretations and new accounting treatment guidance will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles.

TAS 27 (revised 2016) Separate Financial Statements

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

3. Operating Results and Profitability

For the 2016, operating performance, the Company and its subsidiaries had the total revenue of Baht 61,144.07 million, increasing by 8.71% from the previous year. This was the results of the increasing revenue from existing stores and 4 new HomePro stores: Chaipayruek, Bangsare, Rama 9, Srinakarin as well as relocating the Rama 3 store. For Mega Home, the revenue increased from existing stores and 4 new stores: Rojana, Hat Yai, Nakhon Ratchasima and Nakhon Phanom. For HomePro Malaysia, the revenue growth was from existing store and 1 new store in Greater Kuala Lumpur at Summit USJ shopping center. In addition, increasing in rental revenue resulted from the improvement and area expansion of Suvarnabhumi Market Villag as well as increase in the leasable area of HomePro store expansion. Moreover, the Company continues to focus on operational efficiency improvements to reduce losses (Lean Management) including lower cost of debt. As a result, overall expense declined resulting in the net profit increased to Baht 4,125.20 million or up by 17.90% from the previous year.

3.1 Sales Income

unit: Million Baht

Item	2016		2015		2014	
	Amount	%	Amount	%	Amount	%
1. Revenue from retailing of HomePro						
- Hard Line ¹	40,700.2	71.5	39,108.8	74.5	36,965.9	77.1
- Soft Line ²	9,314.5	16.4	8,580.0	16.3	7,956.3	16.6
2. Revenue from project sales of HomePro ³	381.9	0.7	343.2	0.7	407.6	0.8
3. Revenue from subsidiaries	6,531.8	11.5	4,480.7	8.5	2,635.00	5.5
Total revenue from sales	56,928.4	100.0	52,512.7	100.0	47,964.8	100.0

Remarks : 1 Hard Line categories include home improvement, bathroom and sanitary ware, kitchen, home appliances and electrical equipment.

2 Soft Line categories include bedding, home textile, lighting, furniture and household decorative goods.

3 Revenue from project sales is from the purchase of project owners which cannot be categorized per product line.

In 2016, the Company and its subsidiaries generated sales income of Baht 56,928.37 million, increased from the previous year by Baht 4,415.65 million or 8.41%. The increase was driven by Home Pro business in both Thailand and Malaysia as well as Mega Home business which its sales increased from existing stores and store expansions.

Retail sales of HomePro business which can be categorized into Hard Line and Soft Line continually increase. In 2016, retail sale increased from the previous year by Baht 1,591.40 million and Baht 734.50 million respectively due to the marginal increase in same-store sale growth and sales from new stores.

3.2 Other Income

In 2016, the Company and its subsidiaries generated other income of Baht 4,215.70 million, increased from the previous year by Baht 485.25 million or 13.01%. The proportion of other income as percent to sales was at 7.41%. The details of increase are as follows:

- Rental and service income increased by Baht 228.62 million or 15.48% from the improvement and area expansion of Suvarnabhumi Market Village as well as increase in the rental space of HomePro store expansion.
- Other income increased by Baht 256.63 million or 11.39% from advertising fee, support fee of promotional activities from suppliers, home service, and other services income.

3.3 Cost of Sales and Gross Profit Margin

In 2016, the Company and its subsidiaries had the cost of sales of Baht 42,404.65 million, increased from the previous year by Baht 3,404.92 million or 8.73%, which was the result of the increase of sales volume.

The Company had gross profit of Baht 14,523.72 million, increased from the previous year of Baht 1,010.73 million. The gross profit margin decreased from 25.73% in 2015 to 25.51% in 2016 due to the higher sale mix of Mega Home business and lower gross margin structure of Mega Home business.

3.4 Selling and Administrative Expenses (SG&A)

In 2016, the Company and its subsidiaries had selling and administrative expenses amounted to Baht 13,140.82 million, increased from the previous year by Baht 857.86 million or 6.98%. SG&A as a percentage of sales decreased from 23.39% in 2015 to 23.08%. The details of expenses in each group are as follows:

- Selling expenses of Baht 11,209.47 million, was expenses in stores, operation and distribution unit, increased by Baht 561.67 million or 5.27%. This increase was mainly from salaries, consumable expenses, transportation cost, marketing expenses, depreciation and expansion expense of Mega Home and HomePro Malaysia business
- Administrative expenses of Baht 1,919.45 million, increased by Baht 307.34 million, up by 19.06% Which mainly due to expenses of Head Office.
- Other expenses of Baht 11.90 million, decreased over previous year by Baht 11.15 million mainly due to the reduction of the loss from asset disposal.

3.5 Finance Cost

Finance cost for the year 2016 was to Baht 503.68 million, a decrease of Baht 40.00 million or 7.36% over previous year, as a result of lower cost of debt from refinancing in 3rd and 4th quarter. Moreover, the Company has analyzed and considered funding cost based on various funding sources such as internal cash flow, bank loan or issuance of corporate bonds in order to achieve optimal cost of funds that comply with the Company's policy.

3.6 Net Profit

For the result of operation in 2016, the Company and its subsidiaries had net profit of Baht 4,125.20 million, increased from the previous year by Baht 626.39 million or 17.90%. The percentage of net profit to sales of the Company and its subsidiaries was 7.25% increasing from 6.66% in the previous year. The main reason was efficiency improvement of internal operation and activities to reduce losses (Lean Management), as well as decreasing in cost of debt and improving in performance of both Mega Home and HomePro Malaysia.

3.7 Return on Equity

The return on equity as of December 31, 2016 was 23.99%, increasing from the previous year of 21.46%. The result was mainly due to the increase in net profitability margin resulting from efficiency improvement, lower cost of debt and improving in performance of subsidiaries.

4. Asset Management

Balance sheet comparison as at December 31, 2016 and December 31, 2015.

As at December 31, 2016, the Company and its subsidiaries had total assets of Baht 51,715.83 million, increased the previous year by Baht 4,728.80 million or 10.05%. The growth of asset value was due to the change of significant transactions as follows:

- Cash and cash equivalents increased by Baht 1,022.52 million which was from the increase in bank deposit received from issuance of debenture during the year and short term loan from financial institutions.
- Account receivable increased by Baht 35.20 million, and other receivables net increased by Baht 156.17 million, which was from credit card receivables that not yet paid from bank in year ended, support fee of promotional activities. However, the Company analyzed an account receivable aging. As at December 31, 2016, the Company had trade and other receivables aging more than 12 months of Baht 29.67 million, and reserved the allowance for doubtful bad debts of Baht 29.74 million.
- Net inventory increased by Baht 1,306.79 million, which was a result of the increase in number of new stores of HomePro, Mega Home and HomePro in Malaysia. The Company manages its inventory using a computer system which helps to track and compare aging inventory to the Company's threshold to prevent outdated or deteriorated inventory. The Company also has an inventory physical counting plan, which will be monitored by a designated team.
- Net property, plant and equipment, net software and net leasehold rights totaling increased by Baht 2,146.71 million or 6.43%, which was from the investment in new store expansion in 2016 and 2017.

5. Liquidity and Capital Sufficiency

Summary of cash flow statement as of December 31, 2016 compared to the same period of 2015 is as follows:

Unit: Million Baht

Transactions	Consolidated Financial Statement		Separate Financial Statement	
	2016	2015	2016	2015
Cash from operating activities	7,005.23	6,892.81	6,560.04	6,354.27
Cash from investing activities	(4,968.74)	(4,885.84)	(4,501.23)	(4,422.91)
Cash from financing activities	(1,051.59)	(1,717.74)	(1,038.40)	(1,721.51)
Transaction adjustments	37.62	(25.92)	-	-
Net increase (decrease) in cash	1,022.53	263.30	1,020.41	209.86

As of December 31, 2016, the Company and its subsidiaries' cash and cash equivalents were Baht 3,720.58 million, net increased from December 31, 2015 by Baht 1,022.52 million, which derived from the following activities:

- Net cash from operating activities of Baht 7,005.34 million which was derived from the profit from operating activities before changes in operating assets and liabilities of Baht 8,761.80 million, and working capital increased from changes in operating assets and liabilities e.g. trade and other receivables increased by Baht 205.05 million, inventories increased by Baht 1,455.90 million, trade and other payables increased by Baht 1,268.11 million, advances received from customers increased by Baht 108.87 million, other current liabilities increased by Baht 76.94 million, and interest and corporate income tax payment for the total of Baht 1,503.57 million
- Net cash used for investing activities totaled Baht 4,968.74 million which such amount was the investment in land, construction and assets for the expansion of stores in 2016 and 2015 for the total of Baht 4,852.50 million, and the computer software for the total of Baht 116.24 million.

- Net cash used for financing activities totaled Baht 1,051.59 million which such amount was the repayment of long-term bank loan and debentures by Baht 700 million and Baht 4,000 million respectively as well as dividend payment amounted to 3,549.56 million. In this regard, the Company funded those activities by issuing new debentures in the 3rd and 4th quarter for the total of Baht 5,700 million and borrow short term loan from financial institutions of Baht 1,507.40 million.

5.1 Liquidity Ratio

As of December 31, 2016, the Company and its subsidiaries had current assets in the total of Baht 15,900.18 million and current liabilities in the total of Baht 22,491.41 million. In this regard, such amount can be calculated into liquidity ratio of 0.71 times which was increased from the previous year's ratio of 0.69 times. In addition, the Company has the source of short-term financing for keeping adequate liquidity by Bank overdrafts and short-term loans, and international trade finance facilities.

5.2 Capital Structure

The capital structure of the Company as of December 31, 2016 mainly consisted of the Company's unsecured long-term credit facilities from a financial institution, and unsubordinated and unsecured debentures. The Company had the total debt of Baht 34,225.86 million. In this regard, if such amount is calculated as the total amount of financial Debt to Equity ratio, it will be equivalent to 1.96 which is higher as compared to 1.78 in the previous year.

According to the terms and conditions or requirements stipulated to duties of bond issuers, the issuers shall maintain Financial Debt to Equity Ratio of not over 2.50 times. The Company is able to maintain its strong balance sheet by keeping the financial debt to equity ratio lower than requirement. In 2016, the Company had the financial debt of Baht 16,875.09 million and financial debt to equity of 0.96 times. The Company's financial debt to equity ratio during 2014 – 2016 are as follows:

	2016	2015	2014
Financial Debt to Equity ratio	0.96	0.85	0.88

5.3 Shareholders' equity

As of December 31, 2016, shareholders' equity was Baht 17,490.37 million, increased from the previous year by Baht 587.74 million or up by 3.48% which the increase was from higher retained earnings of Baht 574.51 million which consisted of increased in retained earnings (Appropriated) and retained earnings (Unappropriated) and of Baht 207.40 million and Baht 367.11 million, respectively.

5.4 Capital Expenditure

In 2016, the Company had Net Capital Expenditure of Baht 4,968.74 million. Within this amount, Baht 4,852.50 million was used mainly for the purpose of building construction, land purchase, payment for land leasehold rights, for new stores opened in 2016 onwards both "HomePro", "Mega Home" and "HomePro in Malaysia", and modernize of existing stores. Also, Baht 116.24 million was used to purchase of software. Sources of fund include cash flow from operation, loans from financial institutions, and debentures.

5.5 Ability to source funding Loan and repayment ability

At present, the Company raises both short-term and long-term fund by entering into credit agreements with financial institutions and by issuance of debentures, which are rated by TRIS annually and at the time of issuance, which the Company has the covenant to maintain the net debt to equity ratio not more than 2.5 times. As at 10 November 2016, TRIS rating affirmed the Company's credit rating at "A+" with "stable" outlook.

