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THRIVING for EXCELLENCE

Annual Report
Home Product Center Public Company Limited

2019

Home Product Center Public Company Limited



Location

31 Prachachuennonthaburi Rd.
Bangkhen, Muang, Nonthaburi 11000

Telephone +66 2832 1000

Facsimile +66 2832 1234



Website

www.homepro.co.th



Type of business

Retailer of products and provider of services relating to construction, extension, renovation, and improvement of buildings, houses, and residence 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

In this regards, investors may obtain further information from Form 56-1 at www.sec.or.th or www.homepro.co.th

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Thriving for Excellence in Home Inspiration

We thrive to develop and source quality products
that are comprehensive to answer all needs.

Product Assortment

Offer variety of products and services for quality living experience and answer to every life style creatively.



 More than
40,000
Product Variety

Comprehensive, complete and bolstering
“One shop for all home” status.

 **35%**

ECO Product Sales Mix

Thrive to offer products that are safe to the lives of consumers and friendly to the environment with extended options at every store across the country and through online channel.



HomePro's ECO Choice

Specially selected products, friendly to the society and the environment, supporting ethical and responsible consumption



Thriving for Excellence in Integrated Service

Thrive to develop home services to delight customers with professional teams who are ready to serve with exceptional expertise and outstanding care.



Room Consultant

Experienced experts are happy to serve, advise and solve your home problems professionally. Ensuring that every corner of your home is a truly happy living experience.

Over
46,000 Cases
Home Services used per month

Solve every home issue with exceptional standard.
Easy to access through store and online channels.
Answer the good living experience and confidence of customers.



69 Teams
Quality Room
Consultants

Meet expert specialists who are ready to provide home advice at every Homepro Store across the country.

Customer 360°

Possess in-depth understanding of every customer need. Ready to take care of every aspect of living experience for the delight our customers; such as Smart Sales in-store experiences and Same Day/ Next Day Delivery.





Thriving for Excellence in Fulfilling Experiences

More important than satisfaction is delightful experience.
We are ready to push the limit to offer the best experience to customers
of all genders and ages in the digital era.

Omni Channel

Experience the seamless connection of selecting products and services at every Homepro across the country and through online channel. Offering convenience, easy and fast experience to answer every need of customers exceptionally, including Click & Collect.



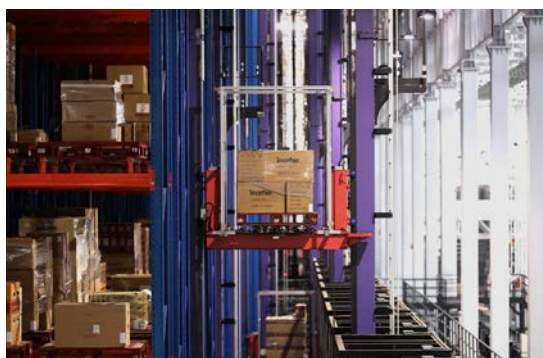
 **93** Homepro
Stores

Nationwide

We are ready to serve our customers experience the best of home products and services at every Homepro Store across the country.

 Over **4.5** Million
Home Card Members

Not just love or impression, but a true connection and everlasting bond between us and our customers that make Homepro the number one home products and services provider in the heart of customers.



Automated Warehouse

Modern storage and distribution system that utilizes innovation and technology to enhance the effectiveness, speed and accuracy of product distribution. Ensuring that customers who shop at store and online will receive convenience and satisfaction. Every product has sufficient supply to answer the demand of customers at all times.

HomePro



Thriving for Excellence in Creating Positive Impact

Grow sustainably together under good management and governance.
Cultivate good sense of responsibility to the society and the environment.



Young Entrepreneur

Ally with young entrepreneurs who help elevate skill quality of technician professionals. Build network of craftsmen who create high standard work and are trusted to answer the various needs of home lovers. Help develop better quality of living for technicians sustainably by providing consistent jobs and income.

No



Reduced Over
12 Million
Plastic Bags

Every Homepro store across the country joins the movement and respond to the policy to reduce plastic bag usage, together with governmental entities and private sector, since July 1st, 2019.



Reduced Energy
Consumption by
31%

Drive forward with effective energy consumption policy such as utilizing clean energy to sustainably reduce negative impact to the environment.

Empowering Elderly Employment

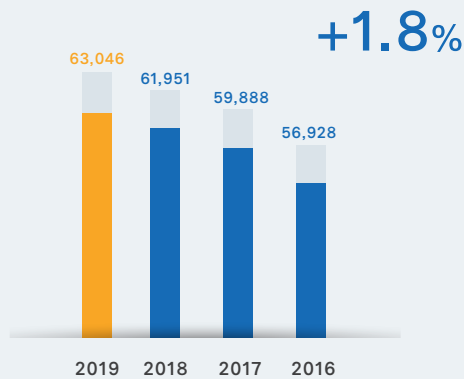
Bring out the capabilities of experienced elders to be the driving part of the service through elderly employment campaign. Help develop the quality of life and society effectively. Generate income and offer value as well as self-pride to elders sustainably.



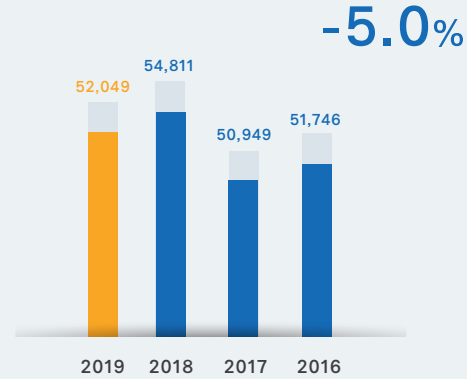


HomePro is the Leading Home Improvement Retailer in Thailand

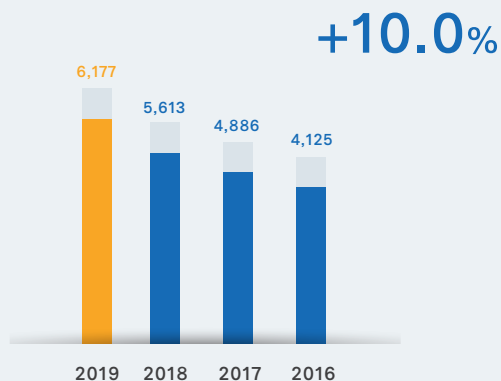
Sales (Million Baht)



Total Asset (Million Baht)



Net Profit (Million Baht)



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 people.



+10,804 persons
Our Associates



Home Service
+1,391
Teams

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

Home Card and Mega Home Card



+4.5 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.



93 stores

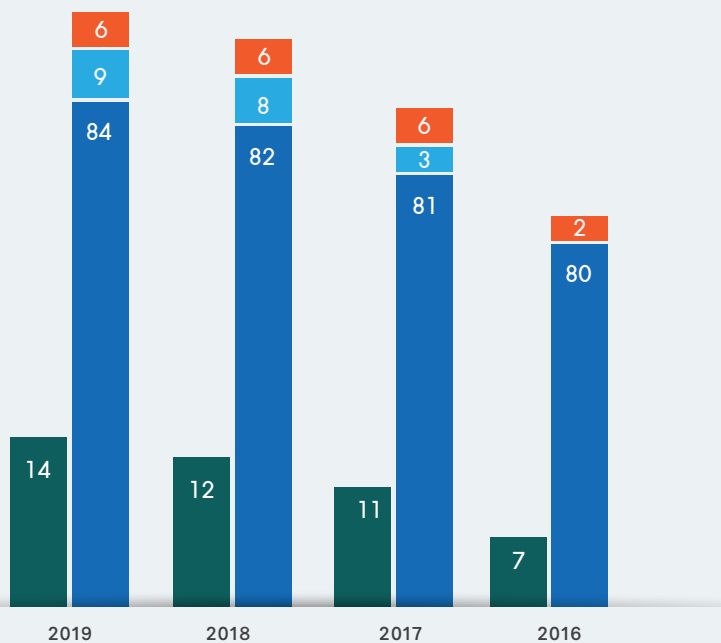


14 stores



6 stores
in Malaysia

■ HomePro
 ■ HomePro S
 ■ Mega Home
 ■ HomePro Malaysia



Number of New Stores

2
HomePro

Opened 2 new stores
in Mukdahan and
Charansanitwong

1
HomePro S

Opened 1 new store
at Samyan Mitrtown

2
Mega Home

Opened 2 new stores
in Ban Chang and
Bangna-Trad

Message from the Board of Directors



Dear Stakeholders,

2019 was a challenging year, stemmed from various factors, particularly change in consumer behavior influenced by impact of technology and demographic change. HomePro, engaging in home improvement retailing, is well aware of these changes and has reshaped its strategies to keep pace with this social and economic evolution through products and services innovation through Omni Channel retail as well as development of personnel and internal management efficiency including the implementation of Automated Storage and Retrieval System (ASRS) in Ayutthaya in order to ascertain adaptability and come out on top upon these environmental changes.

Thailand's economy grew slower than expected due to slumping exports. The export sector has been affected in accordance with the economies of major trading partners and the declining global trade volumes. In addition, consumers' purchasing power is still affected by high household debt and low agricultural prices. However, the government has implemented various measures to stimulate the Thai economy, such as the state welfare card and the 'Eat, Shop and Spend' project. On the economic front, the company embraced the need for operational efficiency and total supply chain improvement to ensure the quality and worthiness

“ Encourage Responsible Consumption through promotion of Eco Products. These products offer safety, energy saving, and environmental concerns. ”

of our products and services, to satisfy demands through product selection, and to achieve operational cost management. The company continued to expand new store in area with strong purchasing power. In 2019, HomePro opened 2 HomePro stores at Charansanitwong and Mukdahan, 1 HomePro S store at Samyan Mitrtown, and 2 Mega Home stores at Ban Chang, Rayong and Bangna-Trad, thus, the company operated 84 HomePro stores, 9 HomePro S Stores, 14 Mega Home stores, and 6 HomePro stores in Malaysia.

The Company emphasizes on sustainability growth and ensures that it conforms to the social and economic evolution. The company placed an importance on social and economic perspectives for sustainability growth with dedication of operating with business ethics and good corporate governance, take into

account of its stakeholders, and encourage responsible consumption through promotion of Eco Products. These products offer safety, energy saving, and environmental concerns. With our commitment to sustainability, the company was listed as a member of Dow Jones Sustainability Index (Emerging Market) for 3 consecutive years in 2019, the MSCI Global Sustainability Index and the FTSE4Good Emerging Index. In Thailand, the company was awarded “Excellent” by the Corporate Governance Report for 5 consecutive years, and “Highly Commended” in the SET Sustainability Awards by the Stock Exchange of Thailand.

In 2019, the Company has become part of the Thailand Responsible Business Network (TRBN), an association of corporate sector working together to promote responsible business operations and steer the sustainable development at the national level in terms of economic, social and environmental dimensions, undertaking the global issues and the United Nations’ Sustainable Development Goals (SDGs).

On behalf of the Board of Directors, I would like to express my sincere gratitude for the continuing trust, confidence, and support placed by clients, shareholders, partners, associates, and stakeholders. The company believes that every stakeholder is the main impulse thriving the company to achieve corporate growth and enhancing value to all stakeholders.



(Khunawut Thumpomkul)

Representative of the Board of Directors

The Executive Committee's Report

Dear Stakeholders,

The company has reshaped its strategies to keep pace with this social, economic, and technology evolution amid the sluggish economy and change in consumers' behavior. As assigned by the Board of Directors, the Executive Committee closely examine and analyze competitions in respect of store expansion, investment, and operation before seeking an approval from the Board of Directors with the ultimate aim of enhancing value to all stakeholders whilst achieving sustainable corporate growth.

A total of 12 meetings were held in 2019 and the minutes were regularly forwarded to the Board of Directors for acknowledgement. The number of meetings and attendances are as follows:

Name - Surname		Position	Attendance/Number of meeting
Mr. Manit	Udomkunnatum	Chairman of Executive Committee	11 / 12
Mr. Khunawut	Thumpomkul	Executive Director / Managing Director	12 / 12
Mr. Naporn	Sunthornchitchareon	Executive Director	12 / 12
Mr. Rutt	Phanijphand	Executive Director	12 / 12

Below are the essences of the work performed in year 2019.

1. Consider and review the operational performance on a monthly basis as planned, as well as screening the Company's strategies and issues requiring an initial decision making prior to be proposed for the Board of Directors' approval.
2. Examine and ensure that investments, stores expansion, and annual budget allocation are accurate as per the Company's strategies, as well as proposing other strategic plans to the Board of Directors.
3. Consider and conduct a feasibility study, as well as advising the Managing Director and Executives on operational management.
4. Approve other Board-assigned transactions on a case-by-case basis.



(Mr. Manit Udomkunnatum)
Chairman of Executive Committee

Nomination and Remuneration Committee's Report

Dear Stakeholders,

As assigned by the Board of Directors and the charter of the Nomination and Remuneration Committee, the Nomination and Remuneration Committee has duly performed its duties to determine the recruitment procedures and criteria to select 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 associates working for the Company and its subsidiaries.

In 2019, there were 2 meetings involving the Nomination and Remuneration Committee with details as shown in the below table.

Name- Surname		Position	Meeting Attendance (times)
Mr. Rutt	Phanijphand	Chairman of Nomination and Remuneration Committee	2/2
Mr. Chanin	Roonsamrarn	Nomination and Remuneration Committee	2/2
Mr. Naporn	Soonthornchitcharoen	Nomination and Remuneration Committee	2/2

The 2019 essence can be summarized as follows:

1. Execute the recruitment and selection for the positions of Company Directors and committee members after the predecessors' expiring term in office. 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 candidates must not possess characteristics prohibited by law but, instead, shall present competencies, experiences, knowledge and skills (Board Skill Matrix) that will be of advantages to the Company. In 2019, the Company appointed 1 committee, specializing in Technology and Operation. Besides, the Company allowed individual shareholders to nominate qualified candidates for the Director position, from October 15, 2019 until January 15, 2020, in order to propose to the Board of Directors and the Annual General Shareholders Meeting 2020 respectively. However, no nomination was proposed.
2. Formulate 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 an appropriate remuneration.
4. Consider appropriate budgets for salary increase, annual bonus, welfare and other benefits for associates working for the Company and its subsidiaries to ensure that they are in line with the Company's operating performance and remain competitive when compared to market rates in the retail business, hence, sufficing the well-being of the associates and families.
5. Give some 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 2019 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 adhering to the benefit the Company and all stakeholders.



(Mr. Rutt Phanijphand)
Chairman of Nomination and Remuneration Committee

Audit Committee's Report

Dear Stakeholders,

Guided by the regulations of the Stock Exchange of Thailand, the Home Product Center Public Company Limited's Audit Committee includes three independent directors who have abilities, qualifications and independence. The Committee is chaired by Mr. Boonsom Lerdhirunwong while Mr. Thaveevat Tatiyamaneekul and Mr. Chanin Roonsamrarn perform their roles as directors.

During the year 2019, the Audit Committee has fulfilled the duties within the boundaries of responsibilities as stipulated in the charter of the Audit Committee and the assignment from the Board of Directors. Two of the examples are the Committee's participations in 12 meetings in total and their visions to invite the external auditors to meetings with relevant agendas. The Committee's attendances are detailed as follows:

Name - Surname		Position	Meeting Attendance (times)
Mr. Boonsom	Lerdhirunwong	Chairman of Audit Committee	12 / 12
Mr. Thaveevat	Tatiyamaneekul	Audit Committee	11 / 12
Mr. Chanin	Roonsamrarn	Audit Committee	12 / 12

According to the charter of the Audit Committee and the assignment from the Board of Directors, the duties and responsibilities of the Audit Committee include the accurate and adequate revision of the Company's financial statements, efficient internal control system and corporate governance, compliance with relevant laws and regulations, the inspection of the transactions susceptible to the conflict of interest to ascertain conformity with the rules and regulations concerned and the Company's utmost benefits; and the selection and expression of the opinion for the appointment of the external auditors. The following are the Audit Committee's key performances in summary:

The 2019's Key Operations

1. In the Company's financial statements review sessions, validate the Company's quarterly and annual financial statements before being exported to the Stock Exchange of Thailand and the Securities and Exchange Commission.
2. Select to nominate the external auditors and arrange audit fees to propose to the Board of Directors for the approval from the shareholders' meeting.
3. Formulate the audit's execution plan and scope in collaboration with the internal audit at 4 meetings without management's participation to achieve the internal audit's completion and appropriateness in conformity with the auditing standards. The audit process should be applied to key operations and risks that can pose impactful threats to the Company's operation.
4. Discuss the operation, the scope of duty and the review plan at meetings with the Internal Audit Department to ensure complete and appropriate internal audit process in line with the internal audit standards. For the year 2019, the assessment of sufficiency and efficiency was implemented for the internal control system of the Company and its subsidiaries. In addition, the Audit Committee acknowledged the review report and followed up the improvement as per recommendation to accomplish the internal control's effectiveness and efficiency and the Company's timely solutions.
5. Review the Company's operation as per good corporate governance to comply with the soon-to-be improved corporate governance code (CG Code) as set out by the Securities and Exchange Commission.
6. Review the performance to be in compliance with laws on Securities and Stock Exchange, the rules of Stock Exchange or the laws related to the business proceeding of the Company.
7. As for connected transactions and transactions which could spawn conflicts of interests, the Internal Audit Department executes the inspection and produces an annual report to the Audit Committee. Besides, review and disclosure shall be publicized to ensure the Company's reasonable operation in conformity with the typical business conditions.

8. Evaluate the sufficiency and suitability of the internal control system that covers the organization, the environment, risk management, control of administration, informational and communication system, and the follow-up system. An emphasis should be placed on the sufficiency and effectiveness of the internal control system to achieve good governance and drive the management of the Company towards the Three Lines of Defense guideline.
9. Ensure the appropriate, effective and efficient risk management. Make ascertain that communication with the Risk Management Committee is in place to establish an understanding of key risks, whether arising from internal or external sources, on a quarterly basis.
10. Ensure that the Audit Committee reviews and completes a yearly self-evaluation by referring to the good guidelines and the stated charter. The assessment has suggested that the Audit Committee accomplished effective performance in accordance with the stated charter.
11. Foster the whistleblowing website's launch by the Company to file a complaint regarding corruption and performance which could violate the code of conduct, of which reports are directly forwarded to the Committee for the purpose of good corporate governance.
12. To fulfill the governance of the anti-corruption operation, the Internal Audit Department is tasked with reviewing measures and devising the protective guidelines to counter corruption activities and improper behaviors companywide. What's more, the practice should be applied to suppliers through initiatives such as supplier evaluation guidelines, code of conduct for suppliers, gift policy during the festive celebration etc.

The Opinions by the Audit Committee on Performance in 2019

1. The Company's financial statements are reliable, accurate and complete as per the Generally Accepted Accounting Principle and material information have sufficiently been disclosed in a timely manner.
2. The Company has operated sufficient, effective and efficient internal control system to oversee and monitor appraisal which is in line with the good corporate governance.
3. The Company's risk management system has been proper, effective and efficient. It has successfully met the established policies, guidelines and evolving climates and situations, both internal and external, that could pose emerging risks.
4. The Company has achieved zero non-compliance to the laws on Securities and Stock Exchange, the rules of the Stock Exchange or the laws relevant to the business of the Company.
5. Any transactions, whether have been related to or have included conflicts of interest, have appropriately been performed in accordance with the laws and the rules of the Stock Exchange of Thailand for the utmost benefits for the Company. Neither indication nor other observations to imply irregularity has been found.
6. The appointed external auditors have been knowledgeable, competent and have had experiences in duties. They have gained trustworthy independence and have had no relation or transaction which may cause conflicts of interest to the Company. Their qualities make certain that the audits were completely and appropriately accomplished in parallel to the accounting standards while ensuring efficiency and transparency.
7. The Audit Committee has reviewed the independency, the annual internal audit plan and the responsibilities of the Internal Audit Department. The committee has also conducted the appraisal of the head of the Internal Audit Department. The Audit Committee has viewed that the Company's internal audit has independently, sufficiently, and efficiently fulfilled its duties.
8. Not only has the Audit Committee independently achieved all of its duties, but also the Audit Committee has followed the designated charter of the Audit Committee through cordial cooperation by all sides concerned.



(Mr. Boonsom Lerdhirunwong)
Chairman of Audit Committee

Risk Management Committee's Report

Dear Stakeholders,

To support the Board of Directors in supervising corporate governance, managing the risk of the organization appropriately, efficiently and agiled to the dynamic situation. To be firmly assured that it is possible to reach the business's target goal that has been set. Along with, reducing the negative effect towards the business and organization, maintain the benefits of the company, and build confident and trust to stakeholders involved. The Company recognized the importance of risk management to ensure the Company's appropriate, systematic and uninterrupted anti-threat practices. Therefore, the risk committee has been appointed to set and review the policies, goals, and manage the framework of risk management of the company, to be in line with the company's business strategy and sustainable development goals in accordance with international standards. The Company considered the change in situation internally and externally under constantly analyzing of change of the environment. In the procedure of risk management, Risk Appetite and Risk Tolerance has been set in order to manage the risk that would not cause any effect in reaching the goal.