6. Debt Obligation

As of December 31, 2016, total liabilities of the Company and its subsidiaries were Baht 34,225.46 million increased from the previous year by Baht 4,137.06 million or 13.75%, which was from the change of the following crucial transactions:

- Short term loan from financial institutions increased of Baht 1,507.40 million. It used as working capital which the Company already reserved cash to fully pay off the loan in 1st quarter of 2017.
- Accounts Payable increased by Baht 1,034.93 million which was from the increase products order according to sales growth and increase in number of new stores.
- Long-term bank loans - net of current portion decreased by Baht 700 million which such amount was the principle repayment to financial institutions. However, current portion which will be due of Baht 700 million, the Company has a plan to repay either fund from operation or external sources such as debenture issuance or bank loan.
- Net debenture increased by Baht 1,700 million from the issuance of the unsubordinated and unsecured debentures No. 1/2016 and 2/2016 for Baht 2,700 million and Baht 3,000 million respectively. Uses of fund included stores expansion and repayment of due debentures of Baht 4,000 million in 2016. In addition, in 2016, the Company has a plan to refinance its current portion of debenture amounted to Baht 4,050 million by issuing the new debenture in 2017.

The long-term loans and debentures have been disclosed on Note 19 and 21 respectively to the notes of financial statements.

7. Factors or events that may affect HomePro's financial status or performance in the future

Thailand's economy outlook in 2017 is expected to gradually driven by government spending especially infrastructure projects: double-track railway project, Bangkok Mass transit, etc. Furthermore, agriculture products expected to recover their prices which positively affect domestic consumption. Besides, exporting sector is likely to grow whereby depreciation of Thai currency and recovery of global economy. However, uncertainties in global economy and trading policy are considered as risk factors to Thailand's economy recovery in 2017.

However, the Company has prepared its annual plan and monthly tracked its performance through management reports; therefore, it can adjust its operations or determine mitigation plans to respond to events quickly. In addition, the Company has prepared Risk Management Plan, in which a risk appetite associated with each risk factor is determined. This can be used as a guideline to manage problems, should they occur.

8. Management Discussion and Analysis (MD&A) and Outlook

Based on the problematic issues taken place in the year 2016, the decreased price of agricultural products, the slowdown of domestic consumption both household and private, high level of household debt and uncertainty of global economy are considered to further impact Thailand's economy.

However, there are many long-term investment plans formulated by the governmental authority. For instance, Infrastructure projects, tax incentives to encourage domestic investment in private sector, cash handouts to low-income people, improving liquidity for SME which could stimulate economy and consumer sentiment to a certain extent.

Pursuant to all above stated, we may see that even if, in the short term, there may be some effects on the retardant growth or the slowdown of economy, there are still long-term constituents formed by the government sector and business factors that may render the opportunities to the Company in many facets. The examples are exemplified below:

- Infrastructure projects, double-track railway, encourage trading activities both domestic and international.
- The change of lifestyle and the growth of urbanization that will increase in the future.
- The change of the consumer behavior to shop more in Modern Trade Store.
- Change in consumer behaviors in Digital Economy including E-commerce channels.
- The supply of Home Improvement market in Thailand where the Company is accommodated comparing to that of the developed countries, is still low , hence being more the opportunities to expand .
- Becoming part of Asean Economic Community (AEC) increases more market opportunities.

From the abovementioned points, the Company still has a view on expanding stores around the country continuously both for HomePro (to support the house owners who reside in city area) and Mega Home (to support the expansion of construction sector which is foreseen to enlarge in the future) in order to prepare for the growth of the Company in the long run.

For HomePro business in Malaysia, its performance was better than expected target. The Company continues to open new stores to achieve and increase the economy of scale in the future as well as improvement in procedure and working process in order to match up the difference of customer's behaviors.

In this regard, the Company still adheres to the vision of becoming the leader of Home Solution and Living Experience in Thailand and Southeast Asian region. We are confident that, from our action plan and operation, we can achieve our vision and goal."

9. Research and Development Expense

The Company had expenditure for the development of innovations which could enhance long-term competitiveness. The detail of research and development projects is as follows:

- Project "Home Makeover", innovative services by professional team from Home Service, who provide advice, design and home renovation. It is a Reality Show about home improvements, by choosing 10 home which has difference lifestyle between new generations and the elderly, etc. The problems have been solved by the Company free of charge in 2016. The show was broadcasted on Voice TV since July 2016 and has been publicised continuously. The costs associated with these projects total approximately of 37 million Baht.
- Product assessment under "Private Brand", the Company had the team for develop, design and placing order under the Company's operation. The development of "Private Brand" is to meet customer's demand. The costs associated with this projects was approximately 30 million Baht in 2016.

10. Audit Fee

According to the minutes of the Annual General Shareholders' Meeting in 2016, which resolved to appoint the Auditors of EY Office Limited as the Company's and its subsidiaries' auditor of 2016, with the audit fee of Baht 3,415,000 and other fee, i.e. fee for being witness for destruction of damaged goods at approximately Baht 100,000. Moreover, there may be additional audit fee from the increase of new stores, registration of new company of both or other expense of audit which fee not exceeding Baht 1,000,000.

The actual audit fee for 2015 and 2016 included audit fee for the Company and its subsidiaries, and other services fee as follows:

Unit: Baht

Transactions	2016	2015
Audit Fee	3,415,000	3,384,676
Other Services	120,000	100,000
Total	3,535,000	3,484,676



REPORT OF BOARD OF DIRECTORS' RESPONSIBILITIES IN THE FINANCIAL STATEMENTS

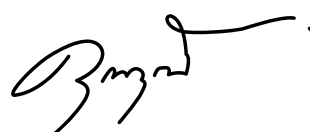
Dear Shareholders

The company consolidated financial statements of Home Product Center Public Company Limited and its subsidiary have been prepared in conformity with the requirements of the Public Company Act B.E. 2535 (1992), the Securities and Exchange Act B.E. 2535 (1992), the Announcement of the Department of Commercial Registration dated September 14, 2001, and the accounting standards prescribed by the Federation of Accounting Professions.

The Board of Directors had an opinion that the company's overall internal control system is at satisfactory level, sufficient to maintain the assets and to protect from fraud, and is responsible for the financial report of the Company and its subsidiary in order to ensure that it shows the actual result of operation, financial status, and cash flows. There have been proper recording of accurate and complete accounting information. Preparing of the financial reports has been considered of selecting appropriate accounting policy and regularly in compliance with the general accepted accounting standard, and there has been disclosing of sufficient significant information in the supplementary to the financial statements.



(Mr. Anant Asavabhokhin)
Chairman



(Mr. Khunawut Thumpomkul)
Managing Director

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Home Product Center Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Home Product Center Public Company Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2016, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Home Product Center Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Home Product Center Public Company Limited and its subsidiaries and of Home Product Center Public Company Limited as at 31 December 2016, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

Recognition of revenue from sales

The amount of revenue from sales that the Group recognises in each period forms a significant portion of total revenue and the Group is engaged in retail business and has a large number of retail stores. I therefore determined as a key audit matter by focusing on the amount and timing of the recognition of revenue from sales. The accounting policy for recognition of revenue from sales is disclosed in Note 4.1 to the consolidated financial statements.

I performed audit procedures on the recognition of revenue from sales of the Group including:

- Assessed and tested the Group's IT general controls and internal controls with respect to the revenue cycle.

- Applied a sampling method to select sales documents to examine whether the revenue recognition was in compliance with the Group's policy, and, on a sampling basis, examined supporting documents for actual sales transactions occurring during the year and near the end of the accounting period.
- Performed analytical procedures on disaggregated data of sales transactions throughout the period.

Allowance for diminution in value of inventories

Estimating the allowance for diminution in value of inventories, as disclosed in Note 5 and Note 9 to the consolidated financial statements, is an area of significant management judgement, particularly with regard to the estimation of allowance for lost, damaged or obsolete inventories.

- I evaluated the determination of allowance for diminution in value of inventories. The procedures that I performed included:
- Gained an understanding of the methods and assumptions applied by the management in determining the allowance for diminution in value of inventories and reviewed the consistency of the application of that basis.
- Compared inventory holding periods with inventory movements to identify product groups with indicators of lower than normal inventory turnover.
- Compared details of sales transactions occurring after the date of the financial statements with the cost of inventory for each group of products, and, on a sampling basis, examined relevant supporting documents.

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from

fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

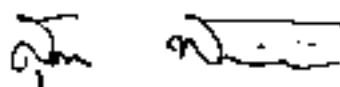
As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

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

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

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Miss Sumana Punpongsanon.



Sumana Punpongsanon

Certified Public Accountant (Thailand) No. 5872

EY Office Limited

Bangkok: 27 February 2017

STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		31 December 2016	31 December 2015	31 December 2016	31 December 2015
Assets					
Current assets					
Cash and cash equivalents	7	3,720,584,484	2,698,062,771	3,411,624,840	2,391,213,347
Trade and other receivables	8	1,895,479,823	1,704,101,361	1,837,787,724	1,583,790,301
Short-term loans to related parties	6	-	-	4,014,082,285	2,793,561,500
Inventories	9	9,671,544,973	8,364,757,754	7,846,961,997	7,082,564,354
Value added tax receivable		422,364,657	341,103,718	28,359,439	68,894,127
Other current assets	10	190,205,081	259,188,165	151,503,051	199,580,463
Total current assets		15,900,179,018	13,367,213,769	17,290,319,336	14,119,604,092
Non-current assets					
Investments in subsidiaries	11	-	-	1,258,678,588	1,258,678,088
Investment properties	12	3,046,951,189	3,218,237,904	3,889,930,964	4,024,163,329
Property, plant and equipment	13	29,539,711,266	27,655,131,878	24,201,255,276	23,549,180,597
Computer software	14	426,036,378	352,132,621	391,850,616	312,952,054
Leasehold rights	15	2,517,422,480	2,157,905,312	2,222,109,589	1,933,313,328
Property foreclosed		3,229,639	3,229,639	3,229,639	3,229,639
Rental guarantee deposits		52,576,350	53,258,350	51,703,350	52,553,350
Deferred tax assets	26	179,062,786	135,386,433	154,098,269	118,893,734
Other non-current assets		81,062,955	48,539,222	4,844,495	11,370,536
Total non-current assets		35,846,053,043	33,623,821,359	32,177,700,786	31,264,334,655
Total assets		51,746,232,061	46,991,035,128	49,468,020,122	45,383,938,747

STATEMENT OF FINANCIAL POSITION (Cont.)

As at 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		31 December 2016	31 December 2015	31 December 2016	31 December 2015
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	16	1,507,404,638	-	1,500,000,000	-
Trade and other payables	17	14,031,577,290	12,762,596,376	11,866,668,096	11,176,958,259
Current portion of liabilities under finance lease agreements	18	7,192,830	17,744,698	1,907,906	7,150,951
Short-term loan from related party	6	-	-	100,000,000	90,000,000
Current portion of long-term loans	19	700,000,000	700,000,000	700,000,000	700,000,000
Current portion of debentures	21	4,050,000,000	4,000,000,000	4,050,000,000	4,000,000,000
Income tax payable		405,993,298	380,181,939	404,642,158	380,181,939
Value added tax payable		789,449	1,594,463	-	-
Advances received from customers		1,127,819,263	1,018,944,922	1,063,297,577	982,188,295
Other current liabilities		660,637,286	582,569,895	621,340,448	542,786,366
Total current liabilities		22,491,414,054	19,463,632,293	20,307,856,185	17,879,265,810
Non-current liabilities					
Liabilities under finance lease agreements					
- net of current portion	18	10,488,892	9,364,050	7,819,005	1,409,239
Long-term loans - net of current portion	19	400,000,000	1,100,000,000	400,000,000	1,100,000,000
Debentures - net of current portion	21	10,200,000,000	8,550,000,000	10,200,000,000	8,550,000,000
Provision for long-term employee benefits	20	185,753,863	165,053,409	165,307,213	148,472,947
Rental received in advance - net of current portion		383,164,468	396,268,066	383,164,468	396,268,066
Other non-current liabilities		585,041,864	404,088,238	314,773,171	214,779,317
Total non-current liabilities		11,764,449,087	10,624,773,763	11,471,063,857	10,410,929,569
Total liabilities		34,255,863,141	30,088,406,056	31,778,920,042	28,290,195,379

STATEMENT OF FINANCIAL POSITION (Cont.)

As at 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		31 December 2016	31 December 2015	31 December 2016	31 December 2015
Shareholders' equity					
Share capital	22				
Registered share capital					
13,151,198,025 ordinary shares of Baht 1 each					
(2015: 13,151,315,446 ordinary shares of Baht 1 each)		13,151,198,025	13,151,315,446	13,151,198,025	13,151,315,446
Issued and fully paid-up					
13,151,198,025 ordinary shares of Baht 1 each		13,151,198,025	13,151,198,025	13,151,198,025	13,151,198,025
Share premium		646,323,076	646,323,076	646,323,076	646,323,076
Retained earnings					
Appropriated	24				
Statutory reserve - The Company		1,260,280,000	1,052,880,000	1,260,280,000	1,052,880,000
Statutory reserve - Subsidiaries		1,000,000	1,000,000	-	-
Unappropriated		2,487,311,034	2,120,204,357	2,631,298,979	2,243,342,267
Other components of shareholders' equity		(55,746,844)	(68,984,115)	-	-
Equity attributable to owners of the Company		17,490,365,291	16,902,621,343	17,689,100,080	17,093,743,368
Non-controlling interests of the subsidiaries		3,629	7,729	-	-
Total shareholders' equity		17,490,368,920	16,902,629,072	17,689,100,080	17,093,743,368
Total liabilities and shareholders' equity		51,746,232,061	46,991,035,128	49,468,020,122	45,383,938,747

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Profit or loss:					
Revenues					
Sales income		56,928,368,670	52,512,720,072	50,361,400,048	48,060,490,391
Rental and service income		1,705,858,188	1,477,234,811	1,447,344,528	1,241,855,276
Other income		2,509,844,874	2,253,219,052	2,656,838,691	2,305,246,010
Total revenues		61,144,071,732	56,243,173,935	54,465,583,267	51,607,591,677
Expenses					
Cost of sales		42,404,650,458	38,999,730,076	37,192,667,688	35,477,375,578
Selling and service expenses		11,209,470,535	10,647,805,210	9,946,726,128	9,728,899,821
Administrative expenses		1,919,446,128	1,612,107,108	1,712,717,292	1,419,994,534
Other expenses		11,901,854	23,046,943	361,783	19,145,167
Total expenses		55,545,468,975	51,282,689,337	48,852,472,891	46,645,415,100
Profit before finance cost and income tax expenses		5,598,602,757	4,960,484,598	5,613,110,376	4,962,176,577
Finance cost		(503,683,576)	(543,681,249)	(502,983,448)	(544,514,312)
Profit before income tax expenses		5,094,919,181	4,416,803,349	5,110,126,928	4,417,662,265
Income tax expenses	26	(969,723,645)	(917,995,235)	(964,081,357)	(892,327,624)
Profit for the year		4,125,195,536	3,498,808,114	4,146,045,571	3,525,334,641
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent period:</i>					
Exchange differences on translation of financial statements in foreign currency		13,237,271	(45,097,736)	-	-
		<u>13,237,271</u>	<u>(45,097,736)</u>	<u>-</u>	<u>-</u>
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent period:</i>					
Actuarial loss	20	-	(42,008,886)	-	(34,678,829)
Less: Income tax effect	26	-	8,401,777	-	6,935,766
		<u>-</u>	<u>(33,607,109)</u>	<u>-</u>	<u>(27,743,063)</u>
Other comprehensive income for the year		13,237,271	(78,704,845)	-	(27,743,063)
Total comprehensive income for the year		4,138,432,807	3,420,103,269	4,146,045,571	3,497,591,578

STATEMENT OF COMPREHENSIVE INCOME (Cont.)

For the year ended 31 December 2016

(Unit: Baht)

Note	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Profit attributable to:				
Equity holders of the Company	4,125,195,536	3,498,810,514	4,146,045,571	3,525,334,641
Non-controlling interests of the subsidiaries	-	(2,400)		
	<u>4,125,195,536</u>	<u>3,498,808,114</u>		
Total comprehensive income attributable to:				
Equity holders of the Company	4,138,432,807	3,420,105,669	4,146,045,571	3,497,591,578
Non-controlling interests of the subsidiaries	-	(2,400)		
	<u>4,138,432,807</u>	<u>3,420,103,269</u>		
Earnings per share	27			
Basic earnings per share				
Profit attributable to equity holders of the Company	<u>0.31</u>	<u>0.27</u>	<u>0.32</u>	<u>0.27</u>

CASH FLOW STATEMENT

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash flows from operating activities				
Profit before tax	5,094,919,181	4,416,803,349	5,110,126,928	4,417,662,265
Adjustments to reconcile profit before tax to net cash provided by (paid for) operating activities				
Depreciation and amortisation	2,904,950,257	2,720,703,271	2,514,813,114	2,440,400,944
Decrease of inventories to net realisable value	149,116,682	140,661,717	131,183,120	125,588,245
Loss from sales of assets and written-off	502,330	17,414,276	452,601	17,412,042
Allowance for doubtful accounts	13,777,404	5,338,864	13,059,826	5,338,864
Allowance for impairment of assets (reverse)	69,901,075	(8,417,781)	69,901,075	(8,417,781)
Provision for long-term employee benefits	23,133,454	22,812,988	19,267,266	19,319,458
Unrealised exchange (gain) loss	10,773,553	(2,969,777)	(166,484)	(340,420)
Dividend income from subsidiary	-	-	(89,996,400)	(59,997,600)
Interest expenses	494,729,105	537,242,240	494,669,002	538,251,241
Profit from operating activities before changes in operating assets and liabilities	8,761,803,041	7,849,589,147	8,263,310,048	7,495,217,258
Decrease (increase) in operating assets				
Trade and other receivables	(205,155,865)	(89,283,492)	(267,057,249)	(21,631,454)
Inventories	(1,455,903,901)	(474,603,595)	(895,580,763)	(182,620,793)
Value added tax receivable	(81,260,939)	51,271,419	40,534,688	114,296,439
Other current assets	68,983,084	53,411,580	48,077,412	65,749,434
Other non-current assets	(31,841,733)	(31,266,519)	7,376,041	(7,053,694)
Increase (decrease) in operating liabilities				
Trade and other payables	1,268,219,531	692,797,806	699,776,595	76,290,180
Advances received from customers	108,874,341	257,042,844	81,109,282	242,154,489
Value added tax payable	(805,014)	(3,890,180)	-	-
Other current liabilities	76,942,872	23,342,158	77,429,563	11,515,695
Rental received in advance	(13,103,598)	(7,766,490)	(13,103,598)	(7,766,490)
Cash paid for provision for long-term employee benefits	(2,433,000)	(6,529,600)	(2,433,000)	(6,529,600)
Other non-current liabilities	14,596,746	18,893,139	-	-
Cash flows from operating activities	8,508,915,565	8,333,008,217	8,039,439,019	7,779,621,464
Cash paid for interest expenses	(504,629,378)	(529,122,780)	(504,569,276)	(530,131,780)
Cash paid for corporate income tax	(998,944,556)	(911,075,130)	(974,825,673)	(895,215,318)
Net cash flows from operating activities	7,005,341,631	6,892,810,307	6,560,044,070	6,354,274,366

CASH FLOW STATEMENT (Cont.)

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash flows from investing activities				
Increase in investments in subsidiary	-	-	(500)	-
Dividend income from subsidiary	-	-	89,996,400	59,997,600
Short-term loans to related parties	-	-	(2,079,000,000)	(2,408,787,500)
Cash refund from short-term loans to related parties	-	-	858,479,215	1,484,600,000
Acquisitions of computer software	(116,239,735)	(146,075,183)	(116,037,394)	(145,715,890)
Acquisitions of leasehold rights	(441,033,787)	(262,710,382)	(365,279,342)	(179,589,704)
Acquisitions of property, plant and equipment	(4,435,844,895)	(3,794,493,592)	(2,847,263,420)	(2,549,895,399)
(Increase) decrease in construction retention	166,356,880	(83,618,217)	99,993,854	(84,566,145)
Acquisitions of investment properties	(150,221,323)	(603,733,047)	(150,221,323)	(603,733,047)
Proceeds from sales of equipment	8,185,907	4,646,025	8,039,229	4,638,817
Proceeds from sales of investment properties' equipment	58,323	143,015	58,323	143,015
Net cash flows used in investing activities	(4,968,738,630)	(4,885,841,381)	(4,501,234,958)	(4,422,908,253)
Cash flows from financing activities				
Short-term loans from financial institutions	2,507,404,638	5,460,000,000	2,500,000,000	5,460,000,000
Repayment of short-term loans from financial institutions	(1,000,000,000)	(5,460,000,000)	(1,000,000,000)	(5,460,000,000)
Increase (decrease) in liabilities under finance lease agreements	(9,427,026)	929,551	1,166,721	(2,835,105)
Short-term loan from related party	-	-	100,000,000	-
Repayment of short-term loan from related party	-	-	(90,000,000)	-
Repayment of long-term loans	(700,000,000)	(700,000,000)	(700,000,000)	(700,000,000)
Increase in debentures	5,700,000,000	3,500,000,000	5,700,000,000	3,500,000,000
Repayment of debentures	(4,000,000,000)	(2,300,000,000)	(4,000,000,000)	(2,300,000,000)
Dividend paid	(3,549,564,340)	(2,218,674,443)	(3,549,564,340)	(2,218,674,443)
Net cash flows used in financing activities	(1,051,586,728)	(1,717,744,892)	(1,038,397,619)	(1,721,509,548)
Translation adjustments	37,505,440	(25,924,642)	-	-
Net increase in cash and cash equivalents	1,022,521,713	263,299,392	1,020,411,493	209,856,565
Cash and cash equivalents at beginning of year	2,698,062,771	2,434,763,379	2,391,213,347	2,181,356,782
Cash and cash equivalents at end of year (Note 7)	3,720,584,484	2,698,062,771	3,411,624,840	2,391,213,347

Supplemental cash flows information:

Non-cash items consist of

Transfer property, plant and equipment to investment properties	-	-	37,054,350	230,233,500
Dividend payable	1,124,519	433,375	1,124,519	433,375
Stock dividend	-	821,882,579	-	821,882,579
Actuarial loss	-	42,008,886	-	34,678,829

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2016

Separate financial statements							(Unit: Baht)
Note	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Total shareholders' equity		
			Appropriated - statutory reserve	Unappropriated			
	12,329,315,446	646,323,076	876,180,000	1,963,441,086	15,815,259,608		
Balance as at 1 January 2015							
<u>Change during the year</u>							
	-	-	-	3,525,334,641	3,525,334,641		
	-	-	-	(27,743,063)	(27,743,063)		
	-	-	-	3,497,591,578	3,497,591,578		
30	821,882,579	-	-	(821,882,579)	-		
30	-	-	-	(2,219,107,818)	(2,219,107,818)		
24	-	-	176,700,000	(176,700,000)	-		
	13,151,198,025	646,323,076	1,052,880,000	2,243,342,267	17,093,743,368		
Balance as at 31 December 2015							
Balance as at 1 January 2016							
<u>Change during the year</u>							
	-	-	-	4,146,045,571	4,146,045,571		
	-	-	-	-	-		
	-	-	-	-	-		
	-	-	-	4,146,045,571	4,146,045,571		
	-	-	-	(3,550,688,859)	(3,550,688,859)		
30	-	-	207,400,000	(207,400,000)	-		
24	-	-	1,260,280,000	2,631,298,979	17,689,100,080		
	13,151,198,025	646,323,076	1,260,280,000	2,631,298,979	17,689,100,080		
Balance as at 31 December 2016							