In the process of considering and managing risk, the Board of Directors considers the risk that would cover all types of activities in the business, both on organizational level and department level and steering through to become part of the organizational culture. Key Risk Indicators and Key Performance Indicators are also set to predict the risk in order to control, minimize the possible risk in accordance to the goal, and ensure appropriate risk management strategies to curb risks at the acceptable or lower level under the supervision of the Risk Management Committee. During the year 2019, a total of 4 meetings were convened and the key performance essences by the Risk Management Committee can be set out below:

1. Review risk factors and enterprise risk levels by taking into account external influences such as economic, social factors, climate, and technological innovation that impact the consumers' lifestyle and behaviors. This includes the competitions which have been caused by competitors in the same industry and newcomers in the other industries. The review also analyzes internal factors to determine risk universe that covers the 4 key risks; namely (1) strategic risks (2) operational risks (3) compliance risks; and (4) financial risks. Details are discussed in the risk factor section. The evaluation of crucial organizational risks has been jointly conducted by the Risk Management Committee and the Senior Management.
2. Reassess the emerging risks that can significantly impact on the Company's goals or operation. The Risk Management Committee has considered the following risk aspects as below:
 - 2.1 Disruptive Technology – the company realizes potential opportunities, threats, and risks, and has constantly monitored technological and innovative projects i.e. digital technology, smart home and renewable energy. The Company values the importance of business adaptation by setting the Digital Business Unit to be responsible for operating and formulating the sustainability in digital management. The function has to drive HomePro into an Omni channel organization and retain the leading position in the Home Living Experience business. Similarly, the Automated Storage and Retrieval System (ASRS) warehouse which is the main infrastructure of logistic system has been developed in order to achieve effectiveness and ensure competitiveness in terms of cost control management.

- 2.2 Cyber Security Risk - as the reliance on technology and digital operation across business sectors has been on the rise, the Company has increasingly been aware of cyber threats that can affect the Company's operation and tarnish the organizational reputation. As such, the Company has implemented state-of-the-art security measures and network systems for data security to ensure the capabilities and readiness to counter cyber threats (Cyber Resilience). Moreover, the Company has devised Business Continuity Plans (BCP) to ensure the uninterrupted operation amid crisis or emergency regarding information technology.

The Company also deployed Data Security/Data Privacy Management measures in order to protect the Company and customers' important information by restricting access to selected groups of individuals who are truly related to documents and information through our Information Technology (IT) standard protection. Rest assured that key information is safeguarded from leakage, adjustment or misuse, and irrelevant usage to the objectives. Last but not least, trainings have been offered to workforce in all levels to raise awareness of cyber security threats.

- 2.3 Climate Change Risks – they can pose severe damage to the Company's operation. For instance, physical threats such as flood and drought are common. Similarly, corporates are encouraged to follow the policies outlined by the public sector. Furthermore, climate risks are a source of the changing behavior of consumers for years to come as green products and technology have grown in popularity. To respond to these trends, the Company has maximized the effectiveness of energy consumption to curb greenhouse gas in the business activities. An awareness of environmental issues has been fostered among employees while green perception in consumers have been promoted through campaigns such as HomePro No Plastic Bag, Solar Roof Top; and standard and safe products.

- 2.4 Consumer Behavior Change Risks – the increasing tendency of consumers choosing to shop from online channel for some categories of product, especially fashionable items, clothing and accessories, or electronic gadgets, resulted in the growing of online shopping business' market share. The company recognized the potential opportunity from said behavioral change, thus, has developed the e-commerce channel and set up the special business unit to be responsible for strategic planning, governance, and improvement of promoting products and services through online channels. The company's online operation has been well-received with increasing trend as well as continuous higher sales mix.

Through these projects, the Risk Management Committee has successfully fulfilled its duties as assigned by the Board of Directors and regularly reported the risk management's performance to the Board of Directors to ensure that risk management has been executed efficiently and cover all risk factors. These are a testimony that our risk management has been effective and comprehensive. The 2019 risk management result has been evaluated at the acceptable level and no significant risk impacted to the Company.



(Mr. Khunawut Thumpomkul)
Chairman of Risk Management Committee

Board of directors

1. Mr. Manit Udomkunnatum

- Chairman of Executive committee
- Director



2. Mr. Rutt Phanijphand

- Chairman of the Nomination and Remuneration Committee
- Executive Director
- Director



3. Mr. Boonsom Lerdhirunwong

- Chairman of Audit Committee
- Independent Director



4. Mr. Thaveevat Thatiyamaneekul

- Audit Committee
- Independent Director



5. Mr. Chanin Roonsamrarn

- Audit Committee
- Independent Director
- Nomination and Remuneration Committee

6. Mr. Naporn Sunthornchitcharoen

- Director
- Executive Director
- Nomination and Remuneration committee



7. Mr. Weerapun Ungsumalee

- Director



8. Mr. Khunawut Thumpomkul

- Director
- Executive Director
- Managing Director



9. Ms. Suwanna Buddhaprasart

- Director



10. Mr. Pornwut Sarasin

- Independent Director



11. Mr. Achawin Asavabhokin

- Director

1. Mr. Mani Udomkunnatum (74 years old)

- Chairman of Executive committee and Director (appointed on 29 May 2001)
- Authorized Signatory Director

Direct shareholding	Spouse and minor child shareholding	Family relationship with director and management
2.05%	None	None

Education

High School

Training

Thai Institute of Directors Association)

2004 Directors Accreditation Program (DAP) 29/2004

Main Occupation

Director and Chairman of Executive Directors Elysian Development Co., Ltd. (Property Development)

The brief working experience during the past 5 years

Period	Position	Company
Director of 1 listed company		
2001 – Present	Director and Chairman of Executive Directors	Home Product Center Plc. (Retail)
Director of 5 non-listed companies		
2007 – Present	Chairman of Executive Committee and Director	Elysian Development Co., Ltd. (Property Development)
2006 – Present	Chairman of Executive Committee and Director	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 Directors	USI Holding Co., Ltd. (Leasing Space)

2. Mr. Rutt Phanijphand (72 years old)

- Executive Director (appointed 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 Program (CGI) 14/2016
2010	Financial Institutions Governance Program (FGP) 1/2010
2005	Directors Certification Program (DCP) 61/2005
2003	Directors Accreditation Program (DAP) 4/2003

Main Occupation

Chairman 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	
2017 – Present	Chairman	LH Financial Group Plc. (Holding Company)
2009 – Present	Director	
2009 – 2017	Chairman of Executive Committee	
2001 – 2014	Director, Chief Executive Director, 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 Fund Management (Asset Management)
2017 – Present	Chairman	Land and Houses Bank Plc. (Commercial Bank)
2005 – Present	Director	
2005 – 2017	Chairman of Executive Committee	

3. Mr. Boonsom Lerdhirunwong (66 years old)

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

Direct shareholding	Spouse and minor child shareholding	Family relationship with director and management
None	None	None

Education

Dr.Ing of Civil Engineer, INSA Toulouse, France
Master of Civil Engineer, Chulalongkorn University
Bachelor of Civil Engineer, Chulalongkorn University

Training

Thai Institute of Directors Association

- 2019 Board Matters and Trends (BMT)
Ethical Leadership Program (ELP) 15/2019
2016 Anti-Corruption: The Practical Guide (ACPG) 27/2016
2014 Role of Chairman Program (RCP) 34/2014
2013 Successful Formulation & Executive of Strategy (SFE) 18/2013
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 3rd)
2006 Diploma, the Joint State-Private Sector Course National Defence College (Class of 19th)

IOD Forum

- 2018 Digital Transformation : A Must for All Companies
2017 The Role of Chairman in Leading Strategic Risk Oversight
Update COSO Enterprise – Risk Management : Integrating with Strategy and Performance
2016 Corporate Governance VS Corporate Performance : Duty or Choice?

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 company		
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 1 other organization		
2010 – Present	Director and Chairman of Executive Directors of Building and Infrastructure Committee	The Thai Red Cross Society (Charitable Organization)
2015 – 2018	Chairman	Thailand institute of Nuclear Technology (Public Organization)
2008 – 2013	Dean – Faculty of Engineering	Chulalongkorn University (Educational Institution)
2013 – 2014	Chairman	State Railway of Thailand

4. Mr. Thaveevat Thatiyamaneekul (74 years old)

- Independent Director and Audit Committee (appoint 29 May 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

2006 Directors Accreditation 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 company		
2001 – Present	Independent Director and Audit Committee	Home Product Center Plc. (Retail)
Director of 2 non-listed companies		
2013 – Present	Chairman of Executive Committee	Manee-pin Co., Ltd. (Holding Company)
1989 – Present	Chairman of Executive Committee	Star Fashion (2008) Co., Ltd. (Garment and Fashion Product Distributor)

5. Mr. Chanin Roonsamrarn (72 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 course 2/2006
2005	Audit Committee Program (ACP) 9/2005
2002	Directors Certification Program (DCP) 15/2002
2001	Role of Chairman Program (RCM) 6/2001
1993	Executive Program Stanford-NUS

Main Occupation

Director Home Product Center Plc. (Retail)

The brief working experience during the past 5 years

Period	Position	Company
Director of 3 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)
1996 – 2009	Managing Director and Chief Executive Director	The Siam Industrial Credit Plc. (Financial Institution)
Director of 1 non-listed company		
2010 – Present	Chairman of Executive Directors	SBL Leasing Co., Ltd. (Leasing)

6. Mr. Naporn Sunthornchitcharoen (61 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

Chairman Land and Houses Plc. (Property Development)

The brief working experience during the past 5 years

Period	Position	Company
Director of 5 listed companies		
2015 – Present	Nomination and Remuneration committee	Home Product Center Plc. (Retail)
2001 – Present	Director and Executive Director	
2017 – Present	Director	Quality House Plc. (Property Development)
2017 - Present	Chairman and Chairman of Executive Director	Land and Houses Plc. (Property Development)
2002 – Present	Director	LH Financial Group Plc. (Holding Company)
2013 – 2017	Managing Director	
2002 – 2017	Executive Director	
2011 – Present	Director, Executive Director, and Nomination and Remuneration Committee	Quality Construction Products (Construction Materials Manufacturers and Distributor)
1994 – Present	Director	
Director of 16 non-listed company		
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)
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)
2544 – 2560	Director	Mueng Mai Guthrie Plc. Co., Ltd. (Natural Rubber Production)

7. Mr. Weerapun Ungsumalee (57 years old)

- Director (appointed on 1 Feb 2019)

Direct shareholding	Spouse and minor child shareholding	Family relationship with director and management
0.04%	None	None

Education

Master of Industrial Engineering, Asian Institute of Technology
Bachelor of Industrial Engineering, King Mongkut's Institute of Technology Ladkrabang

Training

Thai Institute of Directors Association

2019 Directors Certification Program (DCP) 272/2019

Capital Market Academy

2019 Capital Market Leader Program (CMLP) 29/2019

MAI Listed Company Association (maiA)

2019 Chief Transformation Officer Program

Main Occupation

Executive Vice President Home Product Center Plc. (Retail)

The brief working experience during the past 5 years

Period	Position	Company
Director of 1 listed company		
2019 – Present	Director	Home Product Center Plc. (Retail)
2016 – Present	Executive Vice President	
2007 – 2016	Senior Vice President – Operations Senior Vice President – Information Technology	
Director of 2 non-listed companies		
2018 – Present	Director	Mega Home Center Co., Ltd. (Retail)
2013 – Present	Director	DC Service Center Co., Ltd. (Distribution Center)

8. Mr. Khunawut Thumpomkul (62 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 and Executive Director and Managing Director	Home Product Center Plc. (Retail)
2013 – Present	Director	LH Financial Group Plc. (Holding Company)
2013 – 2017	Executive Director	
Director of 4 non-listed companies		
2013 – Present	Chairman	DC Service Center Co., Ltd. (Distribution Center)
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)
2012 – 2017	Director and Executive Director	Land and House Bank Plc. (Commercial Bank)

9. Ms. Suwanna Buddhaprasart (64 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

USA Master of Business Administration (MBA), Chulalongkorn University
Bachelor of Commerce and Accountancy, Chulalongkorn University

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

Chief Executive Officer 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)
2000 – Present	Executive Director, Risk Management Committee, and Corporate Governance Committee	Quality Houses Plc. (Property Development)
1996 – 2016	Senior Vice President and Company Secretary	
2018 – Present	Director	Mandarin Hotel Plc. (Hotel)
2011 – 2017	Director	LH Financial Group Plc. (Holding Company)
Director of 12 non-listed companies		
2016 – Present	Director and Chief Executive 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	

10. Mr. Pornwut Sarasin (60 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 5 listed companies		
2015 – Present	Independent Director	Home Product Center Plc. (Retail)
2017 – Present	Chairman	BG Container Glass Plc. (Packaging Manufacturers and Distributor)
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.
Director of 9 non-listed companies		
2014 – Present	Director	Bangkok glass Plc. (Packaging Manufacturers and Distributor)
2013 – Present	Chairman	Thai Namthip Ltd. (Soft Drinks Bottler)
2000 – Present	Director	Honda Automobile (Thailand) Co., Ltd.
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)
2014 – 2017	Director	Krungthep Thanakom Co., Ltd. (Logistic)

11. Mr. Achawin Asavabhokin (44 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 Industrial Engineering, University of Pennsylvania, USA
 Bachelor of Finance, University of Pennsylvania, USA

Training

Thai Institute of Directors Association

2014 Directors Certification Program (DCP)

Main Occupation

Senior Executive Vice President, Chief Marketing Officer
 SCB Asset Management Co.,Ltd. (Asset Management)

The brief working experience during the past 5 years

Period	Position	Company
Director of 3 listed companies		
2014 – Present	Director	Home Product Center Plc. (Retail)
2018 – Present	Director	Land and Houses Plc. (Property Development)
2017 – Present	Director	Quality House Plc. (Property Development)
Director of non-listed company : None		
2018 – Present	Senior Executive Vice President, Chief Marketing Officer	SCB Asset Management Co.,Ltd. (Asset Management)
2011 – 2018	Executive Vice President - Product & Foreign Fixed Income Group	

Management Team

1. Mr. Chaithuth Karungasopon (61 years old)

- Starting Date 1 July 2007
- Executive Vice President – Supply Chain Management
- Managing Director- Distribution Services Center Co., Ltd.

Direct Shareholding	Shareholding by spouse and minor child
0.02%	0.003%

Highest Level of Education / Training

Bachelor of Finance, Ramkhamhaeng University

Experience during the past 5 years

2019 - Present	Executive Vice President - Home Product Center Plc. (Retail)
2007 - 2019	Senior Vice President - Home Product Center Plc. (Retail)

4. Mr. Kasem Pinmontearntong (61 years old)

- Starting Date 1 February 2000
- Senior Vice President – Operations of Mega Home Business

Direct Shareholding	Shareholding by spouse and minor child
0.002%	None

Highest Level of Education / Training

Bachelor of Business Administration, Ramkhamhaeng University

Experience during the past 5 years

2013 - Present	Senior Vice President - Home Product Center Plc. (Retail)
2001 - 2013	District Manager - Home Product Center Plc. (Retail)

2. Mr. Vathunyu Visuthikosol (55 years old)

- Starting Date 1 April 1994
- Executive Vice President- Business Development
- Managing Director- Market Village Co., Ltd.
- Managing Director- Home Product Center (Malaysia) SDN. BHD.

Direct Shareholding	Shareholding by spouse and minor child
0.08%	None

Highest Level of Education / Training

MBA, Georgia State University, USA

Experience during the past 5 years

2019 - Present	Executive Vice President - Home Product Center Plc. (Retail)
2002 - 2019	Senior Vice President - Home Product Center Plc. (Retail)

5. Ms. Sannipa Swangpuen (50 years old)

- Starting Date 1 February 2014
- Senior Vice President - Home Improvement Merchandising

Direct Shareholding	Shareholding by spouse and minor child
0.001%	None

Highest Level of Education / Training

Master of Accounting, Griffith University, Australia

Experience during the past 5 years

2014 - Present	Senior Vice President - Home Product Center Plc. (Retail)
1997 - 2013	Senior Manager – Ek-Chai Distribution System Co.,Ltd (Retail)

3. Mrs. Uraiwan Tantipiriyakij (50 years old)

- Starting Date 1 August 2001
- Senior Vice President – Operations of HomePro Business

Direct Shareholding	Shareholding by spouse and minor child
0.004%	None

Highest Level of Education / Training

Master of Finance, Kennesaw State University, USA

Experience during the past 5 years

2018 - Present	Senior Vice President - Home Product Center Plc. (Retail)
2008 - 2018	District Manager - Home Product Center Plc. (Retail)

6. Ms. Jarusopha Thumkathikanon (60 years old)

- Starting Date 16 November 2003
- Senior Vice President - Kitchen & Home Organize Merchandising

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. (Retail)
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7. Ms. Ittaporn Srisukwattana (48 years old)

- Starting Date 1 July 2003
- Senior Vice President - Bedding & Home Living Merchandising

Direct Shareholding	Shareholding by spouse and minor child
0.001%	0.001%

Highest Level of Education / Training

MBA, Assumption University

Experience during the past 5 years

2015 - Present	Senior Vice President - Home Product Center Plc. (Retail)
2010 - 2014	Vice President - Home Product Center Plc. (Retail)

10. Ms. Apiradee Thavilap (48 years old)

- Starting Date 1 April 2014
- Senior Vice President- Operational Support

Direct Shareholding	Shareholding by spouse and minor child
0.001%	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. (Retail)
2012 - 2013	Senior Manager - Ek-Chai Distribution System Co.,Ltd (Retail)

8. Ms. Siriwan Paimsethasin (62 years old)

- Starting Date 1 March 2002
- Senior Vice President - Marketing

Direct Shareholding	Shareholding by spouse and minor child
0.004%	None

Highest Level of Education / Training

Diploma in Business Computing, Dhonburi Rajabhat University

Experience during the past 5 years

2011 - Present	Senior Vice President - Home Product Center Plc. (Retail)
2007 - 2011	Vice President - Home Product Center Plc. (Retail)

11. Mrs. Surangkha Chaiprasart (49 years old)

- Starting Date 1 June 2008
- Senior Vice President - Customer Experience

Direct Shareholding	Shareholding by spouse and minor child
0.003%	None

Highest Level of Education / Training

Bachelor of Plant Propagation Technology, King's Mongkut Institute of Technology Ladkrabang

Experience during the past 5 years

2017 - Present	Senior Vice President - Home Product Center Plc. (Retail)
2008 - 2017	Vice President - Home Product Center Plc. (Retail)

9. Mr. Tanawat Klangsoontornrangsri (52 years old)

- Starting Date 1 October 1994
- Senior Vice President- Ceramic & Bathroom Merchandising

Direct Shareholding	Shareholding by spouse and minor child
0.005%	None

Highest Level of Education / Training

Bachelor of Business Administration, Bangkok University

Experience during the past 5 years

2018 - Present	Senior Vice President - Home Product Center Plc. (Retail)
2003 - 2018	Vice President - Home Product Center Plc. (Retail)

12. Ms. Monaphat Phongpreedachit (51 years old)

- Starting Date 1 May 2004
- Senior Vice President- Home Service

Direct Shareholding	Shareholding by spouse and minor child
0.001%	None

Highest Level of Education / Training

Senior High School, French Program, Matthayomwatnairong School

Experience during the past 5 years

2017 - Present	Senior Vice President - Home Product Center Plc. (Retail)
2004 - 2017	Vice President - Home Product Center Plc. (Retail)

13. Ms. Pornsook Damrongsiri (54 years old)

- Starting Date 1 January 2013
- Senior Vice President – Inventory Management

Direct Shareholding	Shareholding by spouse and minor child
0.001%	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. (Retail)
2007 – 2013	Senior Manager - Ek-Chai Distribution System Co.,Ltd (Retail)

14. Ms. Wannee Juntamongkol (55 years old)

- Starting Date 16 March 2005
- Senior Vice President- Accounting and Finance (Chief Finance Officer)
- Company Secretary

Direct Shareholding	Shareholding by spouse and minor child
0.08%	None

Highest Level of Education / Training

MBA, Sasin Graduate Institute of Business Administration of Chulalongkorn University

Bachelor of Commerce and Accountancy, Chulalongkorn University

- 2019 - Attended the following seminars by Thai Listed Companies Association:
- The CFO's role in stakeholder communications
 - Automation & RPA (Robot Process Automation) for Accounting
 - The Securities and Exchange Commission's policy of capital market development and operational support for listed companies
- 22017 Director Accreditation Program class 140/2017
- 2016 Capital Market Academy class 22
- 2015 Strategic CFO class 1 by Stock Exchange of Thailand (SET)
- 2008 Laws and regulations of the Securities and Exchange Program for the Company Secretary by Faculty of Law of Chulalongkorn University
- 2005 Company Secretary Program, Institute of Director Association (IOD)

Experience during the past 5 years

2008 - Present	Company Secretary - Home Product Center Plc. (Retail)
2005 - Present	Senior Vice President - Home Product Center Plc. (Retail)

15. Mr. Nitat Aroontippaitoon (54 years old)

- Starting Date 16 March 1997
- 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

2000 - Present	Senior Vice President - Home Product Center Plc. (Retail)
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16. Ms. Sudapa Chamod (46 years old)

- Starting Date 1 July 2012
- Senior Vice President - Information and Communication Technology

Direct Shareholding	Shareholding by spouse and minor child
0.001%	None

Highest Level of Education / Training

MBA, Asian Institute of Technology

Experience during the past 5 years

2002 - Present	Senior Vice President - Home Product Center Plc. (Retail)
1999 - 2002	Senior Manager - Accenture Solutions Co.,Ltd. (Consulting)

17. Ms. Petchompoo Theppipdh (55 years old)

- Starting Date 1 July 2012
- Senior Vice President - Distribution Center

Direct Shareholding	Shareholding by spouse and minor child
0.0003%	None

Highest Level of Education / Training

Master of Education, Chulalongkorn University

Experience during the past 5 years

2019 - Present	Senior Vice President - Home Product Center Plc. (Retail)
2012 - 2019	Vice President - Home Product Center Plc. (Retail)

18. Ms. Somjai Maturaporn (59 years old)

- Starting Date 1 July 2001
- Senior Vice President - Home Electric Merchandising

Direct Shareholding	Shareholding by spouse and minor child
0.001%	None

Highest Level of Education / Training

Bachelor of Nursing Science, Mahidol University

Experience during the past 5 years

2019 - Present	Senior Vice President - Home Product Center Plc. (Retail)
2015 - 2019	Vice President - Home Product Center Plc. (Retail)

Financial Information

Unit : Million Baht

Item	Consolidated Financial Statements			Separate Financial Statements		
	2019	2018	2017	2019	2018	2017
Total Assets	52,048.96	54,811.35	50,949.35	49,369.53	52,378.30	48,166.41
Total Liabilities	30,910.88	34,897.26	32,314.55	28,726.03	32,476.40	29,407.81
Equity	21,138.08	19,914.10	18,634.79	20,643.50	19,901.90	18,758.60
Revenue from Contracts with Customers	63,046.23	61,951.32	59,888.32	54,888.08	53,459.62	52,136.28
Total Revenues	67,423.88	66,049.91	64,234.49	59,299.66	57,332.83	56,317.56
Net profit	6,176.59	5,612.62	4,886.39	5,686.99	5,483.18	4,798.28
EPS (Baht)	0.47	0.43	0.37	0.43	0.42	0.36
Dividend per share (Baht)*	0.38	0.35	0.31	0.38	0.35	0.31
Paid-up Capital (Million Shares)	13,151.20	13,151.20	13,151.20	13,151.20	13,151.20	13,151.20

Remark : Dividend for 2019 amounted to 0.38 Baht/share paying from the first 6 months operation of 0.17 Baht/share, according to the resolution of the Board of Directors' Meeting No. 8/2019, and from the last 6 months operation of another 0.21 Baht/share, according to the Board of Directors' Meeting No.2/2020 approved to propose to 2020 Annual General Meeting of Shareholders.