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2016

Separate financial statements							(Unit: Baht)
	Note	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Total shareholders' equity	
				Appropriated - statutory reserve	Unappropriated		
Balance as at 1 January 2015		12,329,315,446	646,323,076	876,180,000	1,963,441,086	15,815,259,608	
<u>Change during the year</u>							
Profit for the year		-	-	-	3,525,334,641	3,525,334,641	
Other comprehensive income for the year		-	-	-	(27,743,063)	(27,743,063)	
Total comprehensive income for the year		-	-	-	3,497,591,578	3,497,591,578	
Stock dividend	30	821,882,579	-	-	(821,882,579)	-	
Dividend paid	30	-	-	-	(2,219,107,818)	(2,219,107,818)	
Unappropriated retained earnings transferred to statutory reserve	24	-	-	176,700,000	(176,700,000)	-	
Balance as at 31 December 2015		13,151,198,025	646,323,076	1,052,880,000	2,243,342,267	17,093,743,368	
<u>Change during the year</u>							
Balance as at 1 January 2016		13,151,198,025	646,323,076	1,052,880,000	2,243,342,267	17,093,743,368	
<u>Change during the year</u>							
Profit for the year		-	-	-	4,146,045,571	4,146,045,571	
Other comprehensive income for the year		-	-	-	-	-	
Total comprehensive income for the year		-	-	-	4,146,045,571	4,146,045,571	
Dividend paid	30	-	-	-	(3,550,688,859)	(3,550,688,859)	
Unappropriated retained earnings transferred to statutory reserve	24	-	-	207,400,000	(207,400,000)	-	
Balance as at 31 December 2016		13,151,198,025	646,323,076	1,260,280,000	2,631,298,979	17,689,100,080	

NOTE TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

1. General information

Home Product Center Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. Its major shareholders are Land and Houses Public Company Limited and Quality Houses Public Company Limited, which were incorporated in Thailand. The Company is principally engaged in the trading of a complete range of goods and materials for construction, addition, refurbishment, renovation, and improvement of buildings, houses, and residences place, and provision for related services to retail business, together with space rental and provide utilities service. Its registered address is at 96/27 Moo 9, Tambol Bangkhen, Amphur Muang, Nonthaburi.

As at 31 December 2016, the Company and its subsidiaries have a total of 95 branches (2015: 84 branches) (The Company only: 82 branches, 2015: 76 branches).

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

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

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

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Home Product Center Public Company Limited ("the Company") and the following subsidiary companies ("the subsidiaries"):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2016	2015
			Percent	Percent
Market Village Co., Ltd.	Management of leasing space together with provision of facilities services	Thailand	100.00	99.99
Home Product Center (Malaysia) Sdn. Bhd.	Retailing of home improvement products as One Stop Shopping	Malaysia	100.00	100.00
Mega Home Center Co., Ltd.	Retailing and wholesaling of construction and home improvement products	Thailand	99.99	99.99
DC Service Center Co., Ltd.	Warehousing and distribution service	Thailand	99.99	99.99

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

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

3. New financial reporting standards

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

During the year, the Company and subsidiaries have adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. 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 Company and its subsidiaries' financial statements.

(b) Financial reporting standard that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2017. 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 management of the Company and its subsidiaries believe that the revised financial reporting standards and interpretations and new accounting treatment guidance will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which are summarised below.

TAS 27 (revised 2016) Separate Financial Statements

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

This standard will not have any significant impact on the Company and its subsidiaries' financial statements because the management has decided to continue accounting for such investments under the cost method in the separate financial statements.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

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

Sales of goods - Customer loyalty programmes

The Company and its subsidiaries operate a loyalty programme which allows customers to accumulate points when they purchase products in the Company and its subsidiaries' retail stores. The points can then be redeemed for discounted goods in the future. Certain sales consideration is allocated to the points issued, at their fair value. The fair value of the points issued is deferred and recognised as revenue when the points are redeemed and the Company and its subsidiaries fulfill their obligations to supply awards.

Vendors income

The Company and its subsidiaries have agreements with vendors as normal business practice, for volume-related allowances, and sale promotion campaign and marketing allowances. Vendors income is recognised when all obligations are met and can be measured reliably based on the terms of the contract. Portion of vendors income is recognised as a reduction in cost of sales and inventory. Uncollected amount are presented in the statements of financial position as "Other receivables" or otherwise are offset with "Trade account payables" depending on the condition in the contracts.

Rental and service income

Rental and service income are recognised proportionately over the term of the lease and service agreements.

Rendering of other services

Other service revenue is recognised when services have been rendered.

Interest income

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

Dividends

Dividends are recognised when the right to receive the dividends is established.

4.2 Cash and cash equivalents

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

4.3 Trade accounts receivable

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

4.4 Inventories

Inventories are valued at the lower of cost (moving average cost method) and net realisable value.

Volume incentives received from the supplier are accounted for as a reduction of the value of inventories and recognised in profit or loss when the related inventories are sold.

4.5 Investments

Investments in subsidiaries are accounted for in the separated financial statements using the cost method.

4.6 Investment properties

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

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated economic useful lives of 3 - 37 years. No depreciation is provided on land and assets under installation and under construction. Depreciation of the investment properties is included in determining income.

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

4.7 Property, plant and equipment/Depreciation

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

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

Buildings	- 20 - 30 years
Buildings on lease land and building improvement	- useful lives but not over lease periods
Computer equipment	- 1 - 3 years
Furniture, fixtures and office equipment	- 5 - 10 years
Motor vehicles	- 5 years

Depreciation is included in determining income.

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

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

4.8 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.9 Intangible assets

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

Intangible assets (computer software) with finite lives are amortised on a systematic basis over the economic useful life (5 years and 10 years) and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

4.10 Leasehold rights

Leasehold rights are stated at cost less accumulated amortisation and allowance for loss on impairment of assets (if any). The Company and its subsidiaries amortise leasehold rights on a straight-line basis over the leasehold period.

The amortisation expense is charged to profit or loss.

4.11 Related party transactions

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

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

4.12 Long-term leases

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

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

4.13 Foreign currencies

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

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

Gains and losses on exchange are included in determining income.

4.14 Impairment of assets

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

An impairment loss is recognised in profit or loss.

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

4.15 Employee benefits

Short-term employee benefits

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

Employee Joint Investment Program (EJIP)

The Company has established an Employee Joint Investment Program (EJIP). The program is monthly contributed by eligible employees and by the Company to EJIP participant. The details of the program are as described in Note 23 to the financial statements. The Company's contributions are recognised as expenses when incurred.

Post-employment benefits

- Defined contribution plans

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

- Defined benefit plans

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

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

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

4.16 Provisions

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

4.17 Income tax

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

Current tax

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

Deferred tax

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

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

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

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

4.18 Fair value measurement

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

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

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

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

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

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

5. Significant accounting judgements and estimates

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

Allowance for doubtful accounts

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

Allowance for diminution in value of inventories

The determination of allowance for diminution in the value of inventories with regard to lost, damaged or obsolete inventories, requires management to make judgements and estimates. This requires detailed analysis of the product life cycle, useful life of each type of inventory, the competitive environment, economic circumstances and the situation within the industry.

Leases

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

Investment properties and property, plant and equipment/Depreciation

In determining depreciation of investment properties and property, plant and equipment, the management is required to make estimates of the useful lives and salvage values of the Company and its subsidiaries' investment properties and property, plant and equipment and to review estimate useful lives and salvage values when there are any changes.

In addition, the management is required to review investment properties and property, plant and equipment 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 cost. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Deferred tax assets

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

Post-employment benefits under defined benefit plans

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

6. Related party transactions

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		Pricing policy
	2016	2015	2016	2015	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales income	-	-	37,786	30,353	Actual cost plus margin
Rental and service income	-	-	239,752	233,638	Baht 2 million and Baht 18 million per month
Management service income	-	-	110,561	40,252	Actual cost and contact price
Dividend received	-	-	89,996	59,998	As declared
Service income	-	-	51,504	13,837	Actual cost
Service expense	-	-	351,578	789,666	Actual cost and contact price
Other expenses	-	-	17,191	-	Actual cost
Interest income	-	-	147,263	100,292	4.50% - 4.75% per annum
Interest expenses	-	-	2,065	1,784	1.75% per annum (2015: 1.75% - 2.25% per annum)
<u>Transactions with related companies</u>					
Sales income	51,564	55,557	51,564	55,557	Market price
Rental and service income	18,005	14,941	18,005	14,941	Contact price
Interest income	16,854	21,151	16,854	21,151	0.75% - 1.00% per annum (2015: 0.75 - 2.40% per annum)
Rental and service expenses	21,188	21,370	21,188	21,370	Percentage of revenue but not less than a minimum rate

As at 31 December 2016 and 2015, the Company had the outstanding balances with related parties which had been included in the following accounts:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Deposits with financial institution				
(included in cash and cash equivalents)				
Related company ⁽¹⁾	2,728,457	1,943,121	2,689,413	1,887,379
Trade and other receivables				
Subsidiaries	-	-	146,163	8,149
Related company ⁽¹⁾	2,479	646	2,479	646
Related company ⁽²⁾	5,951	11,337	5,576	11,337
Total	8,430	11,983	154,218	20,132
Short-term loans to related parties				
Subsidiaries	-	-	4,014,082	2,793,562
Rental guarantee deposits				
Related company ⁽¹⁾	3,000	3,000	3,000	3,000
Trade and other payables				
Subsidiaries	-	-	42,291	123,738
Related company ⁽¹⁾	1,689	1,632	1,689	1,632
Total	1,689	1,632	43,980	125,370
Short-term loan from related party				
Subsidiary	-	-	100,000	90,000

Relationship with the related companies

⁽¹⁾ has common major shareholders

⁽²⁾ the major shareholders

Short-term loans to related parties

As at 31 December 2016, the Company has granted unsecured loans of Baht 4,014 million (2015: Baht 2,794 million) to its subsidiaries on which interest is payable on a monthly basis at a rate of 4.50% - 4.75% per annum. The loans are repayable at call. Movements in the balance of the loans during the year were as follow:

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at	During the year		Balance as at
	1 January 2016	Increase	Decrease	31 December 2016
Short-term loans to related parties				
Mega Home Center Co., Ltd.	2,608,000	2,079,000	(850,000)	3,837,000
Home Product Center (Malaysia) Sdn. Bhd.	185,562	-	(8,480)	177,082
Total	2,793,562	2,079,000	(858,480)	4,014,082

Short-term loan from related party

As at 31 December 2016, the Company has received unsecured loan of Baht 100 million (2015: Baht 90 million) from its subsidiary on which interest is payable on a monthly basis at a rate of 1.75% per annum. The loan is repayable at call. Movement in the balance of the loan during the year was as follow:

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at	During the year		Balance as at
	1 January 2016	Increase	Decrease	31 December 2016
Short-term loan from related party				
Market Village Company Limited	90,000	100,000	(90,000)	100,000

Directors and management's benefits

During the year ended 31 December 2016 and 2015, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Short-term benefits	147,905	142,360	132,625	130,850
Post-employment benefits	3,320	3,993	2,361	3,107
Total	151,225	146,353	134,986	133,957

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Cash	223,125	202,329	176,400	170,146
Bank deposits	897,459	625,734	635,225	351,067
Fixed deposits	2,600,000	1,870,000	2,600,000	1,870,000
Total	3,720,584	2,698,063	3,411,625	2,391,213

As at 31 December 2016, bank deposits in saving accounts and fixed deposits carried interests between 0.75% - 0.80% per annum (2015: between 0.37% - 3.40% per annum).

8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Trade accounts receivable	337,926	302,719	337,001	299,741
Other receivables	1,547,092	1,375,851	1,376,731	1,264,269
Income receivables	10,462	25,531	124,056	19,780
Total trade and other receivables	1,895,480	1,704,101	1,837,788	1,583,790

Trade accounts receivable

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Trade accounts receivable	137,032	106,351	141,903	103,737
Cheque returned receivable	-	210	-	210
Credit card and coupon receivable	203,642	198,800	197,846	198,436
Total	340,674	305,361	339,749	302,383
Less: Allowance for doubtful debts	(2,748)	(2,642)	(2,748)	(2,642)
Total trade accounts receivable - net	337,926	302,719	337,001	299,741

The outstanding balances of trade accounts receivable as at 31 December 2016 and 2015 are aged as follows:

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Trade receivables				
Not yet due	334,297	286,790	327,886	284,574
Past due				
Up to 3 months	5,205	11,473	10,802	10,709
3 - 6 months	103	4,522	-	4,522
6 - 12 months	24	6	17	6
Over 12 months	1,045	2,570	1,044	2,572
Total	340,674	305,361	339,749	302,383
Less: Allowance for doubtful debts	(2,748)	(2,642)	(2,748)	(2,642)
Total trade receivables - net	337,926	302,719	337,001	299,741

Other receivables

Other receivables mainly consist of receivables from sale support operation and area rental and related service receivables.

The outstanding balances of other receivables as at 31 December 2016 and 2015 are aged as follows:

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Age of receivables				
Not yet due	853,604	766,123	780,529	710,525
Past due				
Up to 3 months	655,704	564,243	588,489	521,789
3 - 6 months	19,717	20,743	7,567	13,207
6 - 12 months	16,437	16,871	6,517	14,426
Over 12 months	28,625	21,195	19,597	17,336
Total	1,574,087	1,389,175	1,402,699	1,277,283
Less: Allowance for doubtful debts	(26,995)	(13,324)	(25,968)	(13,014)
Total other receivables - net	1,547,092	1,375,851	1,376,731	1,264,269

9. Inventories

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Inventories	12,276,527	10,540,513	10,071,245	9,025,015
Less: Reduce cost to net				
realisable value	(410,656)	(341,053)	(390,623)	(327,707)
Net	11,865,871	10,199,460	9,680,622	8,697,308
Less: Inventories - repaid its cost				
when sold	(1,709,121)	(1,410,497)	(1,411,055)	(1,232,139)
Purchase discount	(485,205)	(424,205)	(422,605)	(382,605)
Inventories - net	9,671,545	8,364,758	7,846,962	7,082,564

During the current year, the Company and its subsidiaries reduced cost of inventories by Baht 149 million (2015: Baht 141 million) (The Company only: Baht 131 million, 2015: Baht 126 million), to reflect the net realisable value. This was included in cost of sales. In addition, the Company and its subsidiaries reversed the write-down of cost of inventories by Baht 79 million (2015: Baht 72 million) (The Company only: Baht 68 million, 2015: Baht 65 million), and reduced the amount of inventories recognised as expenses during the year.

10. Other current assets

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Prepaid expenses	128,632	117,009	107,902	108,537
Suspend input value added tax	36,483	81,081	32,158	66,969
Others	25,090	61,098	11,443	24,074
Total other current assets	190,205	259,188	151,503	199,580

11. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	2016	2015	2016	2015	2016	2015	2016	2015
			(Percent)	(Percent)				
Market Village								
Company Limited	5,000	5,000	100.00	99.99	5,000	4,999	89,996	59,998
Home Product Center								
(Malaysia) Sdn. Bhd.	251,179	251,179	100.00	100.00	251,179	251,179	-	-
Mega Home Center								
Company Limited	1,000,000	1,000,000	99.99	99.99	1,000,000	1,000,000	-	-
DC Service Center								
Company Limited	2,500	2,500	99.99	99.99	2,500	2,500	-	-
					<u>1,258,679</u>	<u>1,258,678</u>	<u>89,996</u>	<u>59,998</u>

12. Investment properties

The net book value of investment properties as at 31 December 2016 and 2015 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements			
	Land and land improvement	Buildings and equipment	Assets under installation and under construction	Total
31 December 2016				
Cost	150,000	3,912,650	96,428	4,159,078
Less: Accumulated depreciation	-	(1,112,127)	-	(1,112,127)
Net book value	<u>150,000</u>	<u>2,800,523</u>	<u>96,428</u>	<u>3,046,951</u>
31 December 2015				
Cost	150,000	3,069,093	790,209	4,009,302
Less: Accumulated depreciation	-	(791,064)	-	(791,064)
Net book value	<u>150,000</u>	<u>2,278,029</u>	<u>790,209</u>	<u>3,218,238</u>

(Unit: Thousand Baht)

	Separate financial statements			
	Land and land improvement	Buildings and equipment	Assets under installation and under construction	Total
31 December 2016				
Cost	992,980	3,912,650	96,428	5,002,058
Less: Accumulated depreciation	-	(1,112,128)	-	(1,112,128)
Net book value	<u>992,980</u>	<u>2,800,522</u>	<u>96,428</u>	<u>3,889,930</u>
31 December 2015				
Cost	955,925	3,069,093	790,209	4,815,227
Less: Accumulated depreciation	-	(791,064)	-	(791,064)
Net book value	<u>955,925</u>	<u>2,278,029</u>	<u>790,209</u>	<u>4,024,163</u>

A reconciliation of the net book value of investment properties for the years 2016 and 2015 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Net book value at beginning of year	3,218,238	2,764,572	4,024,163	3,340,264
Additions	150,221	603,733	150,221	603,733
Transfer from property, plant and equipment - at cost	-	-	37,054	230,233
Disposals and written-off				
- net book value	(106)	(440)	(106)	(440)
Depreciation charged	<u>(321,402)</u>	<u>(149,627)</u>	<u>(321,402)</u>	<u>(149,627)</u>
Net book value at end of year	<u>3,046,951</u>	<u>3,218,238</u>	<u>3,889,930</u>	<u>4,024,163</u>

The fair value of the investment properties as at 31 December 2016 and 2015 stated below:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Land and buildings	5,152	5,002	5,152	5,002
Land	-	-	843	806

As at 31 December 2016 and 2015, the fair values of investment properties have been determined using the following approach.

- Land have been determined based on acquisition cost. The management believes that there are no material differences between the book value and its fair value.
- Land and buildings which are acquired before the year 2016 have been determined by an accredited independent valuer in 2015 using the income approach. Key assumptions used in the valuation include yield rate, inflation rate, long-term vacancy rate and long-term growth in real rental rates.
- Buildings and equipment which are acquired in the current year have been determined based on acquisition cost. The management believes that there are no material differences between the book value and its fair value.

13. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						Total
	Land and land improvement	Buildings and building improvement	Computer equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	
Cost:							
1 January 2015	7,774,824	16,310,023	470,756	5,537,265	76,321	4,572,382	34,741,571
Additions	346,742	303,864	37,737	318,152	5,351	2,782,646	3,794,492
Disposals and written-off	(2,000)	(63,544)	(4,011)	(195,445)	(5,185)	-	(270,185)
Transfers in (out)	5,696	4,215,512	1,255	611,341	-	(4,833,804)	-
Translation adjustment	-	(7,633)	(687)	(5,427)	-	(7,667)	(21,414)
31 December 2015	8,125,262	20,758,222	505,050	6,265,886	76,487	2,513,557	38,244,464
Additions	46,913	772,725	96,513	694,937	12,000	2,812,757	4,435,845
Disposals and written-off	-	(8,214)	(8,405)	(65,876)	(16,184)	(405)	(99,084)
Transfers in (out)	25,790	3,834,604	835	453,656	385	(4,315,270)	-
Translation adjustment	-	(5,100)	(466)	(4,499)	-	(6,640)	(16,705)
31 December 2016	8,197,965	25,352,237	593,527	7,344,104	72,688	1,003,999	42,564,520
Accumulated depreciation:							
1 January 2015	-	4,663,311	374,900	3,284,135	41,349	-	8,363,695
Depreciation for the year	-	1,406,562	59,979	978,140	14,124	-	2,458,805
Depreciation on disposals and written-off	-	(49,631)	(3,974)	(189,905)	(4,912)	-	(248,422)
Translation adjustment	-	(692)	(229)	(1,374)	-	-	(2,295)
31 December 2015	-	6,019,550	430,676	4,070,996	50,561	-	10,571,783
Depreciation for the year	-	1,416,879	63,694	967,830	11,321	-	2,459,724
Depreciation on disposals and written-off	-	(6,165)	(8,368)	(64,548)	(11,363)	-	(90,444)
Translation adjustment	-	(1,049)	(309)	(2,347)	-	-	(3,705)
31 December 2016	-	7,429,215	485,693	4,971,931	50,519	-	12,937,358
Allowance for impairment loss:							
1 January 2015	9,430	16,537	-	-	-	-	25,967
Increase during the year	-	18,881	-	-	-	-	18,881
Decrease during the year	-	(27,299)	-	-	-	-	(27,299)
31 December 2015	9,430	8,119	-	-	-	-	17,549
Increase during the year	-	86,062	-	-	-	-	86,062
Decrease during the year	-	(16,161)	-	-	-	-	(16,161)
31 December 2016	9,430	78,020	-	-	-	-	87,450
Net book value:							
31 December 2015	8,115,832	14,730,553	74,374	2,194,890	25,926	2,513,557	27,655,132
31 December 2016	8,188,535	17,845,002	107,834	2,372,173	22,169	1,003,999	29,539,712
Depreciation for the year							
2015 (Baht 2,430 million included in selling expenses, and the balance in administrative expenses)							2,458,805
2016 (Baht 2,384 million included in selling expenses, and the balance in administrative expenses)							2,459,724

(Unit: Thousand Baht)

Separate financial statements

	Land and land improvement	Buildings and building improvement	Computer equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Total
Cost:							
1 January 2015	7,199,132	15,910,265	449,411	5,222,612	75,543	2,731,063	31,588,026
Additions	215,879	140,976	30,738	198,826	5,351	1,958,126	2,549,896
Disposals and written-off	(2,000)	(63,544)	(4,011)	(194,711)	(5,185)	-	(269,451)
Transfer to investment properties	(230,233)	-	-	-	-	-	(230,233)
Transfers in (out)	5,696	2,173,505	10	348,855	-	(2,528,066)	-
31 December 2015	7,188,474	18,161,202	476,148	5,575,582	75,709	2,161,123	33,638,238
Additions	46,912	569,905	80,118	453,259	12,000	1,685,069	2,847,263
Disposals and written-off	-	(8,214)	(8,322)	(64,421)	(16,184)	(405)	(97,546)
Transfer to investment properties	(37,054)	-	-	-	-	-	(37,054)
Transfers in (out)	7,152	2,530,354	81	387,503	385	(2,925,475)	-
31 December 2016	7,205,484	21,253,247	548,025	6,351,923	71,910	920,312	36,350,901
Accumulated depreciation:							
1 January 2015	-	4,552,935	367,847	3,171,347	40,994	-	8,133,123
Depreciation for the year	-	1,270,706	51,674	849,734	13,969	-	2,186,083
Depreciation on disposals and written-off	-	(49,470)	(4,003)	(189,311)	(4,913)	-	(247,697)
31 December 2015	-	5,774,171	415,518	3,831,770	50,050	-	10,071,509
Depreciation for the year	-	1,223,270	52,314	793,040	11,165	-	2,079,789
Depreciation on disposals and written-off	-	(6,166)	(8,321)	(63,252)	(11,363)	-	(89,102)
31 December 2016	-	6,991,275	459,511	4,561,558	49,852	-	12,062,196
Allowance for impairment loss:							
1 January 2015	9,430	16,537	-	-	-	-	25,967
Increase during the year	-	18,881	-	-	-	-	18,881
Decrease during the year	-	(27,299)	-	-	-	-	(27,299)
31 December 2015	9,430	8,119	-	-	-	-	17,549
Increase during the year	-	86,062	-	-	-	-	86,062
Decrease during the year	-	(16,161)	-	-	-	-	(16,161)
31 December 2016	9,430	78,020	-	-	-	-	87,450
Net book value:							
31 December 2015	7,179,044	12,378,912	60,630	1,743,812	25,659	2,161,123	23,549,180
31 December 2016	7,196,054	14,183,952	88,514	1,790,365	22,058	920,312	24,201,255
Depreciation for the year							
2015 (Baht 2,124 million included in selling expenses, and the balance in administrative expenses)							2,186,083
2016 (Baht 2,011 million included in selling expenses, and the balance in administrative expenses)							2,079,789

As at 31 December 2016, the Company and its subsidiaries had vehicles and equipment under finance lease agreements with net book values amounting to Baht 20 million (2015: Baht 27 million) (The Company only: Baht 10 million, 2015: Baht 9 million).