Financial Ratio

Item	Consolidated Financial Statements			Separated Financial Statements		
	2019	2018	2017	2019	2018	2017
Liquidity Ratio						
Current ratio (time)	0.70	0.80	0.75	0.77	0.91	0.88
Profitability Ratio						
Gross Profit (%)	25.90	25.49	26.45	26.32	26.14	27.11
Profit from Operation (%)	12.70	11.82	10.74	13.56	13.39	12.15
Net Profit to Total Revenues (%)	9.16	8.50	7.61	9.59	9.56	8.52
Return on Equity (%)	30.09	29.12	27.05	28.05	28.37	26.33
Operating Efficiency Ratio						
Return on Assets (%)	11.56	10.61	9.52	11.18	10.91	9.83
Financial Analysis Ratio						
Debts to Equity ratio (time)	1.46	1.75	1.73	1.39	1.63	1.57
Interest coverage ratio (time)	23.24	27.01	19.12	23.00	26.04	18.36

Vision & Mission



Vision

To be the leader in Home Solution and Living Experience in Thailand and Southeast Asia.

Mission



Offer exceptional products and services that exceed customer's expectation and improve their standard of living through value and sufficiency.



Partner up with business alliances to develop product and service innovations in order to enhance management efficiency for mutual success.



Focus on the importance of empowering our associates and encouraging them to surpass their potential to enhance productivity, to spread the code of conduct accepted in the corporate culture, to increase their quality of life, and to encourage employee engagement.



Operate based on good governance while being social-responsible and maintain good relationships with the community and the environment.



Continuously seek for new business opportunities to enhance value added to all of 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 penetrate both in Bangkok and upcountry. In addition, the Company plans to strengthen its service and add more product varieties through new product selection. By the end of 2019, there were 93 HomePro stores nationwide.

Besides HomePro business, the Company introduced “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 2019, there were 14 Mega Home stores.

In order to become the industry leader and support the opening of ASEAN Economic Community, the Company

expanded its “HomePro” business internationally. The first international store was opened in Malaysia at IOI City Mall, Putrajaya. By the end of 2019, there were 6 stores in Malaysia.

In 2019, the Board of Directors considered and reviewed the Company’s vision, mission, and strategy which deemed appropriate to keep pace with the current situation and to be more perspicuous in regard to operation. The Company emphasizes products and services offering through an online platform. The usage of technology also enables the Company to further develops and uplifts certain services by integrating online-to-offline on Omni Channel platform, hence, creating a seamless shopping experience by providing convenience and accessibility. On top of that, the Company implements the Automated Storage and Retrieval System (ASRS) that increases precision and reduces delivery duration. Ultimately, the Company aims to expand up to 150 stores in 2025, which the business model for expansion takes into account the economic conditions and the purchasing power of consumers.

Organizational 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 assimilate with employees' way of life 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:



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.

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 the common goals.

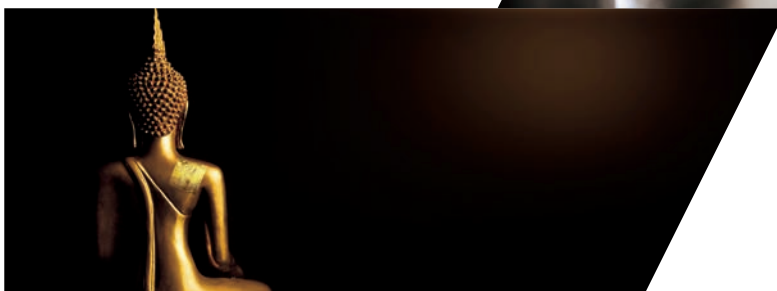


Think & Act as HomePro

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

Passion

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



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.

General Information

Information of Home Product Center Public Company Limited

Location	31 Prachachuennonthaburi Rd., Bangkhen, Muang, Nonthaburi 11000
Telephone	+662 832 1000
Facsimile	+662 832 1234
Website	www.homepro.co.th
Type of Business	Retailer of products and provider of services relating to construction, extension, decoration, renovation, and maintenance of homes and residential buildings 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 which Home Product Center Plc. holds more than 10%

1. Market Village Co., Ltd

Location	31 Prachachuennonthaburi Rd. Bangkhen, Muang, Nonthaburi 11000
Telephone	+662 832 1000/+663 261 8888
Facsimile	+662 832 1234/+663 261 8800
Type of Business	Management of rental space and provider of facility services
Registered Shares	50,000 ordinary shares at par value of Baht 100
Shareholding	49,993 shares (99.99%)

2. Home Product Center (Malaysia) SDN. BHD.

Location	Unit 5F-1A, 5th Floor, Tower 1 @PFCC, Jalan Puteri 1/2, Bandar Puteri, 47100 Puchong, Selangor Darul Ehsan
Telephone	+603 8063 5179
Facsimile	+603 8063 5525
Type of Business	Retailer of home improvement products and comprehensive provider of home related services
Registered Shares	59,000,000 ordinary shares at par value of 1 Malaysian Ringgit
Shareholding	59,000,000 shares (100%)

Information of company which Home Product Center Plc. holds more than 10%

3. Mega Home Center Co., Ltd.

Location	49 Moo 5, Khlong Nueng, Khlong Luang, Pathum Thani 12120
Telephone	+662 029 7900
Facsimile	+662 029 7900
Type of Business	Retailer and wholesaler of construction and home improvement products
Registered Shares	15,000,000 ordinary shares at par value of Baht 100
Shareholding	14,999,998 shares (99.99%)

4. DC Services Center Co., Ltd

Location	100 Moo 2 Lamsai, Wungnoy, Ayutthaya 13170
Telephone	+663 528 7555
Facsimile	+663 528 7757
Type of Business	Warehousing and Distribution
Registered Shares	500,000 ordinary shares at par value of Baht 10
Shareholding	499,998 shares (99.99%)

Information of HomePro Stores

1. Rangsit

100 Phaholyothin Rd., Thunyaburi, Pathum Thani, 12130

2. Rattanathibet

6/1 Moo 6, Saothonghin, Bangyai, Nonthaburi, 11140

3. Fashion Island

587, 589 Ramindra Rd., Khannayao, Bangkok, 10230

4. Paradise Park

61 Srinakarin Rd., Nongbon, Praves, Bangkok, 10250

5. The Mall Bangkai

518 Moo 1, Petchkasem Rd., North Bangkai, Bangkai, Bangkok, 10160

6. Ratchadaphisek

125 Ratchadaphisek Rd., Dindang, Bangkok, 10400

7. Ploenchit

55 Wave Place Building, Wireless Rd., Pathumwan, Bangkok, 10330

8. Phuket

104 Moo 5, Rasada, Muang, Phuket, 83000

9. Chiangmai

94 Moo 4 Nong Pa Kruang, Muang, Chiangmai, 50000

10. Ramkhamhaeng

647/19 Ramkhamhaeng (Sukhaphibal 3) Rd., Huamark, Bangkok, 10240

11. Rama II

45/581 Moo 6, Samaedam, Bangkhunthien, Bangkok, 10150

12. Prachachuen

Prachachuennonthaburi Rd, Bangkhen, Muang, Nonthaburi, 11000

13. Ladprao

669 Latphrao Rd., Chompol, Chatuchak, Bangkok, 10900

14. Pattaya

333 Moo 9, Nongprue, Banglamung, Chonburi, 20150

Information of HomePro Stores (Continue)

15. Chaengwatthana 113 Moo 5, Pakkret, Pakkret, Nonthaburi, 11120	32. Phuket – Chalong 61/10 Moo 10, Chalong, Muang, Phuket, 83000
16. Had Yai 677 Petchkasem Rd., Had Yai, Had Yai, Songkhla, 90110	33. Khao Yai 288 Moo 11, Nong Nam Daeng, Pakchong, Nakhonratchasima, 3013
17. Ratchaphruek 82 Moo 2, Bang Khun Kong, Bang Kruai, Nonthaburi, 11130	34. Nakhonpathom 752/3 Petchkasem Rd., Huai-Charakhe, Muang, Nakhonpathom, 73000
18. Suvarnabhumi 99/28 Moo 1, Rachatawa, Bangplee, Samutprakarn, 10540	35. Nakhonratchasima 384 Mittraphap Rd., Muang, Nakhonratchasima, 30000
19. Hua Hin 234/1 Petchkasem Rd., Hua-Hin, Prachuabkhirikhan, 77110	36. Lumlukka 99 Moo 6, Buengkhamphroi, Lumlukka, Pathum Thani, 12150
20. Samui 1/7 Moo 6, Bophut, Kho Samui, Suratthani, 84320	37. Sukhaphiban 3 101 Ramkhamheng Rd., Minburi, Bangkok 10510
21. Phitsanulok 959 Moo 10, Aranyik, Muang, Phitsanulok 65000	38. Nakhonsithammarat 89 Nakhon-Pakpanang Rd., Muang, Nakhonsithammarat, 80000
22. Khonkaen 177/98 Moo 17, Naimuang, Muang, Khonkaen, 40000	39. Chachoengsao 187/9 Namuang, Muang, Chachoengsao, 24000
23. Udon Thani 89/20 Moo 9, Soi Bannonglek, Markkang, Muang, Udon Thani, 41000	40. Roi-et 116 Moo 3, Dong Lan, Muang, Roi-Et, 45000
24. Suratthani 86 Moo 3, Wat Pradu, Muang, Suratthani, 84000	41. Suphanburi 133 Malai Maen Rd., Ruayai, Muang, Suphanburi, 72000
25. Petchkasem 224 Petchkasem Rd., Nongkhangplu, Nong Kham, Bangkok, 10160	42. Lopburi 85 Moo 6, Thasala, Muang, Lopburi, 15000
26. Chonburi 15/16 Moo 3, Huykapi, Muang, Chonburi, 20000	43. Sakonnakhon 689/1, That Choeng Chum, Muang, Sakonnakhon, 47000
27. Ekamai-Ramindra 41 Pradit Manutham Road, Lat Phrao, Bangkok, 10230	44. Trang 196 Moo 4, Bankuan, Muang, Trang, 92000
28. Rayong 560 Sukhumvit Rd., Noenphra, Muang, Rayong 21000	45. Mega Bangna 39 Moo 6, Bangkaew, Bangplee, Samutprakan, 10540
29. Ayutthaya 80 Moo 2 Ban Krot, Bang Pa-in, Phra Nakhon Si Ayuttaya, 13160	46. Buriram 4499 Moo 9, Isan, Muang, Buriram, 31000
30. Chiangmai - Hangdong 433/4-5 Moo 7, Mae-Hiya, Muang, Chiangmai, 50100	47. Hat Yai (Kanchanavanich) 33/40 Moo 5, Khohong, Hat Yai, Songkla, 90110
31. Krabi 349 Moo 11, Krabinoy, Muang, Krabi, 81000	48. Nakhonsawan 119/2 Moo 7, Bangmoung, Muang, Nakhonsawan, 60000

Information of HomePro Stores (Continue)

49. Mahachai 68/98 Moo 8, Thasai, Muang, Samutsakhon, 74000	67. Hua-Talae 233 Moo 1, Nong Blua Sala, Nakhonratchasima, 30000
50. Ubon Ratchathani 284 Moo 7, Chae Ramae, Mueang Ubon Ratchathani, Ubon Ratchathani, 34000	68. Sriracha 99/123 Moo 10, Nong Kham, Sriracha, Chonburi, 20110
51. Ratchaburi 208 Moo 13, Chedi Hak, Muang, Ratchaburi, 70000	69. Phuket-Thalang 18 Moo 1, Si Sunthon, Thalang, Phuket, 83110
52. Chanthaburi 21/18 Moo 11, Plubpla, Muang, Chanthaburi, 22000	70. North Pattaya 384/40 Moo 6, Na Kluea, Bang Lamung, Chonburi, 20150
53. Chumphon 63 Moo 11, Wang Phai, Muang, Chumphon, 86000	71. Sukhothai 33 Moo 12, Ban-Kluay, Muang, Sukhothai, 64000
54. Prachinburi 44/1 Moo 4, Bang Boribun, Muang, Prachinburi, 25000	72. Samutsongkhram 2/25 Moo 1, Bangkaew, Muang, Samutsongkhram, 75000
55. Kanchanaburi 15 Moo 1, Thalor, Tha Muang, Kanchanaburi, 71000	73. Phetchaburi 526 Moo 6, Banmo, Muang, Phetchaburi, 76000
56. Phrae 171 Moo 7, Pa Maet, Muang, Phrae, 54000	74. Phatthalung 219 Moo 1, Kaojiak, Muang, Phatthalung, 93000
57. Phutthamonthon Sai 5 198 Moo 1, Bang Toe, Sam Phran, Nakhon Pathom, 73210	75. Chonburi - Amata 108 Moo 12, Napa, Muang, Chonburi, 20000
58. Saraburi 24/3 Moo 2, Takut, Muang, Saraburi, 18000	76. Chaigaphruek 54/8 Moo 2, Bang Phlap, Pak Kret, Nonthaburi, 11120
59. Phetchabun 151 Moo 1, Chon Phrai, Muang, Phetchabun, 67000	77. Rama 3 497/1 Rama3 Road, Bang Khlo, Bang Kho Laem, Bangkok, 10120
60. Chaigaphum 164 Moo 7, Nongnasang, Muang, Chaigaphum, 36000	78. Bang Sa-re 133 Moo 8, Na Chom Thian, Sattahip, Chon Buri, 20250
61. Chiangrai 157 Moo 2, Tasai, Muang, Chiangrai, 57000	79. Rama 9 903 Rama 9 Road, Suan Luang, Suan Luang, Bangkok, 10250
62. Loei 117 Moo 9, Na An, Muang, Loei, 42000	80. Srinakarin 888/8 Moo 5, Bang Mueang, Mueang, Samut Prakan, 10270
63. Lampang 224 Highway-Lampang-Ngaw, Prabart, Lampang, 52000	81. Lotus Bangkhae 266 Phethasem Rd, Bang Khae Nuea, Bang Khae, Bangkok, 10160
64. Prachuapkhirikhan 57 Petchkasem Rd., Prachuapkhirikhan, Prachuapkhirikhan, 77000	82. Kanlapaphruek 604 Kanlapaphruek Road Bang Wa, Phasi Charoen, Bangkok 1016
65. Surin 188 Moo 6, Nok Mueng, Muang, Surin, 32000	83. Charansanitwong 110/8 Charansanitwong Road, Ban Chang Lo, Bangkok Noi, Bangkok 10700
66. Chiangmai-Sansai 49 Moo 4, Sansai Noi, Sansa, Chiangmai, 50210	84. Mukdahan 45/9 Chayangkun Road, Mukdahan, Muang, Mukdahan, 92000

Information of HomePro S stores

1. The Paseo Lat-Krabang 318/5 Lat Krabang Road, Lat Krabang, Lat Krabang, Bangkok, 10520	6. Market Place Nanglinchee 27 Nanglinchee Road Chong Nonsi, Yan Nawa, Bangkok 10120
2. Terminal 21 Korat 99 2 nd Floor, Mittraphap-Nong Khai road, Nai Muang, Muang, Kakhonratchasima, 30000	7. Sena Fest Charoennakorn 542, 542/1-2 Charoennakorn Road Khlong Ton Sai, Klong San, Bangkok 10600
3. Gateway Ekamai 982/22 Sukhumwit Rd, Phra Khanong, Khlong Toei, Bangkok, 10110	8. Gateway Bangsue 162/1-2, 168/10 2 nd Floor, Room 2014-2017, Pracharat 2 Road Bang Sue, Bang Sue, Bangkok 10800
4. The Paseo Kanchanapisek 8/9 Kanchanapisek Road Sala Thammasop, Thawee Watthana, Bangkok 10170	9. Samyan Mitrtown 944 Rama 4 Road, Wang Mai, Pathum Wan, Bangkok, 10330
5. BigC Bangna 111 Bangna-Trad Road Bang Na, Bang Na, Bangkok 10260	

Information of Mega Home stores

1. Rangsit 49 Moo 5, Khlong Nueng, Khlong Luang, Pathum Thani, 12120	8. Rojana 522 Moo 2, Sam Ruean, Bang Pa-in, Ayutthaya, 13160
2. Mae Sod 1108 Moo 1, Tasailuad, Mae Sod, Tak, 63110	9. Had Yai 89 Moo 1, Liangmuang (saiasia) Road, Khuan Lang, Had Yai, Songkhla, 90110
3. Nong Khai 999 Moo 5, Meechai, Muang, Nong Khai, 43000	10. Nakhonratchasima 668 Moo 8, Muen Wai, Muang, Nakhonratchasima, 30000
4. Bor Win 333/143 Moo 3, Bowin, Sriracha, Chonburi, 20230	11. Nakhonphanom 333/7 Nittayo Road, Nong Yat, Muang, Nakhonphanom, 48000
5. Kabinburi 61 Moo 8 Muang Kao, Kabinburi, Prachinburi, 25240	12. Chiang Rai 515 Moo 9, Ban-koo, Muang, Chiang Rai 57100
6. Minburi 81 Suwintawong Rd., Minburi, Bangkok, 10510	13. Ban Chang 76/1 Moo 1, Phla, Ban Chang District, Rayong 21130
7. Arunayprathet 52 Moo 7, Bangmainongsai, Arunayprathet, Srakaew, 27120	14. Bang Na Trad 230 Moo 4, Bang Bo, Bang Bo District, Samut Prakan 10560