As at 31 December 2016, certain plant and equipment items have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to approximately Baht 3,517 million (2015: Baht 2,412 million) (The Company only: Baht 3,478 million, 2015: Baht 2,394 million).

14. Computer software

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Cost		
1 January 2015	391,359	340,532
Acquisitions during the year	146,075	145,716
Translation adjustment	(62)	-
31 December 2015	537,372	486,248
Acquisitions during the year	116,239	116,038
Translation adjustment	(42)	-
31 December 2016	653,569	602,286
Accumulated amortisation		
1 January 2015	145,103	138,286
Amortisation for the year	40,146	35,010
Translation adjustment	(10)	-
31 December 2015	185,239	173,296
Amortisation for the year	42,308	37,139
Translation adjustment	(14)	-
31 December 2016	227,533	210,435
Net book value		
31 December 2015	352,133	312,952
31 December 2016	426,036	391,851

15. Leasehold rights

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Cost		
1 January 2015	2,355,425	2,209,950
Acquisitions during the year	262,710	179,589
31 December 2015	2,618,135	2,389,539
Acquisitions during the year	441,033	365,280
31 December 2016	3,059,168	2,754,819
Accumulated amortisation		
1 January 2015	388,104	386,544
Amortisation for the year	72,126	69,682
31 December 2015	460,230	456,226
Amortisation for the year	81,516	76,483
31 December 2016	541,746	532,709
Net book value		
31 December 2015	2,157,905	1,933,313
31 December 2016	2,517,422	2,222,110

16. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (% per annum)		Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015	2016	2015
Bill of exchange - Baht	1.65	-	1,500,000	-	1,500,000	-
Bill of exchange - Foreign currency	3.65	-	7,405	-	-	-
Total short-term loans from financial institutions			1,507,405	-	1,500,000	-

As at 31 December 2016, the Company had overdraft lines from banks and other credit facilities totaling Baht 275 million and Baht 12,972 million, respectively (2015: Baht 305 million and Baht 11,176 million, respectively).

17. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Trade accounts payable	11,894,819	10,859,894	10,038,528	9,528,026
Other payables	551,006	485,170	469,616	423,453
Other payables for purchase of assets	329,947	418,056	233,350	305,322
Accrued expenses	1,255,805	999,476	1,125,174	920,157
Total trade and other payables	<u>14,031,577</u>	<u>12,762,596</u>	<u>11,866,668</u>	<u>11,176,958</u>

18. Liabilities under financial lease agreements

(Unit: Thousand Baht)

	Consolidated financial statements			
	Portion due within one year		Portion due over one year	
	2016	2015	2016	2015
Liabilities under financial lease agreements	8,051	18,641	11,775	9,791
Less: Deferred interest expense	(858)	(896)	(1,286)	(427)
Net	<u>7,193</u>	<u>17,745</u>	<u>10,489</u>	<u>9,364</u>

(Unit: Thousand Baht)

	Separate financial statements			
	Portion due within one year		Portion due over one year	
	2016	2015	2016	2015
Liabilities under financial lease agreements	2,471	7,332	9,051	1,486
Less: Deferred interest expense	(563)	(181)	(1,232)	(77)
Net	<u>1,908</u>	<u>7,151</u>	<u>7,819</u>	<u>1,409</u>

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

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

(Unit: Thousand Baht)

Consolidated financial statements			
31 December 2016			
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	8,051	11,775	19,826
Deferred interest expenses	(858)	(1,286)	(2,144)
Present value of future minimum lease payments	7,193	10,489	17,682

(Unit: Thousand Baht)

Consolidated financial statements			
31 December 2015			
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	18,641	9,791	28,432
Deferred interest expenses	(896)	(427)	(1,323)
Present value of future minimum lease payments	17,745	9,364	27,109

(Unit: Thousand Baht)

Separate financial statements			
31 December 2016			
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	2,471	9,051	11,522
Deferred interest expenses	(563)	(1,232)	(1,795)
Present value of future minimum lease payments	1,908	7,819	9,727

(Unit: Thousand Baht)

Separate financial statements			
31 December 2015			
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	7,332	1,486	8,818
Deferred interest expenses	(181)	(77)	(258)
Present value of future minimum lease payments	7,151	1,409	8,560

19. Long-term loans

(Unit: Thousand Baht)

Loan	Interest rate (% per annum)	Repayment schedule	Consolidated and separate financial statements	
			2016	2015
1	3.70	Payment of interest is scheduled on a quarterly basis, starting from 3 months after the first draw down of principal. Payment of principal is scheduled in installments, every 6 months starting from 6 months after first principal draw down. Full repayment is to be made within 10 installments or within 60 months after first principal draw down.	300,000	600,000
2	3.71	Payment of interest is scheduled on a quarterly basis, starting from 3 months after the first draw down of principal. Payment of principal is scheduled in installments, every 6 months starting from 6 months after first principal draw down. Full repayment is to be made within 10 installments or within 60 months after first principal draw down.	300,000	500,000
3	3.59	Payment of interest is scheduled on a quarterly basis, starting from 3 months after the first draw down of principal. Payment of principal is scheduled in installments, every 6 months starting from 6 months after first principal draw down. Full repayment is to be made within 10 installments or within 60 months after first principal draw down.	500,000	700,000
Total			1,100,000	1,800,000
Less: Current portion of long-term loans			(700,000)	(700,000)
Long-term loans - net of current portion			400,000	1,100,000

The Company has received unsecured long-term credit facilities from a financial institution. The loan agreements contain covenants as specified in the agreements that, among other things, require the Company to maintain certain debt to equity ratio according to the agreements.

20. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Provision for long-term employee benefits at beginning of year	165,053	106,761	148,473	101,004
Included in profit or loss:				
Current service cost	18,336	18,201	15,212	15,391
Interest cost	4,798	4,612	4,055	3,928
Included in other comprehensive income:				
Demographic assumptions changes	-	(19,750)	-	(16,304)
Financial assumptions changes	-	9,913	-	8,184
Experience adjustments	-	51,845	-	42,799
Actuarial (gain) loss	-	42,008	-	34,679
Benefits paid during the year	<u>(2,433)</u>	<u>(6,529)</u>	<u>(2,433)</u>	<u>(6,529)</u>
Provision for long-term employee benefits at end of year	<u>185,754</u>	<u>165,053</u>	<u>165,307</u>	<u>148,473</u>

Line items in profit or loss under which long-term employee benefit expenses are 26 recognized are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Selling and administrative expenses	23,134	22,813	19,267	19,319

The Company and its subsidiaries expect to pay Baht 8 million of long-term employee benefits during the next year (2015: Baht 19 million) (The company only: Baht 8 million, 2015: Baht 19 million).

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit is 12 years (The Company only: 12 years).

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Discount rate	3.1%	3.1%	3.1%	3.1%
Salary increase rate	6.0% - 6.5%	6.0% - 6.5%	6.0% - 6.5%	6.0% - 6.5%
Turnover rate (depending on age)	0 - 50%	0 - 50%	0 - 50%	0 - 50%

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2016 and 2015 are summarised below:

	(Unit: million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>
Discount rate				
31 December 2016	(7)	7	(6)	6
31 December 2015	(6)	7	(6)	6

	(Unit: million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>Increase 1%</u>	<u>Decrease 1%</u>	<u>Increase 1%</u>	<u>Decrease 1%</u>
Salary increase rate				
31 December 2016	17	(15)	16	(14)
31 December 2015	15	(13)	14	(12)

	(Unit: million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>Increase 10%</u>	<u>Decrease 10%</u>	<u>Increase 10%</u>	<u>Decrease 10%</u>
Turnover rate (depending on age)				
31 December 2016	(15)	19	(14)	17
31 December 2015	(13)	15	(14)	12

21. Debentures

					Consolidated and separate financial statements			
					Number of debenture (Shares)		Amount (Thousand Baht)	
							2016	2015
					No.	Interest rate per annum	Age	Repayment
Unsubordinated and unsecured debentures								
No. 1/2013	Fixed rate 4.05%	3 years	At maturity	18 September 2016	-	4,000,000	530,000	4,000,000
No. 1/2014	Fixed rate 3.63%	3 years	At maturity	7 March 2017	1,000,000	1,000,000	520,000	1,000,000
No. 2/2014	Fixed rate 3.53%	3 years	At maturity	25 July 2017	530,000	530,000	2,000,000	530,000
No. 3/2014	Fixed rate 3.53%	3 years	At maturity	8 August 2017	520,000	520,000	1,000,000	520,000
No. 4/2014	Fixed rate 3.54%	3 years	At maturity	1 September 2017	2,000,000	2,000,000	1,000,000	2,000,000
No. 5/2014	Fixed rate 3.47%	5 years	At maturity	26 December 2019	1,000,000	1,000,000	2,500,000	1,000,000
No. 1/2015	Fixed rate 3.05%	3 years	At maturity	24 February 2018	1,000,000	1,000,000	2,700,000	1,000,000
No. 2/2015	Fixed rate 2.25%	3 years	At maturity	15 September 2018	2,500,000	2,500,000	3,000,000	2,500,000
No. 1/2016	Fixed rate 2.10%	3 years	At maturity	5 August 2019	2,700,000	-	2,700,000	-
No. 2/2016	Fixed rate 2.25%	3 years	At maturity	11 October 2019	3,000,000	-	3,000,000	-
Total					14,250,000	12,550,000	14,250,000	12,550,000
Less: Current portion of debentures							(4,050,000)	(4,000,000)
Net							10,200,000	8,550,000

Such debentures contain certain covenants and restrictions regarding the maintenance of debt to equity ratio, restriction on dividend payment and disposal and transfer of assets.

22. Share capital

On 7 April 2016, the Annual General Meeting of the Company's shareholders passed the resolution to decrease the registered capital of the Company from Baht 13,151,315,446 to Baht 13,151,198,025 by cancelling the registered ordinary shares remaining after the stock dividend allocation of 117,421 ordinary shares with a par value of Baht 1 each, previously made in accordance with the resolution of the Annual General Meeting for the year 2015.

On 9 April 2015, the Annual General Meeting of the Company's shareholders passed the resolutions in relation to the Company's share capital as follows:

1. To decrease the registered capital of the Company from Baht 12,329,396,991 to Baht 12,329,315,446 by cancelling the registered ordinary shares remaining after the stock dividend allocation of 81,545 ordinary shares with a par value of Baht 1 each, previously made in accordance with the resolution of the Extraordinary General Shareholders Meeting no. 1/2557.
2. Paid dividend by the Company's ordinary shares in the ratio of 15 existing shares per 1 dividend share, not exceeding 822 million shares, or in the total amount not exceeding Baht 822 million or shall be converted as dividend payment at Baht 0.06667 per share. In case that any shareholder holds the indivisible share remaining after such allocation, the dividend shall be paid by cash in the amount of Baht 0.06667 per share.

3. To increase the registered capital from the previous registered capital of Baht 12,329,315,446 to be the new registered capital of Baht 13,151,315,446 by issuing an additional 822,000,000 ordinary shares at the par value of Baht 1 each to support the payment of a stock dividend.

On 7 May 2015, the Company reports to the Stock Exchange of Thailand (SET) the number of 821,882,579 ordinary shares actually allocated to the stock dividend.

23. The Employee Joint Investment Program (EJIP)

The significant details of the Employee Joint Investment Program (EJIP) are as follow:

The Company eligible under EJIP	Home Product Center Public Company Limited
The Period of EJIP	1 July 2013 to 30 June 2018, with a total duration of 5 years.
Eligible employees under EJIP	Employees at Division Manager or equivalent level on the voluntary basis. Directors and advisors of the Company are exclude from this program.
EJIP arrangement	The Company will make deduction from the payroll of eligible employees who voluntarily join the EJIP, at the rate 5% of the salary of each month. The Company will contribute 100% of the amount contributed by EJIP participants on a monthly basis.
EJIP buying schedule	Monthly basis.
Conditions for holding the securities	During the 1st year - 3rd year, employee cannot sell any shares After the 3rd year, employee can sell 75% of shares accumulated* After the 4th year, employee can sell 75% of shares accumulated* After the 5th year, employee can sell all shares
EJIP program manager	Phillip Securities Public Company Limited

* Previous conditions: After the 3rd year, employee can sell 25% of shares accumulated and after the 4th year, employee can sell 50% of shares accumulated. The new conditions have been effective starting from 15 June 2016 onwards.

On 11 June 2013, the Company received the approval of Employee Joint Investment Program (EJIP) from Securities and Exchange Commission (SEC).

During the year 2016, the Company contributed Baht 27 million to the program (2015: Baht 24 million).

24. Statutory reserve

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

During the year 2016, the Company has set aside statutory reserve at Baht 207 million (2015: Baht 177 million).

25. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Salaries and wages and other				
employee benefits	4,237	4,010	3,751	3,634
Premises expenses	1,730	1,494	1,569	1,583
Depreciation and amortisation	2,905	2,721	2,515	2,440
Sales promotion and operation				
support expenses	3,399	3,109	3,123	2,935
Financial costs	653	544	503	544
Tax expenses and fees	1,099	1,027	1,083	1,002
Changes in finished goods	1,666	627	983	252

26. Income tax

Income tax expenses for the years ended 31 December 2016 and 2015 are made up as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Current income tax:				
Current income tax charge	1,012,832	926,483	999,500	910,589
Adjustment in respect of income tax of				
previous year	569	207	(215)	241
Relating to origination and reversal of				
temporary differences	(43,677)	(8,695)	(35,204)	(18,503)
Income tax expenses reported in the				
 statement of comprehensive income	969,724	917,995	964,081	892,327

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2016 and 2015 are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Deferred tax on actuarial loss	-	8,402	-	6,936

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Accounting profit before tax	5,094,919	4,416,803	5,110,127	4,417,662
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	1,018,984	883,361	1,022,025	883,532
Adjustment in respect of income tax of previous year	569	207	(215)	241
Unused tax loss which has not recognised as deferred tax assets	11,848	16,510	-	-
Effects of:				
Income not subject to tax	-	-	(17,999)	(12,000)
Non-deductible expenses	35,662	27,676	29,106	25,352
Additional expense deductions allowed	(97,989)	(6,456)	(69,398)	(4,931)
Others	650	(3,303)	562	133
Total	(61,677)	17,917	(57,729)	8,554
Income tax expenses reported in the statement of comprehensive income	969,724	917,995	964,081	892,327

The components of deferred tax assets are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Deferred tax assets				
Allowance for doubtful accounts	5,949	3,131	5,743	3,131
Allowance for diminution in value of inventories	97,041	85,241	84,521	76,921
Allowance for asset impairment	17,490	3,510	17,490	3,510
Provision for long-term employee benefits	33,435	29,295	30,811	27,445
Deferred purchase discount	7,228	5,722	7,202	5,707
Actuarial loss	3,645	3,645	2,180	2,180
Unused tax loss	8,124	4,842	-	-
Provision	6,080	-	6,080	-
Others	71	-	71	-
Deferred tax assets - net	179,063	135,386	154,098	118,894

As at 31 December 2016 the Company and its subsidiaries have deductible temporary differences totaling Baht 406 million (2015: Baht 335 million) (The Company only: Baht 391 million, 2015: Baht 326 million). No deferred tax assets have been recognised on these amounts as the Company and its subsidiaries believe that the temporary differences may not be utilised.

27. Earnings per share

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

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Profit for the year (Thousand Baht)	4,125,196	3,498,811	4,146,046	3,525,335
Weighted average number of ordinary shares (Thousand shares)	13,151,198	13,151,198	13,151,198	13,151,198
Earnings per share (Baht/share)	0.31	0.27	0.32	0.27

28. Segment information

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

The Company and its subsidiaries are principally engaged in the trading of a complete range of goods and materials for construction, addition, refurbishment, renovation, and improvement of buildings, houses, and residences place, and provision for related services to retail and wholesale business, together with space rental and provide utilities service (as having revenue and/or operating profit and/or assets less than 10% of total revenue and/or total operating profit and/or total assets of all segments, which do not meet the quantitative thresholds as set out in the financial reporting standard).

Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain exclusively to the aforementioned reportable operating segment.

Geographic information

Sales income from external customers is based on locations of the Company and its subsidiaries which are summarised as follow.

	(Unit: Million Baht)	
	2016	2015
Sales income from external customers		
Thailand	56,381	52,048
Malaysia	547	465
Total	56,928	52,513
Non-current assets (other than financial instruments, deferred tax assets and net defined benefit assets)		
Thailand	35,459	33,334
Malaysia	207	154
Total	35,666	33,488

Major customers

For the years 2016 and 2015, the Company and its subsidiaries have no major customer with revenue of 10% or more of an entity's revenues.

29. Provident fund

The Company and its subsidiaries, and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both the Company and its subsidiaries, and their employees contributed to the fund monthly at the rate of 3% - 5% of basic salary. The fund, which is managed by Land and Houses Fund Management Co., Ltd. will be paid to employees upon termination in accordance with the fund rules.

During the year 2016, the Company and its subsidiaries contributed Baht 85 million (2015: Baht 71 million) to the fund (The Company only: Baht 65 million, 2015: Baht 64 million).

30. Dividend paid

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Final dividends for 2014	Annual General Meeting of the shareholders on 9 April 2015	904	0.0733
Stock dividends for 2014	Annual General Meeting of the shareholders on 9 April 2015	822	0.0667
Interim dividends for 2015	Board of Director Meeting of the Company on 25 August 2015	1,315	0.10
Total for 2015		3,041	
Final dividends for 2015	Annual General Meeting of the shareholders on 7 April 2016	1,973	0.15
Interim dividends for 2016	Board of Director Meeting of the Company on 30 August 2016	1,578	0.12
Total for 2016		3,551	

31. Commitments and contingent liabilities

31.1 Capital commitment

The Company and its subsidiaries had capital commitments with several companies relating to the construction of retail stores. The obligations of construction are subject to the retail stores expansion and construction plan of each period determined by the management.

31.2 Operating lease commitments

- a) The Company and its subsidiaries have entered into land lease agreements. The terms of the agreements are generally between 3 to 30 years and they are non-cancelable, except with the consent of the counterparties.

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Payable:				
In up to 1 year	113	97	104	92
In over 1 and up to 5 years	506	434	467	412
In over 5 years	3,057	2,331	2,714	2,119

- b) The Company and its subsidiaries have entered into lease agreements to lease commercial space. The terms of the agreements are generally between 3 to 30 years and they are non-cancelable, except with the consent of the counterparties.

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Payable:				
In up to 1 year	118	114	100	100
In over 1 and up to 5 years	502	407	401	402
In over 5 years	813	902	813	902

31.3 Long-term service commitments

- a) The Company has entered into the inventory management services agreement with a subsidiary. Under the conditions of the agreement, the Company is to pay the monthly service fee at a percentage of the subsidiary's actual cost, as stipulated in the agreement.
- b) The Company has entered into the agreement with a subsidiary to provide administrative services and inventory management services. Under the conditions of the agreement, the Company shall receive monthly service fee at a percentage of the actual sales and a percentage of the actual cost, as stipulated in the agreement.

31.4 Long-term lease agreements - as leaser

As at 31 December 2016, the Company has entered into 8 agreements (2015: 7 agreements) with 4 companies (2015: 3 companies) to lease and sub-lease parts of premises in 7 branches (2015: 6 branches) for periods of 18 - 30 years, with a total of rental received in advance amounting to Baht 651 million (2015: Baht 642 million). The terms of the agreements are until 2033 - 2039. The Company recognises this income systematically on a straight-line basis over the lease period which is the useful lives of the leaseholds.

As at 31 December 2016, the outstanding balance of rental received in advance, net of recognised rental income was Baht 406 million (2015: Baht 418 million).

31.5 Guarantees

- a) As at 31 December 2016, there were outstanding bank guarantees of Baht 189 million issued by banks on benefit of the Company and its subsidiary in respect of guarantees provided for leasing, purchases of goods or hire of work, as bonds with State Enterprise (2015: Baht 167 million) (The Company only: Baht 177 million, 2015: Baht 160 million). Bank guarantee of Baht 12 million (2015: Baht 7 million) issued in the name of subsidiary was guaranteed by the Company.
- b) As at 31 December 2016, the Company had commitments under letters of credit opened with commercial bank, amounting to USD 2 million and CNY 2 million (2015: USD 3 million and CNY 3 million).

31.6 Litigation

- a) In February 2011, the Company had lawsuit relating to the sale and purchase agreement which the Company had stopped payment to the vendor in the amount of Baht 14 million due to defective products. However, the Company had set aside a liability (account payable) totaling Baht 14 million in the financial statements. In January 2016, the Court finally ordered the Company to make payment to the vendor in the amount of Baht 14 million plus interest at the rate of 7.5% per annum, due to the fact that the vendors has deducted product price for the Company which deemed as an adequate remedy to the damage. The Company has already made such payment plus interest to the vendor.
- b) As at 31 December 2016, the Company has other cases for a total claimed amount of Baht 2 million (2015: Baht 0.8 million) which are currently being considered by the Court. The legal department of the Company believes that the outcome of these cases will not have significant effect to the Company. As such, the Company has not set aside any amount of provision in the financial statements.
- c) In April 2015, the local officials who are responsible for one of the branches of the Company were sued in Administrative Court by local entrepreneurs regarding issuance of license to local businesses. In such case, the Company has filed an interpleader action and became a party in the lawsuit in order to preserve the Company's right. The Company submitted statement to the court that the use of the land by the Company was neither against nor violated the ministerial regulations governing central city planning, building control law, city planning law, and other related laws. However, the legal department

of the Company viewed that the Company has proceeded according to the law and believes that the outcome of the case would be in the favour of the Company. The case is currently under the consideration of the Administrative Court.