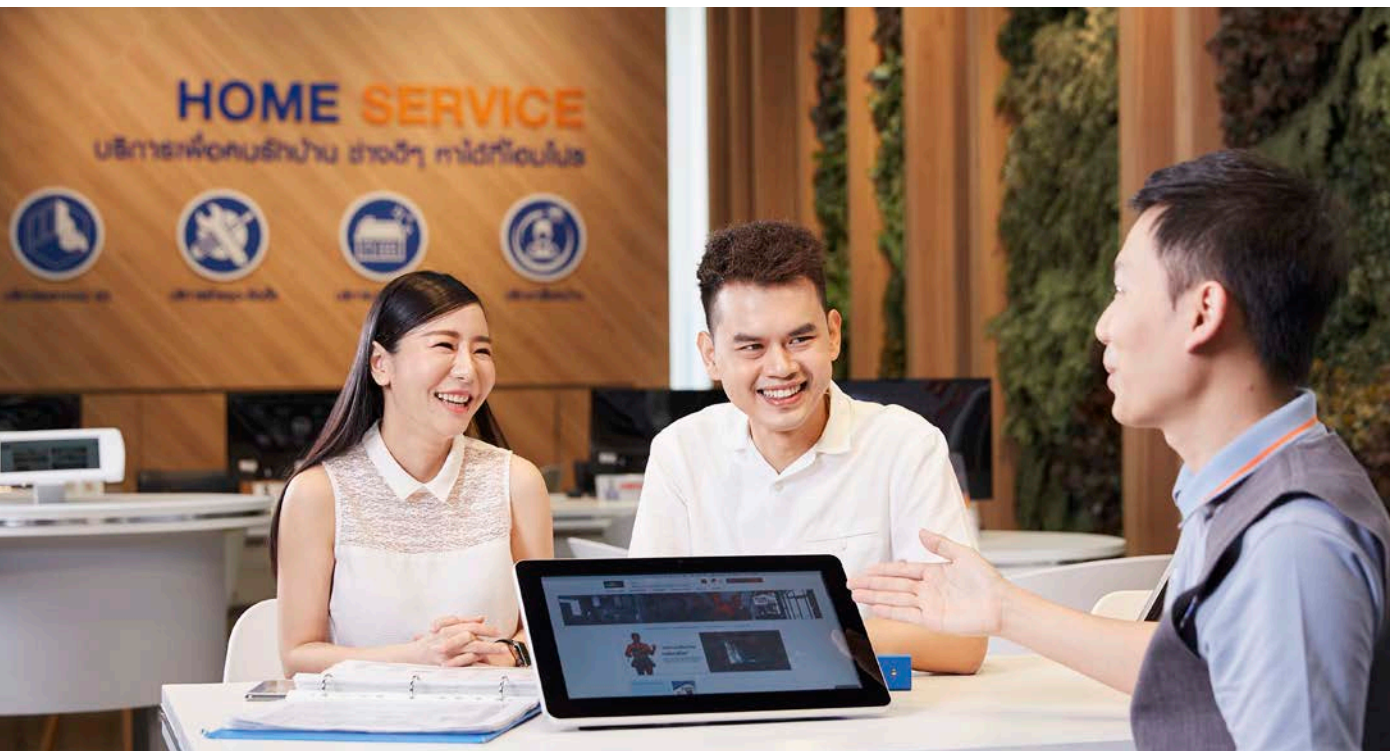
Information of HomePro Malaysia stores

1. IOI City Mall AT-2, Lower Ground Floor, IOI City Mall, Lebuhr IRC, IOI Resort City, 62502, Putrajaya, Sepang, Selangor, Malaysia	4. Melaka L1, Ground Floor, Tesco Melaka, No.1, Jalan Tun Razak, 75400 Peringgit, Melaka, Malaysia
2. The Summit Subang USJ G65B Ground Floor, The Summit Subang USJ, Persiaran Kewajipan USJ 1, 47600 Subang Jaya, Malaysia	5. Penang S61, Second Floor, Tesco Penang, No.1, Lebuhr TengkuKudin1, Bandar Jelutong, 11700 PulauPinang, Malaysia
3. Ipoh G35, Ground Floor, Tesco Station 18 No.1, Medan Stesen 19/9, Station 18, 31650 Pengkalan Ipoh, Perak, Malaysia	6. Johor Bahru BF-10, Basement Floor, Paradigm Mall Johor Bahru, Jalan Skudai, 81200 Johor Bahru, Malaysia

Information of Referrals

Auditor	EY Office Limited 33 rd Floor, Lake Rajada Office Complex, 193/136-137 Ratchadaphisek Rd., Klongtoei, Bangkok, 10110 Tel. +662 265 0777 Fax. +662 264 0789-90
Legal Counsel	Wissen & Co Ltd. 17 th #1701 Building 2 53 Sukhumvit 21 (Asoke) Rd., Klongtoei-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 Road, Silom, Bangrak, Bangkok, 10500 Tel. +662 231 3011 Fax. +662 231 3012
Share Registrar	Thailand Securities Depository Co., Ltd 14 th Floor, Stock Exchange of Thailand, 93 Ratchadaphisek Rd., Dindaeng, Bangrak, 10500 Tel. +662 099 9999 Fax. +662 099 9001
Bond Registrar	CIMB Thai Bank Plc. 44 Langsuan Rd., Lumpini, Patumwan, Bangkok, 10330 Tel. +662 626 7000 Fax. +662 657 3333 The Unsubordinated and Unsecured Debentures of Home Product Center Plc. 1/2015 The Unsubordinated and Unsecured Debentures of Home Product Center Plc. 1/2016 The Unsubordinated and Unsecured Debentures of Home Product Center Plc. 2/2016 The Unsubordinated and Unsecured Debentures of Home Product Center Plc. 1/2017 The Unsubordinated and Unsecured Debentures of Home Product Center Plc. 1/2018 The Unsubordinated and Unsecured Debentures of Home Product Center Plc. 1/2019 Bank of Ayudhya Plc 1222 Rama III Rd., Bang Phong Pang, Yannawa, Bangkok, 10120 Tel. +662 269 2000 Fax. +662 626 7542 The Unsubordinated and Unsecured Debentures of Home Product Center Plc. 5/2014 Siam Commercial Bank Plc. 9 Ratchadapisek Rd., Jatujak, Bangkok, 10900 Tel. +662 256 1000 Fax. +662 937 7783 The Unsubordinated and Unsecured Debentures of Home Product Center Plc. 2/2015 Krungthai Bank Plc. 35 Sukhumvit Rd., Klongtoei-Nua, Wattana, Bangkok, 10110 Tel. +662 255 2222 Fax. +662 937 7783 The Unsubordinated and Unsecured Debentures of Home Product Center Plc. 2/2018 The Unsubordinated and Unsecured Debentures of Home Product Center Plc. 3/2018

Nature of Business



Home Product Center Company Limited was established on June 27, 1995 as a joint venture between Land and Houses Public Company Limited and Quality Houses Public Company Limited. The Company was transformed

into 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. The structure of business group is as follows:

The Structure of Business Group

As of December 31, 2019



Nature of Business of the Company

The Company was established with the objective to operate a retail business in home improvement segment by offering products and complete range of services relating to construction, extension, refurbishment, renovation, Home Makeover and 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. As of 2019, the company operates 93 stores in Thailand under HomePro format. The nature of business of the Company is as follows:

1. Home Improvement Retailing

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

Hard Line: Building Material, Paint, Home Improvement, Bathroom and Sanitary Ware, Kitchen, Home Appliances and Electrical Equipment

Soft Line: Bedding, Home Textiles, Furniture, Lighting, Household Decorative Products, and Household Accessories

1.2 Services relating to retail business

Since most of the Company’s products already provide instruction details and user manuals available to customers, the Company also offers related services by providing consultation and useful information for customers to make the decision to buy products that match their needs the most. In addition, the Company provides “Home Service” that includes 3D Design and the following services:

1. Installation/Relocation/Solution (Installation Service)
2. Check-up/Cleaning/Appliance maintenance (Maintenance Service)
3. Home Improvement/Furnishing of restroom, kitchen, and living room (Home Improvement Service)
4. Washing-Cleaning (Cleaning Service)
5. Living Space Refurbishment (Home Makeover)

The Company enhances customer convenience through various channels i.e. mobile application, website, and call center to serve the needs of all customer profiles as well as provides all-round services of taking care of customers’ homes, including

technician and contractor services, product exchange and return, DIY demonstration (Do It Yourself), and workshops. Furthermore, every channel of “Home Service” includes Emergency Service (24/7 Service) assistance such as fixing of power outage, electric shock, broken water pump, and broken pipe.

2. Space Rental Service for Retail Tenants

The Company provides available space in some HomePro Stores for retail tenants to rent. At the same time, the Company has developed a store format called “Market Village” which operates as a full-service shopping center in addition to HomePro store. Most of the tenants in the shopping center are supermarkets, restaurants, banks, bookstores, and IT shops etc. As of December 31, 2019, the Company has a total of 4 stores under Market Village format: Suvannabhumi, Hua-Hin, Phuket-Chalong and Ratchapruk.

Nature of Subsidiary Businesses

1. Market Village Co., Ltd.

was incorporated on May 26, 2005 with the objective to manage rental space and to provide facility services to tenants. Market Village commenced its first operation with “Hua-Hin Market Village” project, located on Petchkasem Road, Amphoe Hua-Hin, Prachaubkirikhan.

2. Home Product Center (Malaysia) SDN. BHD.

was incorporated on July 28, 2011 with the objective to operate a retail business in home improvement segment in Malaysia. At the end of 2019, the Company operates 6 HomePro Stores in Malaysia.

3. Mega Home Center Co., Ltd.

was incorporated on July 4, 2012 with the objective to operate a retail and wholesale business in construction and home improvement products. At the end of 2019, the Company operates 14 MegaHome stores.

4. DC Service Center Co., Ltd.

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

Revenue Structure

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

Unit: Million Baht

Item	2019		2018		2017	
	Amount	%	Amount	%	Amount	%
1. Revenue from retailing						
- Hard Line	43,970.2	65.2	43,012.9	65.1	42,137.4	65.6
- Soft Line	10,466.1	15.5	10,107.8	15.3	9,931.3	15.5
- Home Service ¹	451.8	0.7	370.3	0.6		
2. Revenue from project sales ²	-	-	-	-	145.2	0.2
3. Revenue from subsidiaries	8,158.2	12.1	8,460.3	12.8	7,674.4	11.9
Total Revenue from sales	63,046.2	93.5	61,951.3	93.8	59,888.3	93.2
4. Other income ³	4,377.7	6.5	4,468.9	6.2	4,346.2	6.8
Total	67,423.9	100.0	66,049.9	100.0	64,234.5	100.0

Remarks: 1. Revenue from product sales and service income (Home Service) has been included in Revenue from Contracts with Customers since 2018 in accordance with TFRS15 financial reporting standard.

2. Revenue from project sales cannot be categorized by product line.

3. Other income includes revenue from space rental, in-store promotion fee, Home Service Fee etc.

Product Sourcing

The Company sources products by:

1. Purchase order:

The Company makes the purchase of products, separate by product category, from both local and oversea manufacturers and distributors. The Company emphasizes on quality and variety of products.

2. Make to order:

The Company orders the production of Private Brands from both local and overseas manufacturers. The Company initially selects manufacturer by considering the certification of manufacturing standard, reputation, quality of service under the Company's condition and criteria of manufacturer as well as consistent operation. Moreover, the Company also pays regular visit to factories and inspects products and production to ensure overall quality.

Currently, the Company sources products from more than 1,230 manufacturers and distributors. The Company offers the channel for vendors to introduce their new products. Selection process is conducted by evaluating 8 aspects of Vendor's Service Level: Ability to Produce, Ability to Control Quality, Risk

Management, Product Quality Audit, Warehouse Management, Quality of Delivery, After Sales Service, and Environmental, Social, and Governance. Over the years, manufacturers and the Company effectively coordinated and supported each other in product development, advertising, public relations, sales promotion, business planning, and new store openings.

Market and Competitive Condition

Retail business of building materials and home-related products still has high growth potential; bolstered by increasing urbanization and government's infrastructure investment projects such as intercity motorway and redeveloping and expanding of high-speed rail, which consequently leads to continuous urbanization expansion and standard of living improvement.

The Real Estate sector has been affected by factors including property tax enforcement measures and rise in Loan-to-Value, which resulted in short-term pressure. However, these factors have affected the Company on a certain level as the main customers are homeowners that have continuous renovation demand, thereby the Company believes that there are still potential in this business and plenty of opportunities in the market.

The increasing number of competitors in this business will help stimulate consumers' awareness and rapidly change their behavior to purchase more products from Modern Trade home centers.

In order to sustain competitiveness, the Company emphasizes One-Stop service as well as focusing on products and services offering through stores and online platform, system investment such as the Automated Storage and Retrieval System (ASRS), and creating a seamless experience to customers and members through Loyalty Program. These are strategies to differentiate the Company from other retailers. Not only focusing on the product itself but also One-Stop service solution including design, installation, and repair and maintenance. The Company has moreover added a strategy to focus on Home Service, which provides services for inspecting, cleaning, changing sanitaryware, painting, and renovating the house, which have been continuously and increasingly used by customers. Although this income has small proportion, but it is an important approach of attracting and fulfilling customers' satisfaction, and encourage the products and services repurchase by customers.

In this regard, the Company classifies other businesses who offer similar products as follows:

1. Home Center

- **Baan & Beyond** is a retail business unit offering home related products, operated by Central Retail Corporation Group, which has been merged and rebranded from Homework to Baan&Beyond. At the end of 2019, there are 6 stores in operation.
- **Thai Watsadu** is a retail business unit offering construction materials, home improvement goods and equipment in form of warehouse store, operated by Central Retail Corporation Group. At the end of 2019, there are 49 stores in operation.
- **Global House** operates warehouse store business offering construction materials, tools for construction,

extension and decoration of home and garden. Managed by the Siam Global House Plc. At the end of 2019, there are 64 stores in operation.

- **Do Home** operates warehouse store business offering construction materials, tools and construction equipment. Managed by Do Home Co., Ltd. At the end of 2019, there are 15 stores in operation.

2. Specialty Store

Retail businesses that focus on offering specific goods which may indirectly compete with the Company in some product categories as follows:

- Ceramic, Sanitary ware, and Kitchenware stores e.g. Boonthavorn, Grand Home Mart
- Furniture and Home decoration stores e.g. Index Living Mall, IKEA
- Retail stores that sell only construction materials e.g. Cement Thai Home Mart.
- Other Specialty Stores

3. Operators of Large Retail Business in Hypermarket

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

4. Online Retail Business

There are 2 main categories as follows:


- Market Place Website; such as Lazada and Shopee. The platforms allow both corporate and individual to sell variety of products on the platform. However, there has been only a small overlapping between the company's products and the products offered on those websites.
- Corporate E-tailer Website; which all of other Home Center business operators have their own platform. The company also has its own platform, www.homepro.co.th.

SUSTAINABLE DEVELOPMENT REPORT 2019



MEMBER OF

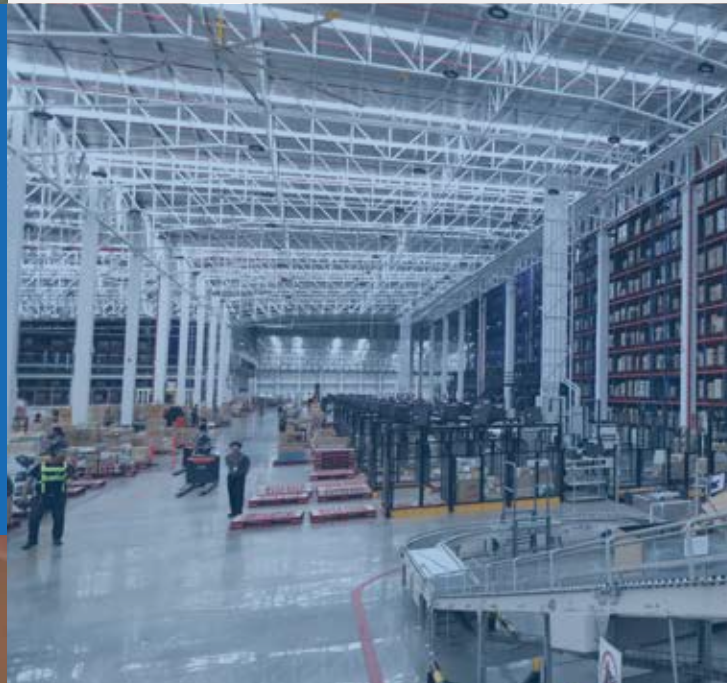
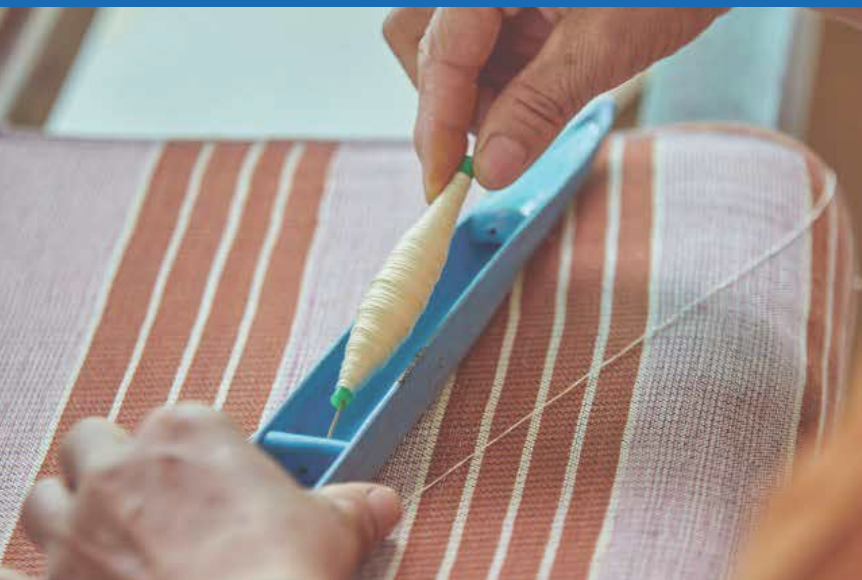
**Dow Jones
Sustainability Indices**

In Collaboration with RobecoSAM 



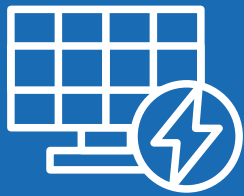
35%

Sales mix of
ECO Product



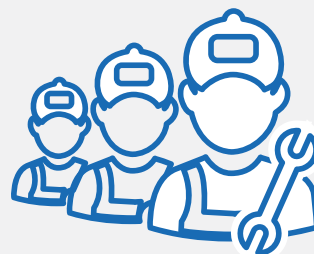
Automated Warehouse System

For Better Speed and Efficiency of
Inventory and Distribution Management



31%

Energy Intensity in 2019
Reduced from 2014 (base year)



Number of Technician

1,391 teams



Reduction of
single-use plastic bag

12
million bags



Sustainability Development Report

The sustainability report of Home Product Center Public Company Limited is a yearly publication to impart significant aspects in sustainable strategies, operational processes and performance that are integral to business operation and stakeholders across across-the-board. This year the Company introduced the integrated sustainability report in accordance with Integrated Reporting Framework (IR) together with the reporting guideline of Global Reporting Initiative (GRI) Standards.

In 2019, the joint effort between the Corporate Strategy and Sustainable Development Committee, and the Risk Management Committee reviewed and assessed the important issues in sustainable development and business-bound risks based on the integrated international approaches between the Sustainable Development Assessment criteria by Robeco SAM (Dow Jones Sustainability Assessment Criteria), Committee of Sponsoring Organizations of the Treadway Commission (COSO), the United Nations Sustainable Development Goals (UN SDGs) and the opinions of stakeholders. This aims to propel working and strategic planning and organizational indicators to the appropriateness in management across issues and the satisfaction of stakeholders.

The 2019 Sustainability Report's content centers on the sustainability topics on which all stakeholders stress the importance. The matters are also related to the Company's operational visions which are to be the Leader in the Home Solution and Living Experience in Thailand and Southeast Asia. The following are the five items of the sustainability operational strategies that cater to the Company's visions.

1. Quality Products and Services
2. Associate Care
3. Efficiency Development
4. Supply Chain Management
5. Social and Community Development

The scope of information is from January 1, 2019 to December 31, 2019. The report's scope concerns only HomePro in Thailand which is the Company's key business.

Inquiries

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email: sd@homepro.co.th

Website: www.homepro.co.th

Our Accomplishments



Being listed in “MSCI Global Sustainability Indexes” and “MSCI ESG Rating Indexes” with “A” rating from ESG research of Morgan Stanley Capital International.



FTSE4Good

Being listed in FTSE4Good Index which evaluates environmental, social and good corporate governance responsibility, together with investor confidence promotion across countries. The award is run by FTSE Russell.



Being listed in Thailand Sustainability Investment (THSI) by Stock Exchange of Thailand in 2019.



Selected as 1 of 100 listed companies having outstanding progress in Environmental, Social, and Governance (ESG) performance from Thaipat Institute.



Selected to become a member of Dow Jones Sustainability Index (DJSI) for retailing industry in emerging market with silver class award for the third consecutive year in 2019, an index for assessing the effectiveness of business practices according to sustainable development of global leading companies, rated by S&P Dow Jones Indices and Corporate Sustainability Assessment team of RobecoSAM.



Receiving SET Sustainability Awards 2019 which given to the Company that has outstanding in sustainable business operations by the Stock Exchange of Thailand for the Highly Commended Sustainability Awards category in 2019.