32. Fair value hierarchy

As at 31 December 2016 and 2015, the Company and its subsidiaries had the assets and liabilities that were disclosed at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	As at 31 December 2016			
	Consolidated Financial Statements			
	Level 1	Level 2	Level 3	Total
Assets for which fair value are disclosed				
Investment properties	-	-	5,152	5,152
Liabilities for which fair value are disclosed				
Debentures	-	14,325	-	14,325

(Unit: Million Baht)

	As at 31 December 2015			
	Consolidated Financial Statements			
	Level 1	Level 2	Level 3	Total
Assets for which fair value are disclosed				
Investment properties	-	-	5,002	5,002
Favourable foreign exchange forward contracts	-	-	2	2
Liabilities for which fair value are disclosed				
Debentures	-	12,788	-	12,788

(Unit: Million Baht)

As at 31 December 2016				
Separate Financial Statements				
	Level 1	Level 2	Level 3	Total
Assets for which fair value are disclosed				
Investment properties	-	-	5,995	5,995
Liabilities for which fair value are disclosed				
Debentures	-	14,325	-	14,325

(Unit: Million Baht)

As at 31 December 2015				
Separate Financial Statements				
	Level 1	Level 2	Level 3	Total
Assets for which fair value are disclosed				
Investment properties	-	-	5,808	5,808
Favourable foreign exchange forward contracts	-	-	1	1
Liabilities for which fair value are disclosed				
Debentures	-	12,788	-	12,788

33. Financial instruments

33.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, short-term borrowing, trade and other payables, short-term loans, long-term loans, and debentures. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

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

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relate primarily to its deposits with financial institutions, loans and debentures. However, since the Company and its subsidiaries' financial assets bear floating interest rates and financial liabilities bear fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

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

	Consolidated financial statements					
	As at 31 December 2016					
	Fixed interest rates					
	Within	Over	Floating	Non- interest		
	1 year	1 - 5 years	interest rate	bearing	Total	Interest rate
			(Million Baht)			(% p.a.)
Financial assets						
Cash and cash equivalents	2,600	-	544	576	3,720	0.37 - 0.80
Trade and other receivables	-	-	-	1,895	1,895	-
	2,600	-	544	2,471	5,615	
Financial liabilities						
Short-term loans from						
financial institutions	1,507	-	-	-	1,507	1.65 - 3.65
Trade and other payables	-	-	-	14,032	14,032	-
Long-term loans	700	400	-	-	1,100	3.59 - 3.71
Debentures	4,050	10,200	-	-	14,250	2.10 - 3.63
	6,257	10,600	-	14,032	30,889	

Separate financial statements						
As at 31 December 2016						
	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	Over 1 - 5 years				
			(Million Baht)			
Financial assets						
Cash and cash equivalents	2,600	-	345	466	3,411	0.37 - 0.80
Trade and other receivables	-	-	-	1,838	1,838	-
Short-term loans to related parties	4,014	-	-	-	4,014	4.50 - 4.75
	<u>6,614</u>	<u>-</u>	<u>345</u>	<u>2,304</u>	<u>9,263</u>	
Financial liabilities						
Short-term loans from financial institutions	1,500	-	-	-	1,500	1.65
Trade and other payables	-	-	-	11,867	11,867	-
Short-term loan from related party	100	-	-	-	100	1.75
Long-term loan	700	400	-	-	1,100	3.59 - 3.71
Debentures	4,050	10,200	-	-	14,250	2.10 - 3.63
	<u>6,350</u>	<u>10,600</u>	<u>-</u>	<u>11,867</u>	<u>28,817</u>	

Separate financial statements						
As at 31 December 2015						
	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	Over 1 - 5 years				
			(Million Baht)			
Financial assets						
Cash and cash equivalents	1,870	-	28	493	2,391	0.37 - 1.00
Trade and other receivables	-	-	-	1,602	1,602	-
Short-term loans to related parties	2,794	-	-	-	2,794	4.50 - 4.75
	<u>4,664</u>	<u>-</u>	<u>28</u>	<u>2,095</u>	<u>6,787</u>	
Financial liabilities						
Trade and other payables	-	-	-	11,177	11,177	-
Short-term loan from related party	90	-	-	-	90	1.75 - 2.25
Long-term loan	700	1,100	-	-	1,800	3.59 - 3.71
Debentures	4,000	8,550	-	-	12,550	2.25 - 4.60
	<u>4,790</u>	<u>9,650</u>	<u>-</u>	<u>11,177</u>	<u>25,617</u>	

Separate financial statements

As at 31 December 2016					
Foreign currency	Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date
	(Million)	(Million)	Bought	Sold	
			(Baht per 1 foreign currency unit)		
USD	3	-	35.92 - 36.03	-	Within July 2017

Separate financial statements

As at 31 December 2015					
Foreign currency	Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date
	(Million)	(Million)	Bought	Sold	
			(Baht per 1 foreign currency unit)		
USD	6	-	34.33 - 35.97	-	Within May 2016
CNY	52	-	5.51 - 5.57	-	Within April 2016

33.2 Fair values of financial instruments

As at 31 December 2016 and 2015, the estimated fair value of financial instruments, in comparison with the related amounts carried in the statement of financial position, is as follows:

(Unit: Million Baht)

	As at 31 December 2016			
	Consolidated financial statements		Separate financial statements	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	3,720	3,720	3,411	3,411
Trade and other receivables	1,895	1,895	1,838	1,838
Short-term loans to related parties	-	-	4,014	4,014
Financial liabilities				
Short-term loans from financial institutions	1,507	1,507	1,500	1,500
Trade and other payables	14,032	14,032	11,867	11,867
Short-term loan from related party	-	-	100	100
Long-term loans	1,100	1,100	1,100	1,100
Debentures	14,250	14,325	14,250	14,325

(Unit: Million Baht)

	As at 31 December 2015			
	Consolidated financial statements		Separate financial statements	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	2,698	2,698	2,391	2,391
Trade and other receivables	1,722	1,722	1,602	1,602
Short-term loans to related parties	-	-	2,794	2,794
Favourable foreign exchange forward contracts	-	2	-	1
Financial liabilities				
Trade and other payables	12,773	12,773	11,177	11,177
Short-term loan from related party	-	-	90	90
Long-term loans	1,800	1,800	1,800	1,800
Debentures	12,550	12,788	12,550	12,788

The methods and assumptions used by the Company and its subsidiaries in estimating the fair value of financial instruments are as follows:

- For financial assets and liabilities which have short-term maturity, including cash and deposit at financial institutions, accounts receivables and accounts payables, their carrying amounts in the statements of financial position approximate their fair values.
- For loans to and loans from carrying interest approximate to the market rate, their carrying amounts in the statements of financial position approximates their fair values.
- For fixed rate debentures, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.
- For derivatives, their fair value has been determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies.

During the current period, there was no transfer within the fair value hierarchy.

34. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value.

The Company manages its capital position with reference to its debt-to-equity ratio in order to comply with a condition in the stipulations of long-term loans and debentures, which requires the Company to maintain a debt-to-equity ratio of not more than 1.75:1 for long-term loans and a debt-to-equity ratio of not more than 2.50:1 for debentures.

35. Events after the reporting period

- 35.1 On 31 January 2017, Mega Home Center Company Limited, the subsidiary which the Company hold 99.99% of shares, passed a resolution to increase its registered capital, which raised from the previous registered capital of Baht 1,000 million (10 million ordinary shares at Baht 100 each) to Baht 1,500 million (15 million ordinary shares at Baht 100 each), and to call-up the subscriptions from shareholders. The Company made payment for the subscription on the same date. As a result of the above, the Company's proportionate holding in the equity of such subsidiary did not change.
- 35.2 On 27 February 2017, the meeting of the Company's Board of Directors passed the following resolutions to propose to Annual General Meeting of the Company's shareholders for approval of dividend payment from operating results of July 2016 to December 2016. The dividend will be paid by cash at the rate of Baht 0.15 per share or in the total amount not exceeding Baht 1,973 million. The payment of cash dividend shall be made within 3 May 2017. As the Company's Board of Directors Meeting held on 30 August 2016 has the resolution to approve interim dividend payment to the shareholders as cash dividend of Baht 0.12 per share. The interim dividend was paid on 28 September 2016. As a result, total dividend per share for the year 2016 is Baht 0.27 per share.

36. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2017.

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Chaiyapruk	0 2029 7240
Ekamai-Ramindra	0 2933 5000
Fashion Island	0 2947 6365
Latphrao	0 2983 7444
Lumlukka	0 2997 4800
Mega Bangna	0 2186 8811
Paradise Park	0 2746 0377
Petchkasem	0 2444 4699
Phutthamonthon	0 2444 5566
Ploenchit	0 2655 3400
Prachachuen	0 2955 5888
Rama 2	0 2895 6555
Rama 3	0 2029 7500
Rama 9	0 2029 7600
Ramkhamhaeng	0 2735 4999
Rangsit	0 2958 5699
Ratchadaphisek	0 2641 2900
Ratchapruk	0 2423 3222
Rattanaibet	0 2921 2400
Srinakarin	0 2029 7630
Sukhaphiban 3	0 2976 9114
Suvarnabhumi	0 2325 1200
The Mall Bangkoe	0 2454 9299

Central :

Ayutthaya	0 3524 9499
Lopburi	0 3661 4100
Saraburi	0 3622 4444

North-East :

Buriram	0 4469 0755
Chaiyaphum	0 4405 1800
Khao Yai	0 4432 8799
Khonkaen	0 4336 5365
Korat - Hua Thale	0 4492 0500
Loei	0 4284 5800
Nakhonratchasima	0 4428 2550
Roi-et	0 4352 4988
Sakonkakhon	0 4273 0090
Surin	0 4451 9988
Ubonratchathani	0 4534 4700
Udonthani	0 4230 9000

East :

Bangsare	0 3304 5100
Chachoengsao	0 3881 2600
Chanthaburi	0 3941 9000
Chonburi	0 3878 5111
Chonburi - Amata	0 3304 5800
North - Pattaya	0 3819 0300
Pattaya	0 3836 0422
Prachinburi	0 3748 2222
Rayong	0 3880 9333
Sriracha	0 3811 0111

North :

Chiangmai	0 5385 1229
Chiangmai - Hangdong	0 5344 7939
Chiangmai - Sansai	0 5335 2456
Chiangrai	0 5360 4444
Lampang	0 5481 1499
Nakhonsawan	0 5637 1300
Phetchabun	0 5671 9555
Phitsanulok	0 5528 9009
Phrae	0 5453 2222
Sukhothai	0 5561 6600

West :

Hua Hin	0 3252 6000
Kanchanaburi	0 3460 2700
Mahachai	0 3446 9688
Nakhonpathom	0 3421 3200
Petchburi	0 3247 4599
Prachuapkhirkhan	0 3265 2123
Ratchaburi	0 3232 0999
Samutsongkhram	0 3477 0900
Suphanburi	0 3554 3777

South :

Chumphon	0 7765 8900
Had Yai	0 7446 9055
Had Yai-Kanchanavanich	0 7421 0999
Krabi	0 7581 0499
Nakhonsitamarat	0 7532 4740
Phatthalung	0 7482 2118
Phuket	0 7625 5181
Phuket - Chalong	0 7660 2399
Phuket - Thalang	0 7639 0400
Samui	0 7723 1900
Suratthani	0 7791 2474
Trang	0 7522 4466

HomePro Living

Greater Bangkok :

Latkrabang	0 2030 0099
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North-East :

Terminal 21 - Korat	0 4400 3737
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Min Buri	0 2029 0888
Rangsit	0 2516 0088

Central :

Rojana	0 3595 8000
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North-East :

Nong Khai	0 4299 0499
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South :

Had Yai	0 7480 3888
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North :

Mae Sod	0 5550 6955
Nakhonpanom	0 4206 4111
Nakhonratchasima	0 4400 3500

East :

Aranyaprathet	0 3764 0111
Bor Win	0 3811 0900
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