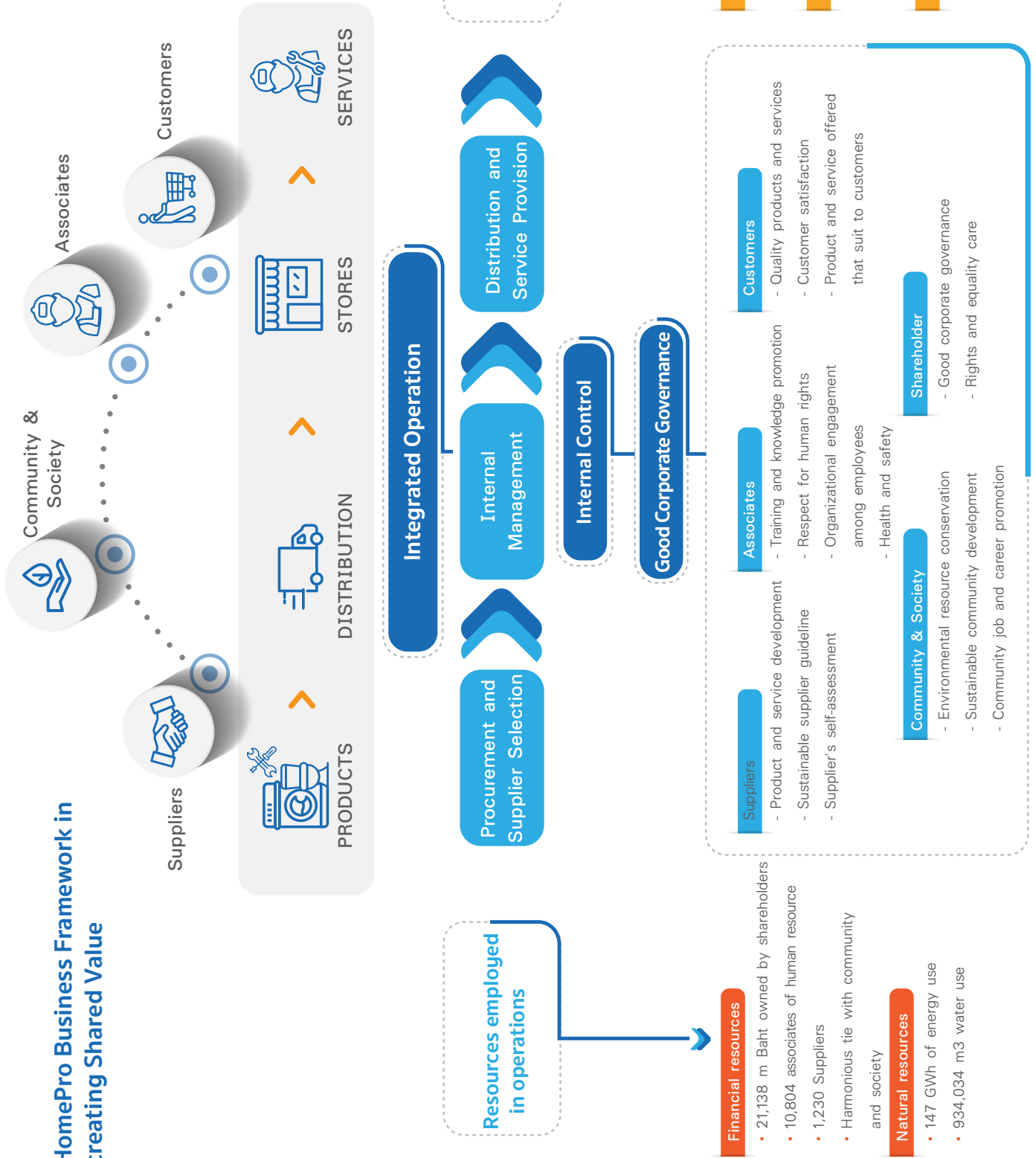


Rated a governance level of “Excellence: 5 stars” from the Thai Institute of Directors Association (IOD).










Certified member of Thailand’s Private Sector Collective Action Coalition Against Corruption (CAC)

HomePro Business Framework in creating Shared Value



Stakeholder Engagement

The company examined and determined the key stakeholders by incorporating stakeholders' interests and concerns into the business framework and sustainable development issues. Furthermore, the company provided stakeholders with channels to give comments and recommendations, both in formal and informal forms, and promote the shared value to all stakeholders. The purpose is to properly serve their needs and meet their expectations as follows:

Stakeholders	Expectation	Approaches	Communication Channel
Customer 	<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"> - Offer Eco products - 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 - Comment box in all branches - Call Center 1284 - Customer service - Complaint through Website: www.homepro.co.th
Associate 	<ul style="list-style-type: none"> - Fair compensations - Comply to labor ethics - Life and Property Security - Knowledge Development - Opportunity for Career Advancement - Work-life-balance 	<ul style="list-style-type: none"> - Activities promoting associate engagement - Work stability and career opportunities - Fair compensations including competitive welfares in comparable market - Pleasant and safe working environment - Training programs directly relevant to the role of responsibility 	<ul style="list-style-type: none"> - Information providing to employee - Satisfaction survey - Team meetings - Hotline center/Complaint center, the human resource department - Direct complaint to the management Email: md@homepro.co.th - HR Clinic for associate consultation
Suppliers 	<ul style="list-style-type: none"> - Fair trades - Higher volume of product orders - Business growth through partnership - Cooperate for product innovation 	<ul style="list-style-type: none"> - Equitable treatment - Well-defined purchasing process - Knowledge sharing and improvement - Implementation complying to trading regulations and conditions - Free and fair competition focusing on manufacturing standards - Operations with ethics - Promote sustainability management to suppliers through the joint projects and events. - Support the participate of anti-corruption coalition - Promote the sharing of economy knowledge (Sharing Economy) 	<ul style="list-style-type: none"> - Policies and ethics for business operations and regulations of business partnership - Site Visits and evaluations - Training programs for Suppliers - Contact via the management - Website: www.homepro.co.th
Creditor 	<ul style="list-style-type: none"> - Debt repayments as scheduled - Actions upon defined conditions 	<ul style="list-style-type: none"> - Debt repayment as scheduled and comply to conditions - Maintaining the debt-to-equity ratio as required in conditions of bond and bank loans covenants. 	<ul style="list-style-type: none"> - Contact via the management - Website: www.homepro.co.th - Contact to the Finance Department at 662 832 1000
Shareholder/ Investor 	<ul style="list-style-type: none"> - Improvement in business performance - Good corporate governance - Data transparency - Equal rights treatment 	<ul style="list-style-type: none"> - Dissemination of reports, disclosure and transparent information providing - Business operations under the corporate governance - Consistent long term return - Benefits maximization to shareholders 	<ul style="list-style-type: none"> - Annual reports - Annual General Meetings - Contact via the Investor Relation at 66 2831 1000 - Email: ir@homepro.co.th - Website: http://hmpro-th.listedCompany.com/
Community 	<ul style="list-style-type: none"> - Operation business with responsibilities - Community development to be self-sustainability. - Economic improvement of community 	<ul style="list-style-type: none"> - Maintaining the ecosystem in the branches areas - Listening to all opinions and comments from community - 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 branch managers after the construction - Website: www.homepro.co.th
Government and organization 	<ul style="list-style-type: none"> - Compliance to the laws and regulations - Participation in public activities 	<ul style="list-style-type: none"> - Full support and 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

Report Content Designing Process

To determine the Company's material issues, the Company takes into account the internal and external factors pertaining to the operation alongside matters in consistent with all groups of stakeholders by adhering to the Global Reporting Initiative (GRI) Standards. It is divided into 3 crucial stages as set out below:



Step 1 Identification

Identification

The company analyzed external factors and sustainability context such as global retail trends including related business segment, change in consumer behavior, and trends of market competition, together with internal factors analysis including performance, weaknesses, strengths, risk indicators at corporate levels.

Step 2 Prioritization

Prioritization

The Company prioritizes issues by using external stakeholders' perspective – such as opportunities and impacts of each issue to the economy, social, and environment – and the Company's own perspective according to the corporate risk assessment criteria.

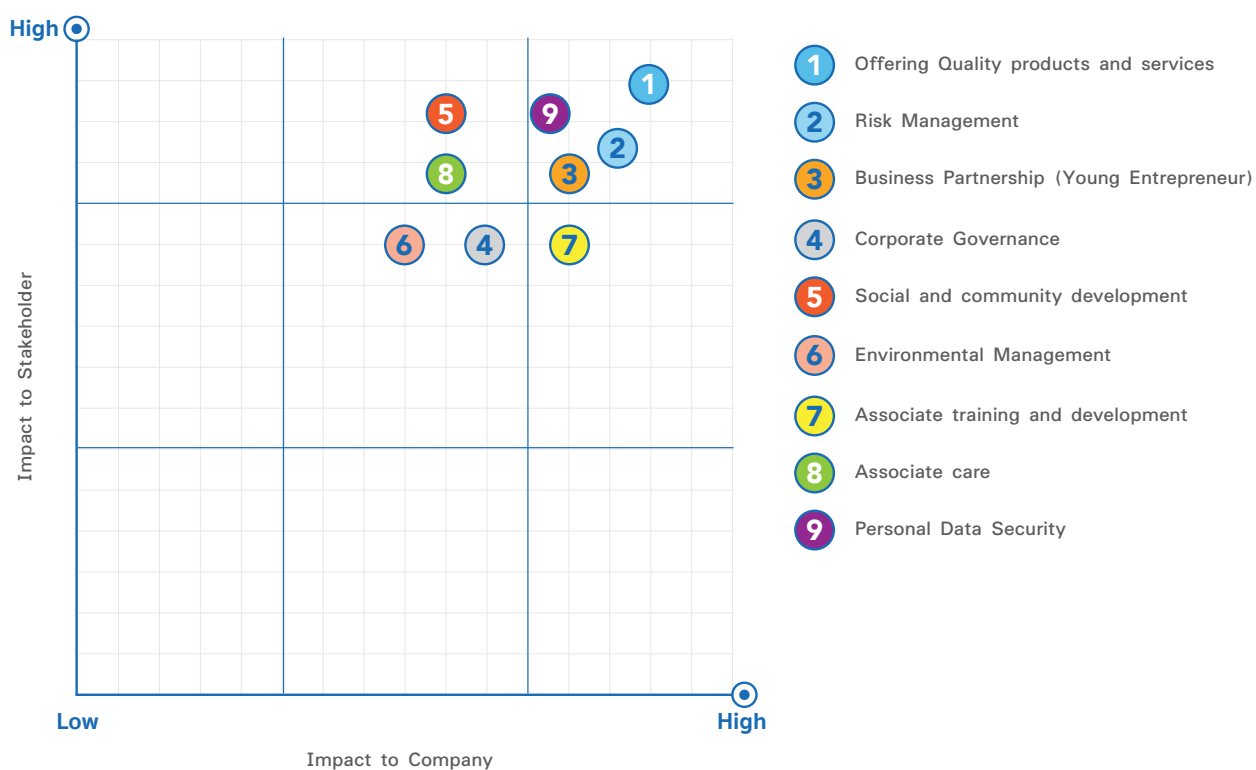
Step 3 Validation

Validation

Present the issues based on their priority to the Corporate Strategy and Sustainable Development Committee to review and approve the completeness of relevant content to be released to the public in forms of Annual Report and Company's website. Besides, the Company assigned related department and management to review the accuracy and completeness of material issues to ensure that it covered economy, social, and environment dimensions.

Critical Issue identification's outcomes

An annual critical issue of the Company is designed by the survey of interest and expectation from first-handed stakeholders. The outcomes are deployed as important information as part of the decision-making session for sustainable policy and strategy planning. The 2019 key issues can be illustrated as follows:



The outcome of the identification is categorized to ensure the correspondence between sustainability strategic planning and the Company's strategies which revolve around the following areas:

1. Quality Products and Services
2. Associate Care
3. Efficiency Development
4. Supply Chain Management
5. Social and Community Development

Furthermore, change in consumers' behavior has been more influenced by the impact of technology. Since the Company is associated with customers' and suppliers' data, thereby the Company placed an importance on customer privacy security and Information Technology management to ascertain safety, steadiness, and transparency, along with respecting customers' privacy and data rights.



1. Quality of Products and Services



Challenges

Undeniably, the dynamic of digital transformation plays roles into lifestyle and changes consumer behavior. Demand in connection with new products and services has been on the rise. The customer purchasing habits have been shifted from conventional to online shopping to address convenience lifestyle, greater quality of life, environmentally conscious mindset and the approaching of ageing society.

Management

The Company is committed to constantly delivers exceptional customer experience and excellent value to customers through products and services enhancement, product selection, and best experience delivery. Additionally, the Company addresses the demand of every consumer segment. The company develops products and services indefatigably in order to produce new products and services whilst creating differential to keep pace with consumers' lifestyle changes as well as improving well-being. The Company emphasizes on the development of novel products and services addressing the needs of each consumer segment. Innovation and information

technology are the instrument to do so for the maximized benefits of customers. Newly-introduced Home Service encompasses the Same day and Next day delivery in Bangkok, allocation of 3D design experts, installation, decoration, repair, checking and maintenance. Aside from customer needs, this aims to ensure the control of budget and time as per individual requirement.

Goals

1. To raise the sales mix of Eco Product to 50% of sales revenue by 2025.
2. To ensure that customer satisfaction reaches 85% by 2025.

Strategies

1. To develop products and services that fulfill customer need.
2. To increase the distribution channels for products and service.
3. To offer the standard of environmental friendly products and services.
4. To raise the safety standard of products and services.

The performance of the Quality Products in 2019

Omni Channel

The technology evolution has impact the current consumers' lifestyle, particularly the rise in purchases through Online Shopping. Hence, the Company adapts and reshapes its strategies to correspond to the environmental changes by implementing Omni Channel, a seamless shopping experience that provides various shopping platforms to match customers' demand in

order to deliver exceptional customer experience. Furthermore, the system offers online delivery and Click and collect which such transactions can be made via store, online, mobile phone, and Call center.



Eco Product

The key objectives of the eco product selection rest on the determination to deliver the best offer to customers through cooperation with suppliers, the Company sources environmental friendly merchandizes and promotes eco products that save energy, cherish natural resources, ensure safety and is certified with the international standard in support of responsible consumption for our clients.

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 demand of customers with environmental concerns. The ECO products consist of 6 categories as follows:

1. Energy Saving
2. Health and Safety
3. Sustainable Forest
4. Environmental Friendly
5. Water Saving
6. Greenhouse Gas reduction

In 2019, the Company uplifted ECO Choice products by proposing products from the selection of 6 ECO products categories above that are ECO-friendly and provide good health.



➤ HLS COLLECTION BU CRAFT

In collaboration with the Buriram Chamber of Commerce and Baan Chareonsuk Silk & Cotton in Buriram, the Company develops such products including scarves, multi-purpose bags, slippers, stools, backrest pillows, and curtains. These products are safe for consumers and produced from Eco-Friendly Cotton by selecting high quality cotton, using 100% natural colors without chemical additives and are distinguished for dyeing process, maintaining the thread pitch of cotton by applying mathematical calculations to ascertain tightness, colorful, and durable of fabric. Colors of fabric are natural colors including yellow of turmeric, orange of volcanic rock or 'Phu Akanani', and grey of basalt, which are distinctive characteristics of the Buriram community.

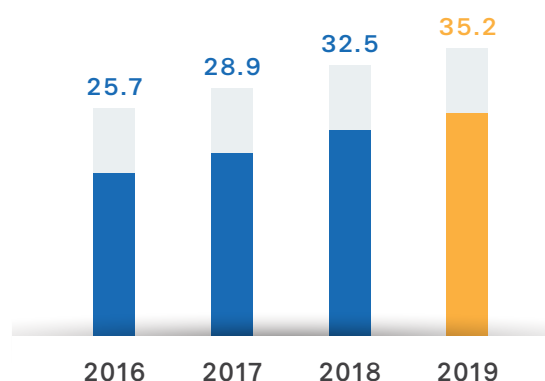
➤ Absorbed Plate and Moon Plate

In collaboration with Srithai Superware Public Company Limited, world largest manufacture and distribution of melamine household products, the Company jointly design and innovate plates called 'Absorbed Plate' and 'Moon Plate' for healthy lovers under the brand called 'KECH'. These plates can absorb and drain the oil, thus, reducing the oil consumption to consumers. Furthermore, these plates are made of 100% melamine and contain 400 small holes that can efficiently absorb the oil from food.

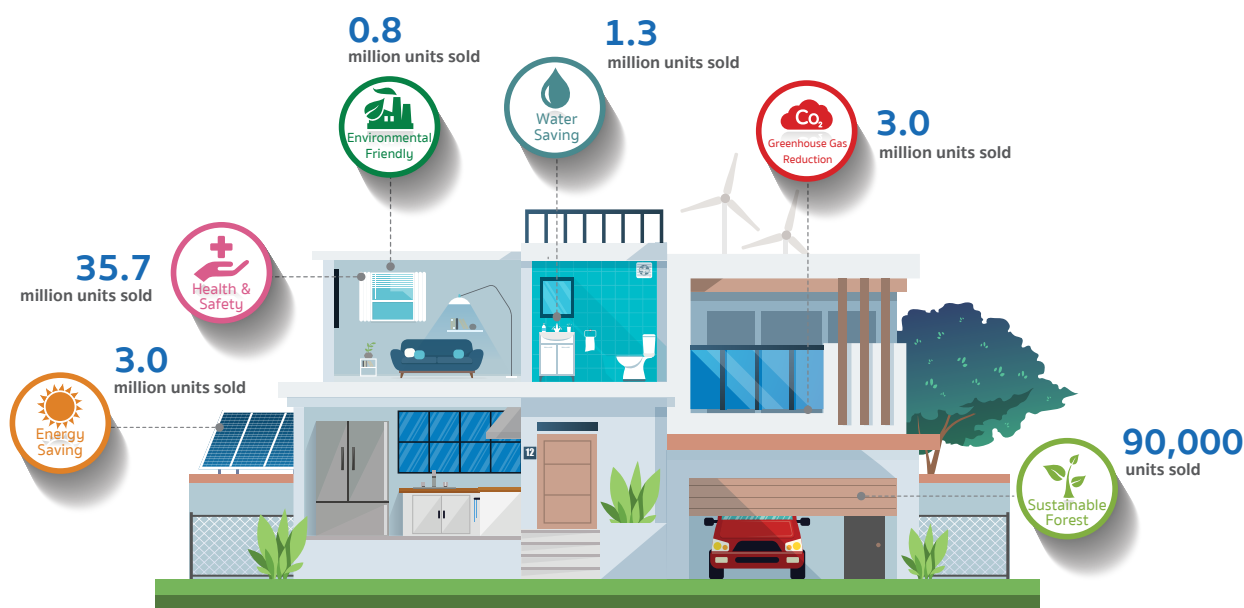


Performance

Eco Products sales mix (%)



In 2019, sales unit of Eco Products are as following:



Water saving	Energy Saving
Consumption reduced by 25,473,950 m ³	Consumption reduced by 149,316,508 kWh
Value equivalent to 246 million Baht	Value equivalent to 621 million Baht
CO ₂ emission reduced by 11,927 Ton CO ₂	CO ₂ emission reduced by 79,442 Ton CO ₂
Equivalent to planting 41,850 trees	Equivalent to planting 278,745 trees

Activities to promote energy saving

The Company encourages customers to choose energy efficient conservation, to reduce the emission of carbon dioxide gas (CO₂), which is the major cause of global warming. The Company cooperated with the Electricity Generating Authority of Thailand (EGAT) to organize the event “Lod-Dub-Ron” during summer and “Suk-Jai-Pu-Hai-Pra-yad-Fai-Pu-Rub” in the end of 2019, which promotes customers to use No.5 Energy Efficient products, which the results of the program are as follows:



Activities range	Sales unit (piece)	Energy save (GWh)	Energy save (million baht)	Carbon dioxide gas reduce (TCO ₂)
April – June 2019	345,076	101	399	53,649
Oct – Dec 2019	452,931	77	304	38,735
Total	798,007	178	703	92,384



Presently, the world is waking up to plastic waste issue due to its significant impact on the environment and living organisms. The Company is well aware of the impact, thus, laying out policy to promote responsible and sustainable plastic consumption, thereby the Company has terminated the single-use plastic and selected durable plastic, recyclable plastic, bio-degradable plastic, and products manufactured from recycled plastic. Moreover, the Company cooperates with suppliers to reduce the usage of plastic in the manufacturing process by replacing plastic with biomaterials such as boxes and plastic baskets that composed of plastic from renewable ocean shell.

Packaging management

The Company engages in retail sector that may have negative externalities regarding packaging of large and small products, and even products without packaging. However, the Company recognizes the issue, thereby deploying strategies to manage the packaging of private brand products as well as from suppliers, concerning stages including design, selection, and Product Life Cycle. Besides, the Company promotes the use of Durable Packaging, Recyclable Packaging, Recycled Packaging, and Biodegradable Packaging.



Furthermore, the Company rolled out 'No Bag Eco-Friendly shopping' campaign with the aim of reducing packaging by encouraging customers to bring their own cloth bag. The Company announced the termination of providing plastic bags, which began on **1 July, 2019**. Customers willing to receive plastic bag must donate 1 baht for each bag whereby contributions will be donated to individuals with educational disadvantaged. In 2019, the Company was able to reduced 12.4 million plastic bags and 444 tons of CO₂ emission that is equivalent to planting 49,388 trees.

Elder Care Products

The Company responds to customer's demand in upcoming aging society. The Company offers products for the elderly, starting from 3D design by the Universal Design Standard qualified experts, installation service, and product consultation for bathroom, bedroom, and living room. The mockup rooms are built to demonstrate the senior's living at Rama 3 and Chaiyaphruek stores. Similarly, launched in the partnership with the Faculty of Architecture, Chulalongkorn University, the Universal Design Center is built at the institute to demonstrate sample bedroom, bathroom and kitchen with a myriad of facilities for the senior, expertized consultation and room design for the ageing customers.

In 2019, the Company developed Private Brand products including toilet, portable toilet, rails, shower chairs, and mirror to ascertain safety and suitability to the elderly and disabled whereby these products have been certified by the Construction Institute of Thailand (CIT) and



received label that represents the certification which indicates the suitability. The condition of the products for elderly and disabled are in accordance with the Thai Industrial Standard which is certified by the CIT. In 2019, sales mix of elder care was 1.2%.

Products for elderly and disabled have been certified by the Construction Institute of Thailand (CIT).



The performance of the Quality Service in 2019

► Home Makeover Service

The Company aims to continuously deliver best value for money 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 homes in Bangkok and Greater Bangkok, and some of these residences are not matched with the home owner's demand while continually change of life style. Moreover, sometimes, Home improvements could create hard experience and problems for home owner. HomePro, as a leader of Home Improvement product, recognized these problems by which "Home Makeover" service are developed to meet customer's expectation which enhance the quality of life and living conditions for Thais.

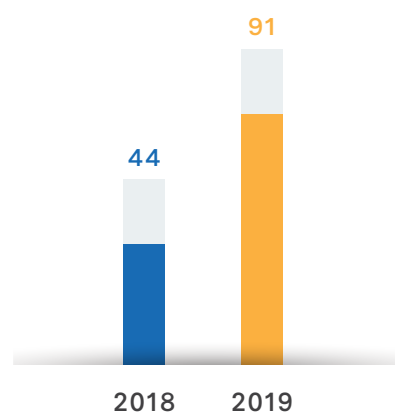
In year 2019, in collaboration with businesses partners, the project "Home Makeover By Showroom" is ongoing for the fourth consecutive years by having professional teams from Home Service providing consultation, design, and renovate homes. Organizing as Popular Reality Show, broadcasting weekly on Thai Amarin channel about home improvement, which the show received positive feedbacks. The settings of the show involved homes of Home Makeover customers wherein a total of 39 cases were handled during 6 April to 28 December 2019. Moreover, the project was initiated from 2016 to 2019, and during that period there were 4,546 customers interested and 302 cases were handled.



» Room Consultant Team



Expert (No. of team)



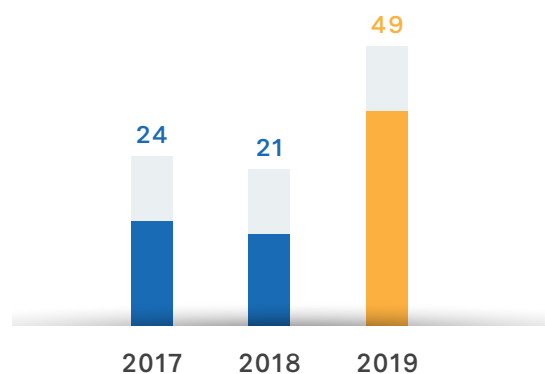
The Company determined to offer solutions to customers, the Company provides well-trained consultant team as per the Company's standard to be experts of bathrooms, kitchens, bedrooms and living rooms. Mere service from one consultant ensures that a customer receives services to fulfill all design and product purposes for one room. This is intended to maximize convenience that avoids multiple contact points across departments. In 2019, a total of 91 associates were trained to master solution-based presentation skills and foster living experience among shoppers. 34 of them are in charge of bathroom consultancy, 31 of them are in charge of bedroom/living room and 26 of them are in charge of kitchen.

» Emergency Service

In 2019, the Company developed emergency service to solve customer's home problem by launching "Home Service Pre-Paid Card", which is a 24-hr home emergency service. The card must be topped up before using any service. The services include cleaning service, home check-up, home appliance installation, safety services, and decoration e.g. curtain rails, wallpapers, etc. Emergency service of 24/7 assistant service for power outage, electricity shock, malfunctioned water pump, water broken with pipe and more are provided to Pre-Paid Card holders. The service is provided in Bangkok and Greater Bangkok area. Moreover, 49 cases of emergency service occur out of working hour in 2019.



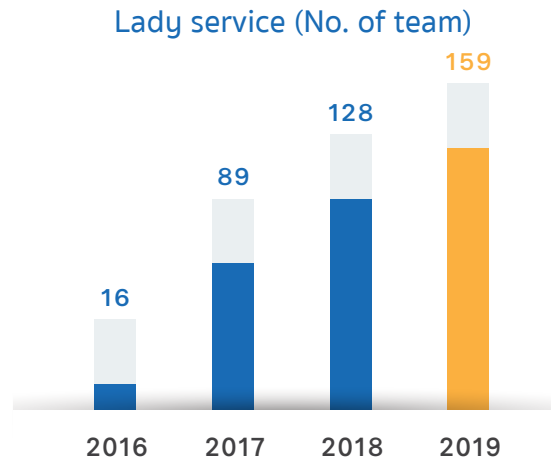
Emergency service (No. of job)



In addition, calling in technician urgently can be done through Quick Service which is available from 8:00 a.m. to 6:00 p.m., usage of services of Home Service such as cleaning, house check-up, installation of electrical appliances, and many other services including security and decoration of curtains and wallpapers.

Lady Service

Currently, there were large numbers of elders and ladies staying alone, so the Company recognized the importance of security and safety. 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 2019, there were female technicians for the lady service of 159 teams.



Product Source Identification and Product Safety Standard

Strongly emphasizing the safety standard of products, the procurement department inspects products closely and constantly with distributors and manufacturers to ensure that merchandises meet with official safety certification of Office of the Consumer Protection Board (OCPB). It is so because the Company is aware that products' safety and quality are essential to customer's hygiene. Practically, trainings on safety standard, accurate product labels to create awareness, and systematic product display remain the Company's main priority.

The Company sells products with regulatory compliance and don't infringe on intellectual property, copyright and patent. Also, products must pass the safety standards as follows: In such conditions of enforcement of laws on products passing the safety standard.

Domestic product safety standard



Thai Industrial Standard (TIS)



Food and Drug Administration (FDA)

International product safety standard

In such conditions of no enforcement of laws on products passing the safety standard.



International Electro Technical Commission (IEC)
- Electrotechnology



Ingress Protection Ratings (IP25), (European Committee for Electro Technical Standardization: CENELEC)



Conformité Européenne (European Conformity)



The International Association for Research and Testing in the Field of Textile Ecology (OEKO)-Tex standard 100 - Curtain and Bedding



Smart fabric UV - Curtain



Seal of Approval - Allergy UK – Bedding, air purifier, and washing machine

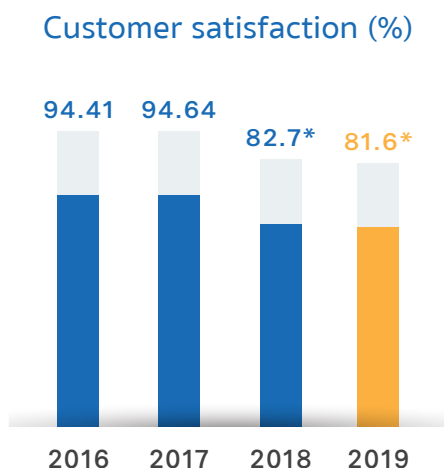


French VOC label

In case of damaged product, it can be returned within 14 days. In 2019, no product or service failed to comply with the safety and hygienic standard. Furthermore, the Thai Industrial Standards Institute (TIS) and the Company jointly launched the 'TIS Store' project. The agency inspected and entified for all HomePro stores for compliance with the TIS criteria on selling products with the industrial standard, ascertaining safety and product standard certification. In 2019, the Company received 294 complaints related to product issues. All of complaints has been solved. There was not any Product Recall case in 2019.

Customer Satisfaction

The company evaluates customer's satisfaction for the products and services, and quantitatively targeting to enhance customer's satisfaction. The company continuously analyses the evaluation results to improve products and services as well as to develop the business processes of the company.



Remark: In 2018, the Company changes indicator to Customer Experience from Customer Satisfaction

Customer Privacy Policy

The Company is committed to manage personal data concerning privacy information of customers, suppliers, and associates as well as complying with the regulations as stipulated by laws. Along with, strict supervision to ascertain safety, steadiness, and transparency of customers', suppliers', and associates' privacy information in order to accommodate the usage of Personal Data Protection Act B.E. 2562.

The following actions have been taken:

1. The company appointed Personal Data Protection Committee to manage and prepare operational framework by analyzing and improving operating procedure, as well as to determine the policies and practices as stipulated by laws. Detail of Personal Data Protection Committee can be found on "Corporate Governance".
2. Determine policy for personal data protection in order to achieve standard operating procedure.
3. The Personal Data Protection Committee appointed Data Protection Office (DPO) who has the authority to make decision upon gathering, usage, and disclosure of personal data as well as Data Processor who has duty under the Data Controller's command of gathering, usage, and disclosure of personal data.

4. Define the procedures concerning objectives, conditions, announcements, getting consent/agreements, gathering, usage, and disclosure of personal data as stipulated by laws.
5. The Company uses high security systems in both technology and processes to prevent cyber theft of confidential information and develop personnel at all levels to ensure that the Company has standard data security with measures such as firewall and intrusion detection software, using Data Encryption technology, installing Scan Virus software for effective virus protection. Including determining the level of authorization according to the level of associates. Further details can be found in the personal data security policy section on the website: www.homepro.co.th.

In the event of circumstances affecting personal data, the Company has explicit procedure of informing such matter to the Audit Committee who looks after and protects personal data.

In 2019, neither offence nor law violation in connection with marketing communication and significant complaint on customer privacy violation was found.

Policies and Guidelines on Information Technology

The Company appoints the Strategy and Sustainable Development Committee to supervise and prepare the business plans by analyzing and developing the business framework in order to support the future technology. The Company continually allocates resource and develops information technology related to the Company's business. Besides, the Company emphasizes confidentiality of data as the Company involved with multi-parties: customers, suppliers, and etc. by determining authorization for different levels and responsibilities of associates and set up the information technology security protocol such as back up site. In addition, the Company determines Policies and Guidelines on information technology as follows:

1. The Company complies with relevant law, regulation, discipline, and standards related to information technology and installed international standard information security system such as NNT Security Control Guide which comply with the standard of the Center for Internet Security (CIS), North American Electric Reliability Corporation (NERC), National Institute of Standards and Technology (NIST), and PCI Security Council

2. The Company establishes information technology security system to ensure the confidentiality, creditability, and availability of data. Furthermore, the Company has protocol to prevent the inappropriate usage of data or data editing without authorization by determining authorization for different levels and responsibilities of associates.
3. The Company has considered the risk of information and technology and determined measure to manage the risk such as providing training to solve preliminary problems and reporting system to person responsible for the system to ensure the continuity of business. Also, having cybersecurity insurance.
4. Cyber security insurance policies are also provided which intended to cover a variety of both liability and property losses that may occur when a business engages in various electronic activities, such as selling on the internet or collecting data within its internal electronic network.
5. The Company properly allocates and manages resource related to information technology by determines criteria to identify priorities of information technology plans, the consistent with business strategies, urgency, business model alignment, etc.

The Company focused on responsible marketing communication and respect the privacy of customers' information particularly promoting through PR activities both in-store and online communication. Through social media, the Company respected customers' privacy and gave them a choice to unsubscribe news and data (opt-in, opt-out) through any platforms. Moreover, the Company continued to monitor the information to ensure the message is correct.

Cyber risk prevention and management can be detailed as follows:

- To conduct a screening and access classification only for related responsible persons to ensure proper access, implementation, provision and information back-up.
- To set forth a cycle of system inspection, task relevant staff with operation system control and unforeseen problem-related solution, and continually perform state-of-the-art hardware and software development to cope with a new sort of cyber-crime and prevent an access to information responsible by an unauthorized person.

- To perform a Cyber Security Drill and devise an emergency plan in case of Disaster Recovery Plan (DRP). The plan is yearly executed to address an issue in a timely manner, lessen the damage to the Company's information system and ensure the continuation of the Company's operation.
- To formulate the business continuity plan (BCP) particularly related to data/system security risk and tested on a regular basis. A clear escalation process is available for associate to follow in the suspicious event occur according to the Level of Severity (Abnormality to Crisis). Additionally, alerting system and communication channel are in place.
- To install a firewall system and equipment and a threat surveillance system at the head office and stores. A monthly meeting ensures that a new threat is monitored and inspected while an attack report and a solution's outcome are discussed as part of information to devise a preventive measure.
- To perform a penetrating testing and vulnerability assessment on a regular basis to assure the effectiveness of the current system.
- To roll out an information security management in accordance with international standard such as ISO/IEC 27001 (Information Security) which is a standard guideline of Information Security Management System (ISMS)
- To enhance a continual awareness of safety cyber pertaining to a threat, prevention and related IT laws amongst workforce through all internal communication channels and training. Similarly, an E-learning training allows associates to access the system regardless of location and time and an assessment ensures that the online learning tool will be improved for better use. Associates at all levels can partake this educational program.

For further details regarding Cyber Security Policy, please find on the Company's website at http://hmpro.listedcompany.com/policy_document.html.



Associates care



Challenges

The Company prioritizes associates as important resources to drive the organization to success. Currently, challenges in need of the Company's priority include competition in labor market, attraction and retention of potential and competent associates to the organization and associate engagement.

Management

The Company cultivates organizational values that look appealing to prospect employees while retaining potential and competent associates and ensuring thorough care and fairness. The accomplishment is monitored continuous by the indicators of the survey result on associate engagement to the organization for management development.

Goals

1. To drive organizational engagement to exceed 87%
2. To enhance associate knowledge to reach 96%
3. To achieve zero accident

Strategies

1. To ensure thorough and fair associate care to foster organizational engagement while attracting potential and competent candidates.
2. To augment associates' competency and leadership.
3. To promote the awareness of safety, risk reduction and disciplined work supervision.

The performance of associate care in 2019



Personnel Recruitment

Associates are crucial resources in driving the organizational success. The Company, therefore, stresses an emphasis on the recruitment and retention of high potential associates while raising the organizational values to attract competent candidates to the organization.

Social media and online technology such as Facebook and LinkedIn are additional tools to widen the scope of recruitment process. They publicize a vacancy and impart application information to candidates. Social media is used in conjunction with the Company's workforce recruitment process which features easy search and higher associate recruitment effectiveness. Furthermore, the Company places an importance on the recruitment of knowledgeable newcomers who fit in with job position as well as the organizational culture. Various staff recruitment campaigns were implemented by the Company in order to find the candidates with potential; such as Bilateral Scholarship Program, the Happy Home Town (Suk-Jai-Klai-Baan) project, and the Employee Referral program.

► Bilateral Scholarship Program

The Company provides Scholarship included High Vocational Certificate Level and Bachelor's Degree under Bilateral Scholarship Program. Additionally, the Company 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. In 2019, there was 398 Scholarships for High Vocational Certificate Level and 30 Scholarship for Bachelor's Degree with total value of 12,356,400 Baht. In 2019, there were 146 students graduated from this program were admit as HomePro associates.

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

Retail Program (High Vocational Certificate Level)

Year	Batch No.	No. of Participating Institutions	No. of Scholarships	Scholarship Amount (Baht)
2012	1	6	64	1,843,200
2013	2	9	123	3,542,400
2014	3	20	183	5,472,000
2015	4	35	258	8,064,000
2016	5	41	169	4,867,200
2017	6	51	290	8,092,800
2018	7	55	338	9,734,400
2019	8	68	398	11,462,400
Total			1,823	53,078,400

Bachelor's Degree

Year	Batch No.	No. of Participating Institutions	No. of Scholarships	Scholarship Amount (Baht)
2015	1	2	36	4,096,000
2016	-	-	-	-
2017	-	-	-	-
2018	2	4	22	3,312,000
2019	3	6	30	864,000
Total			88	8,272,000

Happy Home Town (Suk-Jai-Klai-Baan)

The Company provides the opportunity for associates to go back to work in their domiciles under program "Suk Jai Klai Baan" to enhance their happiness. In 2019, there are 85 associates participating in this program

Year	No. of Associates engaged	No. of Accumulated Associates engaged
2016	241	1,081
2017	76	1,157
2018	105	1,262
2019	85	1,347

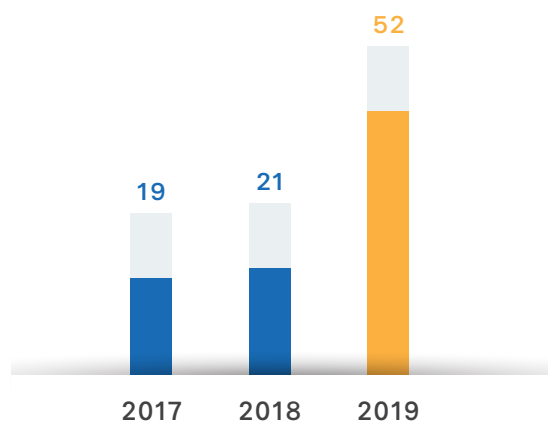
The Referral Program

The campaign seeks associates with qualifications in line with the job role and organizational culture. This broadens channels and opportunities seeking a competitive vacancy. Incentives are awarded to associate who refers a successful, competent candidate.





Elderly employment (No. of person)



► Empowering Elderly Employment (Young Smart Project)

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 Elder Persons, Ministry of Social Development and Human Security. The Company has recruited elders as service personnel's both at stores and at head office. Currently, there are 52 elders working at HomePro.

“ Working at HomePro after retirement has been giving me exercises physically and mentally, along with colleagues to eliminate loneliness and extra income with my pride to reduce burden of my children. In this regard, I would like to thank HomePro for valuing capabilities of elderly as well as giving opportunity for employment at HomePro. I am very grateful for this opportunity. ”

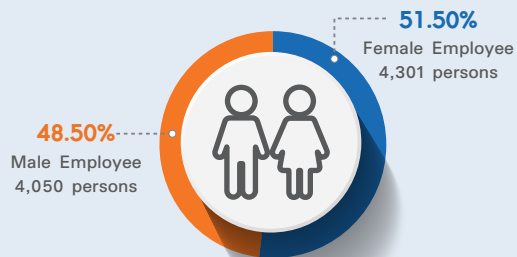
Ms. Wanpen Thongthara, 63 years

Senior Associate Goods Receiving Department

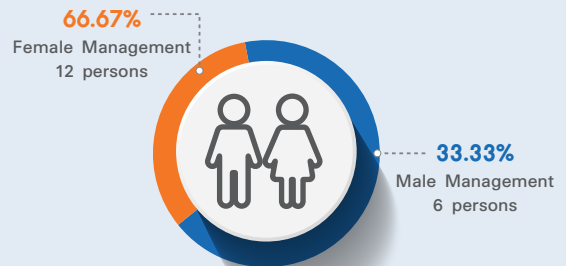


Associate Profile in 2019

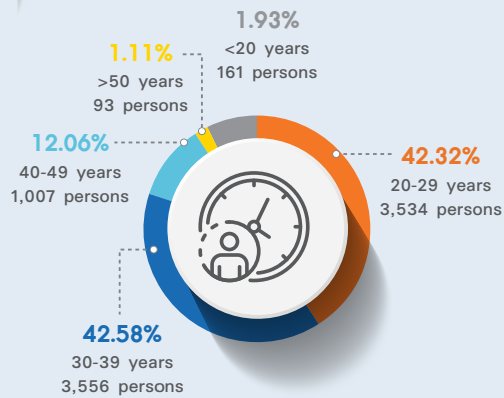
Associate by Gender



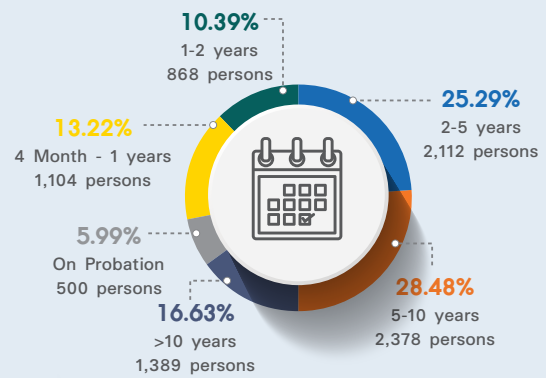
Management by Gender



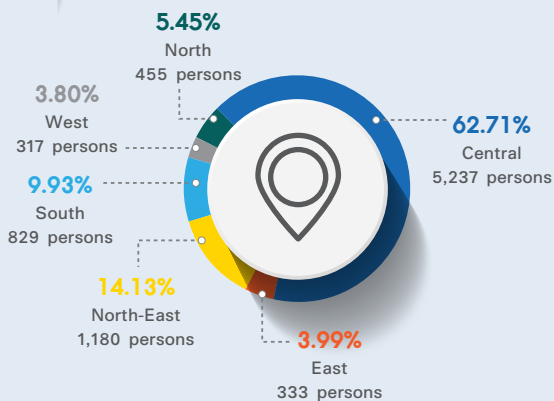
Associate by Age



Associate by Years of Service



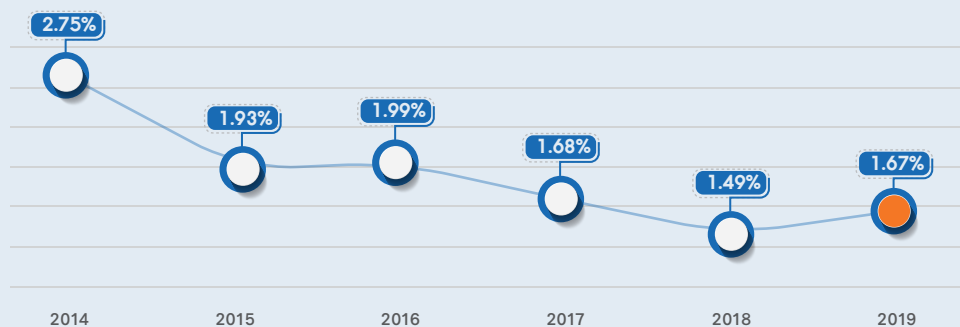
Associate by Region



Associate by Type of Employment



Average Monthly Associate Turnover





Associate Trainings and Development

The current organizational challenge lies in the retention and development of associate competency which is vital to drive business. The Company prioritize on the associate development to ensure potential and responsibility toward their role and the customers by offering life-long learning and development so that career growth is part of sustainable organization advancement.

The Company use multi-design and training development process to accommodate and keep abreast with changes such as Experimental Learning, On-the-Job training, Coaching and Mentoring culture. The supervisors are encouraged to be the trainer which will enhance development both self and others. Also, Tactic knowledge is applied to create explicit knowledge in forms of tools, medial, manual to communicate internally. In addition, soft-skill development with in classroom training applied Model 10:20:70 along with doing workshop to increase knowledge transfer.

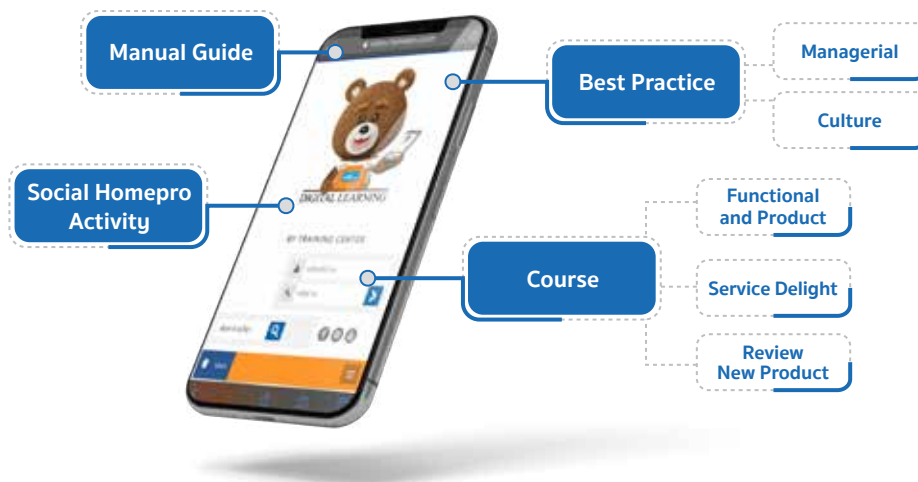
▶ Ma Share (Let's sharing) Program

The Program focuses on gathering knowledge that is essential for successful career path or perspectives on career, and beneficial elements for career and everyday life in which associates can use for coaching and sharing within the organization. Digital Learning consists of 4 parts as follows:



▶ Digital Learning

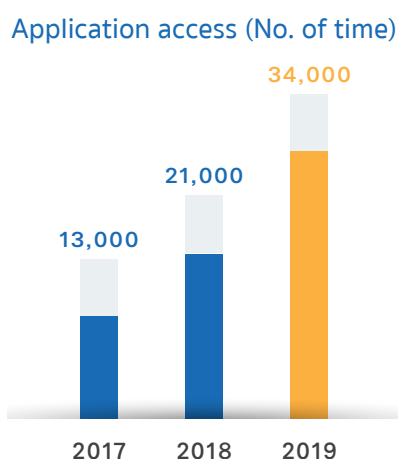
Technology in digital world plays an important role in organization development in many aspects. Thus, the Company has developed a Smart Phone base training system under the concept of "Learn Everywhere Anytime" called Digital Learning.



This important learning tool consists of short, concise, and interesting content for associates to apply.

1. Basic Functional Skill: Basic knowledge for regular operation. To inform associates about important basic information under the same standard e.g. daily operation procedures, product knowledge for each department, customer service standard, etc.
2. Best Practice: Case studies from real events that occurred in the Company. Introduce innovation from associates to associates within the organization for learning and further application.
3. Self-Learning: Information and technique for enhancing work efficiency e.g. promotional information, Home Service, sales technique, customer service technique, Employee handbook etc.
4. Interactive: Activities that promote and build good relationship among associates e.g. opportunities for associates to share idea, working process, and open to participate in many activities to win prizes during festivals.

In 2019, the Company expand scope of learning through Digital Learning for associates both in Thailand and Malaysia which covers more than 74 courses, Culture enhancement for the Company, Management course, and Manual Guide in various aspects. In 2019, there were over 34,000 accesses in Digital Learning.



➤ Talent Management

The Company emphasized for associate development as well as shaping employee's behaviour to be in accordance with organizational culture along with building excellent leadership in accordance with personnel development strategy. The Company has clearly developed the plan of career path along with associate development plan for all associate levels. These would continuously enhance skills, knowledge, and capability. In order to adapt, transform, and develop, not only the Company annually reviewed the Succession Development Plan and Personnel Development Plan to prevent retirement and resignation for each level ascertaining business continuity but also arranged Personnel Development Program for senior management team and associates at any level so that these personnel are ready for promotion. This includes: In collaboration with a consulting company, DDI Thailand, the Company arranged Talent Development Program for division managers under the name of "Young Talent Program", which was divided into 3 stages as follows:

Stage 1: The program started off with a skill test, which such skills are essential to drive the Company and career path forward, reflecting strengths and weaknesses for each individual. Next, the Individual Development Plan was applied to strategize the development for each individual. The skill test was conducted by using the Leadership Readiness Assessment (LRA) of DDI.

Stage 2: The skill test results were used to structurize the courses for improving foundation skills of associates such as Communication and Coaching for Peak Performance and Creating a Service Culture. This involved the application of essential tools including Assignment, Group Coach, and Mentor whereby mentors of DDI provide discussion, consultation, and support at the end of the seminar.

Stage 3: The experts from DDI conducted the interview to assess the skills of the talent at the end of the program. The results showed that 92.9% of the talent achieved their IDP.

The Talent Development Program for vice president and assistant vice president under the name of 'VP/AVP Talent Management'. The stages of the program are identical to the Young Talent Program. The only difference is that 360-degree feedback can be reflected upon before and after the VP/AVP test. The results reflected a 5.3% skills improvement.

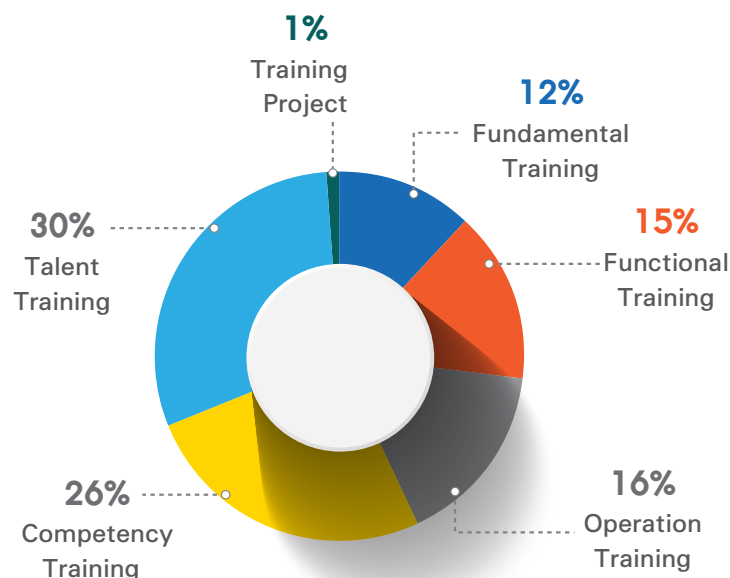


The Company set up 3 level for Monitoring and evaluation process which comprise of:

1. Efficiency Evaluation included training was set up as plan, training satisfaction, and skill of coach
2. Effectiveness Evaluation included gain of knowledge and skill, thereby the training department would conduct knowledge survey in each store at least 2 times per year. For Soft Skill Program, the Company monitors application of knowledge and change in behaviour through Model STAR, quality information collection.
3. Impact after training to business by monitoring sales and service satisfaction after training such as sales increase, customer satisfaction, increase in compliment, decrease in complaint.

Information on training performance

Details of training	2019	2018	2017	2016
Training Statistics				
Classroom (person)	10,448	8,591	5,314	11,781
OJT (person)	1,377	1,922	1,690	1,802
Digital Learning (person)	21,208	21,097	19,864	-
Classroom (hour)	88,042	83,934	57,559	104,558
OJT (hour)	401,820	347,379	489,448	585,560
Digital Learning (minute/person)	15.83	16.43	16.14	-
Average Training Hours per Participant per Year	53.83	49.53	48.72	77.24
Associate's knowledge	91.52	87.91	95.4	13.0
Training and Development Investments (million THB)	14.00	14.83	11.03	7.08
Return on investment (Ratio) ¹	441	379	444	583
Net profit per associate (million baht/associate)	0.57	0.52	0.46	0.38



Remark: 1. Return on investment is based on net profit to training expense.

Career Path

Career path management was a tool for systematic associate 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 motivate associates for self-improvement and build good engagement with the organization.

Apart from the associate 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 associate would be directed by their supervisors including;

- **Individual Career Plan (ICP)** the projection of short-term and long-term career growth of associates considered by current competencies comparing to the expectation for a higher position.
- **Individual Development Plan (IDP)** the determination of associates' skills that should be developed with the procedures defined in the Individual Career Path Plan such as on-the-job training, coaching, and Project

Assignment. Associates would be monitored on their IDP progress and receive feedbacks from their supervisors every 6 months. It would be in terms of development progress and discussion between associates and then supervisors to continuously develop capabilities for the future career growth. The capability assessment accumulated as foundation to be ready would be the same in all levels and positions for associates to freely rotate across 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 of talent group, and creation of successor, which was one of development plans for the leaders along with the growth of organization.

Associate Retention

Associates lay a foundation and serve as the essence part of advantageous competitiveness and sustainable organizational growth. The challenges of human resource management are attested by the importance of happy organization promotion for effective performance and workforce by providing beneficial environment and motivation to freely drive innovation, together with the management of individual difference as per generation and gender in workforce to achieve harmony and organizational engagement.



Work environment is inspected regularly to ensure that light, sound, air quality, humidity and temperature suit the working requirements as prescribed by law under the objective of 'Happy to Work' notion which promotes Happy Workplace, Teamwork, Think Good Do Great and Stay Healthy.

- The company considers the welfare of their associates, including endowing considerable benefits which are adequate for their associate and family to pursue a fulfilling life (Living Wage) including food, housing, clothing, healthcare services, saving, extending to recreation for associates and their families. The company has hired human resources experts as consultants to study and determine policies pertaining to the associate's fair compensation and welfare. The associates are given work and living benefits which are superior to the labor market, as referenced in Thai Retailers Association. This includes, higher than minimum pay, travel expenses, additional pay for multi-languages knowledge, provident funds, cost of living allowance, position allowance, phone expenses, health insurances, accident insurances, associate's uniforms, buying limit to purchasing products using staff price, emergency money, emergency loans without interests, visiting items when sick, wedding money subsidies, subsidies, funeral expenses and scholarship programs for children.
- **Evolving technology** in Human Resource Management System (HRMS) in which associates could manage by themselves (Employee Self Service) for checking working profile, taking leave as well as welfare disbursement. The system would help reduce the approval process so that associates could efficiently manage their time attendance with accuracy and fast, and this was the result of openness for associates' feedbacks to improve the system. These provided the mode for associates to access HRMS system anywhere anytime with convenience and fast.
- The **Flexible Working** Hour policy offers multiple slots of attendance and leave time, such as 08:00-17:00, 09:00-18:00 and 09:30-18:30 etc. The program enables associates to self-manage their time to best facilitate their lives and personal requirements. In 2019, there were 120 participants or 7.14% of all associates in the head office.
- Offer opportunities for associates to **"Work from Anywhere"** whether at home or outside working place which the Company provided suitable equipment, system, and communication channel to appropriately accommodate their lifestyle.

- **Respect associates' rights** without prohibition to establish or participate in the labor union. Moreover, the Company was open for giving advice to associates in all aspects of both working and personal issues. The consultation is open for both individually or group discussions, by allowing associates to communicate directly with their supervisors, or through committee representatives. The discussion could be also done with human resource team, supervisors, representatives, or complaint channels for the human resource division to rectify 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 associates has participated in any labor union.



- Allow associates to gather and form sports and recreational activities clubs (**Sport Club**) as preferred and volunteered, such as sports club of football, badminton, table tennis, and fitness, jogging, and yoga.
- The **HR Clinic** program offered consultation and some advice to solve their personal problems ranged from depression, stress, work or family problem etc. Experts with consultant experience from the Human Resource Department provided mental treatment via a telephone conversation or an appointment of a personal session. Activities for mental self-awareness i.e. meditation were held throughout the year

- **HomePro Nursery** provides child care to associates' children during a school holidays. This aims to lessen the burden of parents who work during day time and cannot find a babysitter. The program covers improving self-development ability, training children to socialize and live in harmony with the others in society. It also bolsters organizational loyalty and engagement among associates. The HomePro Nursery service runs on weekday from 09:00 to 18:00 hrs. In 2019, the company also provides child care out of school hour to associates' children on weekday between 16:00 to 18:00 hrs whereby a total of 45 associates engaged.



Ergonomics risk assessment ensured that working station settings were suitable and lowered ergonomic pains in workforce. The investigation suggested that the Ergonomics risk associated associates entailed improper gesture and working environment. As such, the Company organized ergonomic trainings to imbue employees with correct postures while amending working station to fit operational requirement. Furthermore, in 2019, Thailand encountered air pollution (PM2.5) crisis that is harmful to associates. The Company responded by installing air purifier internally and measure the air condition of the surroundings before reporting results to associates. Furthermore, the Company controls and maintains the air quality within the building to ascertain quality of the air and health of associates.



Health check-up is performed alongside a follow-up on a yearly basis together with tracking associate medical record. It was found that the main health problems are Office Syndrome, Respiratory disease, Dyslipidemia. The Company arranged various activities both preventive measure and promoting healthy habits as followings:

- Host exercise activity regularly by rubber equipment in order to reduce Office Syndrome for associate who has treatment history of Office Syndrome. The activity in conducted by professional physiotherapist
- HomePro Low Fat activity was organized to raise awareness on associates' health by measuring Body Mass Index (BMI) of selected associates whose health may be at risk, by provide training on building good health habits. Additionally, awards are given to winners participating in self-care. Fitness center is also proved to associate on daily basis during 06:15 - 22:00.
- Promote HomePro Funwalk activity, encourage associate to exercise in their daily life by walking or running. Mobile application has been used to track steps of project participant. The person who records the targeted steps as the first one will get award. Participant under this program have average of 8,000 steps per day which higher than average of 4,764 steps of Thai, studied by Stanford University.
- Organized Health Talk session with jogging expert, Kru Din, a former marathon national team, that provides knowledge on body flexibility in order to perform warm up, cool down, and run correctly according to principles of sport science. Moreover, this will influence associates to exercise and have good health both physical and mental.
- Offer flu vaccination to associates and their family members, which covers influenza that is widely spread through respiratory system. In 2019, 323 of associates, or 0.29% were vaccinated.
- The Company has monitored the health record of participant of the activities as above. Having the annual health check in 2019, 43% of associates in the head office, their cholesterol level are in normal range below 200 mg/dL.



Human Rights Management

The Company is committed to human rights policies stated in the Company's operational code of conduct guideline. Human Right Due Diligence Process was put in place while human rights risks are assessed through 2 key factors – risk's impact and risk's possibility. The risk level are classified into three types - low, moderate and high. After risk issues have been identified, operational planning, solutions and preventive measures are implemented while audit and follow-process up are also employed. Also among imposed actions include supplier's selection criteria based on equality and fairness, emphasis on associate human rights, professionalism and social and environmental issues.

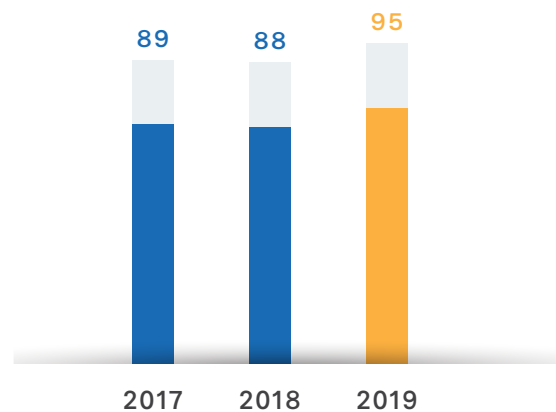
The Company rolls out a risk assessment on human rights for all associates. As for suppliers, the Company devises the Supplier Code of Conduct guideline on human rights risk management and conducts suppliers' human rights risk assessment by which individuals or groups i.e. children, the disabled, forced labor and, illegal labor are deemed as potential impact groups. In 2019, risk assessment was at low level.

The Company support international principles and human right's goal such as Universal Declaration on Human Right, Declaration of Fundamental Principles and Right at Work of International Labor Organization(ILO)

Employment for the Disabled

The company has non-discrimination and equality of employment policy, by employing disabled according to the employment law of the disabled. The company also support and promote disabled to work in the same position as normal people such as sales, maintenance, call center, delivery service, administration, etc. In 2019, the company has 95 disabled associates.

Disabled employment (No. of person)



Safety and Health

Accident = 0



Safety requirements and standards



Manage operating risks to prevent losses



Safety rules for suppliers and contractors



Promote safety safety culture within organization

Safety and health of associates are key factor that the Company have to focus and manage the proper environment in the workplace. The Company selected the toxic-free equipment to prevent pollution and chemicals residual 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.

The Company constantly measured the working environment such as the brightness of light. In addition, safety policy was determined by assigning to such department that specifically responsible for safety to provide knowledge, inspect, recommend the working environment, risk assessment for equipment, and promote safety campaign as well as result monitoring. The Company assessed risks to health and safety of associates under duties of loss prevention department. Since many tasks in the store involve health and safety risks to associates, the Company provides knowledge and training on equipment usage on a regular basis such as ladder trolley and Car Hand Jack to ensure correct usage and safety.

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 principle and follow International Labor Standards (ILO) 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 contractors must also provide life insurance to their workers in case of death while working, additional to what is defined by the law.



Award presentation of 2019 Thailand Occupational Health and Safety at Bangkok International Trade & Exhibition Centre (BITEC) Bang Na

With numerous campaigns and emphasis on safety, the Company received awards relating to health, safety, and working environment from various organizations in 2019 as follows: "Zero Accident" Award from Thailand Institute of Occupational Safety and Health (Public Organization), Silver prize in 3 stores, Copper prize in 22 stores, and entry level prize in 47 stores.

Statistical of Accidental Rate

Detail of Accidental Rate	2019	2018	2017	2016	2015	2014
Accidental Rate/store ¹						
Lost time Injury Frequency Rate ² (Lost time Injury Frequency Rate: LTIFR)	0.41	0.14	0.16	0.16	0.16	0.20
- Associates	10	7	5	6	1	14
- Outsource	11	4	4	20	1	7
Lost time Injury Severity Rate : LTISR ³	118.06	0.25	0.28	0.33	0.26	0.32
Fatal Accident (time)	1 ⁴	0	0	0	0	0
Occupational Illness (Occupational Illness Frequency Rate :OIFR) ⁵	0.0000738	0.0001278	0.0001066	0.0001025	0.0001023	0.0001022
Death (person)	1 ⁴	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 hour
 4. Occured due to Force Majeure
 5. Number of cases / Total working hours

Measures taken to prevent accidents

1. For high risk tasks involving height and creating sparks such as cutting, polishing, drilling, and welding, the technicians must notify the lost prevention department to grant work permit before performing tasks whereby the lost prevention department will inspect sites and Personal Protection Equipment (PPE).
2. Conduct safety survey before scaffolding to ensure safety of technicians.
3. For the workplace inspection, the foreman will supervise the entire period of work and the loss and prevention department will hourly inspect the safety during work.
4. The Operational Standard team will amend the stock count standard as follows:
 - Scaffolding for stock count must not exceed 2 stories (Maximum height <3.5meters).
 - In the event of scaffolding over 2 stories (over 3.5meters), technician must use forklift to lift stocks or Pre Count stocks for stock counting.
5. Assign scaffold assembly of 2 stories or less to the maintenance team.

6. Before performing stock count, associates must complete a workshop on safety for tasks associated with height organized by the loss prevention department.

The Company conducts associate satisfaction survey annually as well as analyzing results to foster strong relationships within the organization, thus, the Company has lower associate turnover rate than peers within the industry.

Results

Associate Satisfaction survey result

Year	% Male	% female	% Total
2014	-	-	86.4
2015	-	-	86.4
2016	88.0	87.2	87.4
2017	87.3	87.1	87.2
2018*	88.2	87.6	88.1
2019*	83.8	84.3	84.1

Remark: *Since 2018, there was revision in Satisfaction survey's criteria to Employee Engagement.



3. Efficiency Development



Challenges

The limited amount of natural resource is a significant factor that increases the awareness among all parties of accessibility and sourcing of natural resources on hand and a risk of deficiency for years to come. Industrial expansion, urbanization, rising electricity cost and environmental changes i.e. climate change, drought, flood and garbage and waste dispose management - all of them are potential impacts on operational cost or the organizational reputation.

Management

Energy sourcing diversification is based on new sources, machinery and equipment improvement for energy consumption efficiency, eco alternative energy, strong direction and strategy formulation for integrated resource exploration, increase in reuse/recycling portion, and the application of carbon footprint assessment criteria to resource usage efficiency evaluation.

Objective

1. To lower energy per area from base year by 40% by 2025.

2. To maintain the amount of electricity production from Solar Renewable Energy project at the minimum of 30,000,000 kilowatt-hours (kWh/year)

Strategies

1. To amplify operational process efficiency through alternative energy or less natural resource consumption.
2. To bolster workforce awareness on energy conservation.

The Operation of Efficiency Development in 2019 Environmental Management System

Determined to be a role model organization with sustainable development and growth based on operational excellent, the Company's operate business in compliance with laws, regulations and standards on both domestic and international levels through our effective integrated environmental policies and management. The Company has established challenging energy consumption targets, a monthly inspection and an effective and cost-conscious energy use campaign of far more superior standard requirement to lead to sustainable environmental management.

The following is an example of the Energy Return On Investment (EROI)

The electricity generation of solar cell roof of the HomePro stores, Mega Home and Market Village produces solar energy in place of the transmission system. In 2019, 30 stores employed the solar technology and produced 32,376,668 kWh per year, reducing carbon dioxide emission by 18,429 tCO₂e per year.

$$\text{EROI} = \frac{(\text{Environmental benefits} + \text{Economic Gains}) \times 100\%}{(\text{Capital Investment} + \text{Operating Expenses})}$$

$$= 13.9\%$$

Electricity Consumption

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

In 2019, the Company adopted power-saving techniques by installing Building Control Monitoring System (BCMS) for Energy into many stores, enabling automatic building control and management. The system connects every system within the building that can monitors and controls the main systems within the building such as electricity, air conditioning, and ventilation system. Consequently, this led to a decrease in the overall power consumption. The Company also simultaneously compared the index of Specific Energy Consumption (SEC). As a result, in 2019 the power consumption has decreased by 31% from the base year of 2014.

Performance

Year	No. of Stores used for calculation	Electricity Consumption (GWh)	Electricity Consumption per area unit (kWh/Sq.m.)
2014	63	155	370
2015	72	159	307
2016	76	158	293
2017	80	158	276
2018	80	144	252
2019	81	147	256

Remark: In 2019, the solar roof installation is still in progress.

Measures taken to reduce electricity consumption in 2019	No. of stores	Amount of Electricity Decrease (kWh/y)	Amount of Ton CO ₂ Decrease/year
Change from High Bay 250W IN-Out Sign Light to LED 100W	10	12,096	7
Change from High Bay 400W Pylon Sign Light to LED 200W	20	74,880	44
Change from T5 250W Street Light around the building to LED 130W	22	14,083	8
Building Control Monitoring System (BCMS)	4	229,590	134

Remark: kg CO₂ / kWh = 0.5821 reference from Thailand Greenhouse Gas Management Organization

► Solar Renewable Energy

Solar Cell can transform solar energy into electrical energy. The electricity generated from solar cell to DC (Direct Current) can be used instantly. The Company seek for the Solar Renewable Energy approach by installed solar panels to generate electricity for its own use in HomePro, Mega Home and Market Village to generate solar electricity replacing of traditional transmission electricity. In 2019, there were 30 stores that installed solar roof.



Performance

Year	No. of Stores with Solar Roof	Accumulated No. of Stores with Solar Roof	No. of stores generated electricity	Electricity Production (kWh/year)	CO ₂ Reduction (tCO ₂ e/year)
2015	1	1	-	-	-
2016	11	12	12	1,237,806	701
2017	19	30	12	13,675,324	7,760
2018	-	30	30	31,464,766	17,910
2019	-	-	30	32,376,668	18,429

- Remark:
1. In 2017, solar roof was installed on HomePro Chaiyapruke store, in addition to the existing solar panel that was already installed at the parking area back in 2015.
 2. Co₂ commission from electric by production in 2016 tCO₂ /MWH = 0.5661 and 0.5692 tCO₂ /MWH since 28 September 2017 reference from Thailand Green House Gas Management Organization.

The company was registered in the voluntary greenhouse gas reduction program of Thailand (T-VER) and received carbon credit certification from Thailand Greenhouse Gas Management Organization (TGO) for Solar Power program on the roof of Home Pro, Mega Home Stores, and Market Village. In 2019, there were 30 store registered under voluntary greenhouse gas reduction program of Thailand (T-VER).

Furthermore, in August 2019, the Company received pilot building award from Thailand Greenhouse Gas Management Organization for energy efficiency promotion and greenhouse gas reduction, where 3 stores were awarded including HomePro Petchkasaem, HomePro Khon Kaen, and HomePro Chiang Mai Sansai.

► Carbon Footprint

As carbon dioxide (CO₂) was one of greenhouse gases causing the global warming potential, the Company was well 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



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.

Year	No. of Calculated stores	Unit (Ton CO ₂)		
		Scope 1	Scope 2	Scope 3
2015	72	1,103	91,535	25,678
2016	76	1,095	89,343	25,165
2017	80	978	91,884	24,551
2018	80	659	83,903	26,715
2019	81	46	84,684	28,261

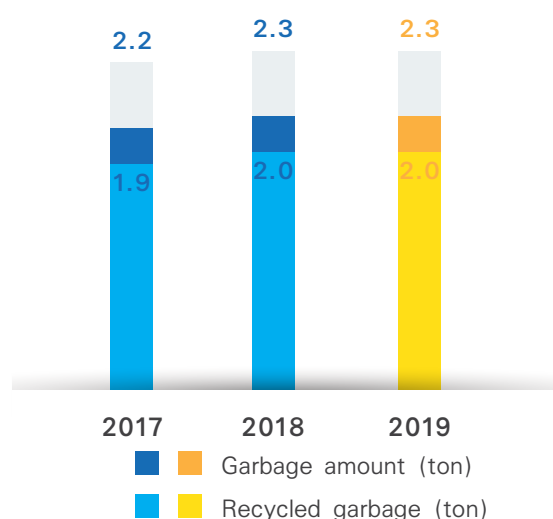
Garbage and Waste Disposal

The Company's waste disposal sorting process in the headquarter and selling areas were divided into 3 categories including (1) recycled waste, (2) wet waste, and (3) chemical waste. To manage recycled wastes such as paper, plastic, and glasses, the Company will categorize recycled waste and offer an auction with waste recycle operators every 6 months or 1 year 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 supplier for the proper toxic waste disposal.



The company participated in the Public-Private Partnership Project since 2017 for promoting the separation of hazardous waste and electronic waste, under the guideline of “Public-Private Assent, Hazardous Waste Disposal”, which is a collaboration between Pollution Control Department, Ministry of Natural Resources and Environment and 12 private agencies. This project was intended to promote

Amount of garbage and waste (ton)



awareness about safe disposal of hazardous waste. The company has set up 5 hazardous waste disposal points (or Drop off) for 5 types of waste including mobile phone battery, mobile phones, battery, fluorescent bulb, and contaminated container such as spray bottle. These disposal points are meant for proper waste collection of Bangkok Metropolitan Administration.

In accordance with the 13th principle 'climate action' of the Sustainable Development Goals (SDGs), the Company has teamed up with the Stock Exchange of Thailand in the project 'Care the Bear: Change the Climate Change by Eco Event' to counter the global warming through activities and eco events regarding carbon footprint reduction.

» Do Good together with HomePro

In 2019, the Company encouraged tenants to recognize the impact of plastic and foam on the environment, thereby inviting tenants to join 'Do Good together with HomePro' campaign by terminating the supply of plastic bags, plastic cup, and foams. There were 9 tenants participated in this campaign that reduced 65,000 plastic bags, 102,500 plastic cups, 58,000 of boxes or foam cups, and 14 tons of CO₂ emission reduction that is equivalent to planting 1,561 trees annually.



The Company applies the Circular Economy model to manage its waste by promoting maximum resource efficiency through manufacture, consumption, and waste management procedures including Reuse, Recycle, and Re-material that will lead to a sustainable system. The Company promotes through 'Old TV Exchange for new' project and 'Give it Forward, get new one, good promotion, good merit' project that allows customers to exchange used items for discount of new electrical appliances items.

» Old TV Exchange for New

Currently, the advanced in technology has led electronic products to be quickly outdates, especially televisions that changed from the analog system to digital system. As a result, customers' behaviour changed upon the evolution in technology so that old television 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 exchange for New". The objective of this campaign is to encourage customers and other people to donate their used televisions that are 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 2019, 149 TVs were donated by customers and the Company delivered to school and government agency to give TV for those who have less opportunity.

No. of TV Donated	2019	2018	2017	2016	2015
World Vision Foundation of Thailand	-	-	-	-	761
The Mirror Foundation	-	-	1,439	497	-
School	2	160	-	-	-
Local government agency	147	97	-	-	-
Total	149	257	1,439	497	761

» Give it Forward Project, get new one, good promotion, good merit

The Company rolled out 'Give it Forward Project, get new one, good promotion, good merit' for donation of major appliances: refrigerator, washing machine, cloth dryer, air conditioner. Customers who donate the old appliance will entitle to purchase those new major appliances at a discount and free delivery and installation. Moreover, the Company also deliver old major appliance with good condition to The Mirror Foundation and World Vision Foundation of Thailand. These could improve quality of life to those who have less opportunity. There were 3,003 major appliances received from the customers and delivered to the following foundations in 2019.

Appliances donated	2019	2018
Yuvabadhana Foundation (Pankan)	825	101
Mirror Foundation	2,178	177
Total	3,003	278

Ecological Management

The Company plans to continuously open new stores which may affect the ecosystem. The Company recognizes the importance of biodiversity and values environmental restoration. Therefore, the Design Division of Business Development Department has been assigned to survey and study the ecosystem around the construction site of new store, and to maintain the ecological balance in a proportion that is appropriately in harmony with the design of the building. The major part of the ecosystem that the Company will maintain are big trees. The architect will collaborate with experts to move the trees to more appropriate locations around the building. In addition, urban planning and environmental assessment are conducted before designing the building, such as ventilation and drainage system, to provide effective drainage channel without causing flood or affecting the community.

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 water usage. Moreover, the Company chose water from natural sources such as artesian wells for watering plants (with the grant of the government).

Details of water consumption are as follows:

Year	No. of stores included in the calculation	Water consumption (cubic meter)	Water consumption per store (cubic meter)
2014	63	1,043,878	16,569
2015	72	924,371	12,838
2016	76	850,195	10,627
2017	80	935,984	11,700
2018	80	895,156	11,189
2019	81	934,034	11,531

Other Campaigns to associate for the Efficient Use of Resources

- Cultivate the environmental awareness by encouraging for associate not to bring plastic bag from outside into the workplace along with distributing cloth bags to each associate. This is to enhance the awareness of global conservation and encourage all associates to participate in plastic bag reduction together.
- Encourages associates to stop drinking water from plastic bottles and cups by providing reusable water bottle to all associates intended for reuse purposes. Moreover, the Company terminated the supply of plastic bottled water to visitors and replaced those with water in biodegradable cups,



which subsequently reduced 43,200 plastic bottles and 3.1 tons of CO₂ emission that is equivalent to planting 350 trees annually.

- Provide knowledge and training to associates regarding environmental conservation awareness as well as internally promote energy saving procedures in office via PR boards, intranet, and “HomePro Go Green” project
- Encourage the reuse of material such as 2-side use of paper
- Turn-off air conditions and lights when no one uses a room for a while
- Change switches to be a non-off system, and associates would be responsible for their own desks
- Promote energy-saving activities such as “HomePro Fun Walk” for associates to walk upstairs 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 quantity of energy usage or cost saving but would cultivate the habit and awareness of associates in their daily life and future behaviour which would further be carried on to their families and society.

Environmental Management of Subsidiaries

DC Service Center Company Limited

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 are 881 associates 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 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 by avoiding “on peak” period.

- Control lighting illumination times, and have an action plan to reduce electric consumption every year.
- Reduce the number of battery-powered forklift, push cart by using electric trailer which increase loading capacity from 2 pallets per trip to 6 pallets per trip.
- Reducing paper usage from printing Tag Label for the picking and storing of products by sending information through the Hand-Held system.

➤ 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.

The company imposed a policy aiming to reduce the Carbon Dioxide emission from transportation caused by the combustion of fossil fuels. The company applied the “Green Transport and Supply Chain” concept to enhance logistic efficiency in order to reduce the number of delivery trips. As a result, the company was able to reduce the fuel consumption and the emission of Carbon Dioxide simultaneously.

The elements of “Green Transport and Supply Chain” concept are as follows:

- Full Truck Load delivery concept: Set up the weighing platform and the control loading system to maximize product volume per delivery.
- Consolidation: Combine deliveries by planning the route and schedule to deliver more drops to customers and to multi-stores to drop in one trip.
- Back Haul: Using empty trucks to collect products from manufacturers to the warehouse or HomePro store instead of taking empty trucks back. In 2019, the company provide logistic system for Mega Home Co.,Ltd.Thus, the Company can manage better Back Haul project more efficiency as there is no limit between Companies. Moreover, the Company set up working process in order to further increase efficiency.
- The size of the container was enlarged from 40 feet to 45 feet to increase the capacity of transportation per trip and could reduce the number of trip effectively.

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, and planting tree to maintain shady surrounding. There were also the energy-saving control and environmental conservation as follows:

- Set turn-on and turn-off times for air conditioning system and avoid starting cooling system during the peak load 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 assist customer to find parking lots that could also help customers save energy

- Manage preventive maintenance in accordance with the cycle of operation, evaluating machinery efficiency of each technique, checking the operation pattern of the building and adjusting temperature and air condition system to be in line with the weather conditions each day.
- Install solar panel on roof to generate electricity supplied for own use.

Mega Home Center Co., Ltd.

Mega Home operated the integrated retail and wholesale of home related products. It started the environmental responsibility through installation of solar power-based alternative energy. Solar cells on the roof of Mega Home generate solar power to edge out electricity on transmission system. In 2019, 7 stores adopted this technology. Also, water management includes water-saving toilet bowls, faucets, bidet, and sensor faucets with proper timing water usage. Furthermore, groundwater was also used as well as recycled water from wash basin was transmitted to toilet boil.





4. Supply Chain Management



Challenges

To thorough supply chain management, which comprise of supplier, the Company, and customer, is important to achieve sustainable business. It is essential that conformity to laws, ethical operation, risk management and an anti-corruption program be implemented in order to avoid business interruption and tarnished reputation.

Management

Through the Company's measures, comprehensive supply chain management is carried out together with follow-up system. Monitoring system involves key indicators such as risk assessment outcome, suppliers categorization, supplier governance and assessment and supplier development to ensure sustainable operation of the entire supply chain.

Goals

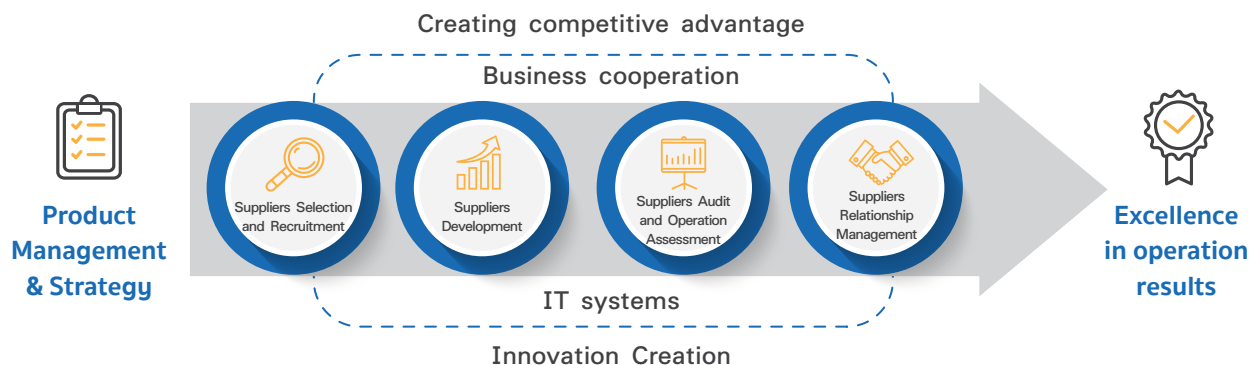
1. To raise the response of survey on supplier's sustainability to be 80%.

Strategies

1. To select and inspect suppliers with sustainable operation potential.
2. To assess a risk of corruption while disseminating anti-corruption knowledge to suppliers.
3. To develop and leverage supplier's potential to sustainability in the areas of economic, society and environment.

Operation of Supply Chain Management in 2019

Risk assessment and classification for suppliers



With the commitment to maintain the product quality and safety to customer, 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 & Traceability
5. Warehouse Management
6. Quality of Delivery
7. After Sale Service
8. Environmental, Social, and Governance dimensions (ESG)

The Company conducts Spending Analysis on supplier list, ranks the Top 10 suppliers to determine who are the key suppliers, and use the information to manage the risks incurred by these suppliers. In 2019, 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 per month in 2019, along with supplier audit of Non-Private Brand group.

Suppliers Selection Criteria

The Company focuses on the importance of supplier selection through a standardized and fair selection processes with equal treatment. The Company considers having partners that are well-known, have ethical sourcing,

professional, considerate with social and environmental issue and focus on welfares of their associates in accordance with labor standards, without violating environmental and labor regulations as specified in the procurement agreement, as well as encourage and promote suppliers on anti-corruption policy by mutual understanding both the Company's and suppliers' 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, long-term growth potential with the Company, and manufacturing process that takes complies with the laws regarding the community and environmental concerns such as respect human rights, no illegal employment, and no harm to the environment.
2. Manufacture or distribute products with required and verifiable quality.
3. Support in promotional campaigns and provide after-sales services.

The Company also complied for the Intellectual Property Law by not selling by not selling products that violated copyright, patent, trademark with prior checking such products. For private brand, the Company would legally registered.

Supplier monitoring and evaluation

In 2017, the Company developed a guideline for business partners to carry out their business practices. The Company refers to both national and international Code of Conduct, rules and regulations such as Labor Protection Act (United Nations Global Compact), International Labor Standard (ILO), Corporate Governance, and Corporate Social Responsibility to create business sustainability toward Economic, Social, and Environment throughout the supply chain. Suppliers can study more details on the VRM system (Supplier Relationship Management).

In addition, “supplier sustainable code of conduct” are provided and published on www.homepro.co.th. The company has prepared a self-assessment questionnaire for partners in the topic of Environmental, Social and Corporate Governance (ESG) to provide sustainability assessment and to incorporate with sustainable practice.

Performance

- Respond rate of sustainability self-assessment questionnaire for suppliers was 60%
- 993 suppliers out of 1,230 total suppliers have been assessed

Supplier Development

There was dynamic change in customer's demand such as the upcoming aging society, change in customer's behaviour as they are more concerned product value for money. Thus, the Company determined supplier development measure and cooperated with supplier for differentiate product in order to maintain customer group and attract new customer.

The company encourages SME partners to be part of sharing economy by sharing raw materials and collaborate in product development to create new product. Since SMEs have limited funding and different expertise in different products, in order to jointly create new product, they can make the most out of joint-business collaboration in activities such as joint purchasing packaging, label, and joint purchase of raw material together to achieve lower price comparing to individual purchases

In addition, there are also co-product design between the company and SME partners to build products that meet the design, quality, and new innovations that will occur in the future. The company specializes in designing and understanding customer needs, while suppliers are good at sourcing raw materials and manufacturing. The finished products will reflect both good design and quality as well as potential for future innovation. Sharing Economy reduces costs and combines resources. Sharing of knowledge by both parties will result in lower costs and more innovations.

Operation results

1. Parts or Raw Material for Manufacturing

The Company acts as an intermediary for a multitude of supplier groups to coordinate trade or parts and raw material import. Negotiation under collective suppliers ensures the success of lower product cost, and effective processing fee.

2. Packaging and Products' Label

This is a synergy between the suppliers of elegant curtains, printing houses and bag factory to achieve shared manufacturing quantity. The approach benefits price, convenience in manufacturing process and the effective color control of printing assignment.

3. Suppliers' Manufacturing Coordination

Coordination and manufacturing planning amongst suppliers are shared production in case that some suppliers encounter manufacturing issues such as a malfunction of machinery. This ensures that products are delivered in time.





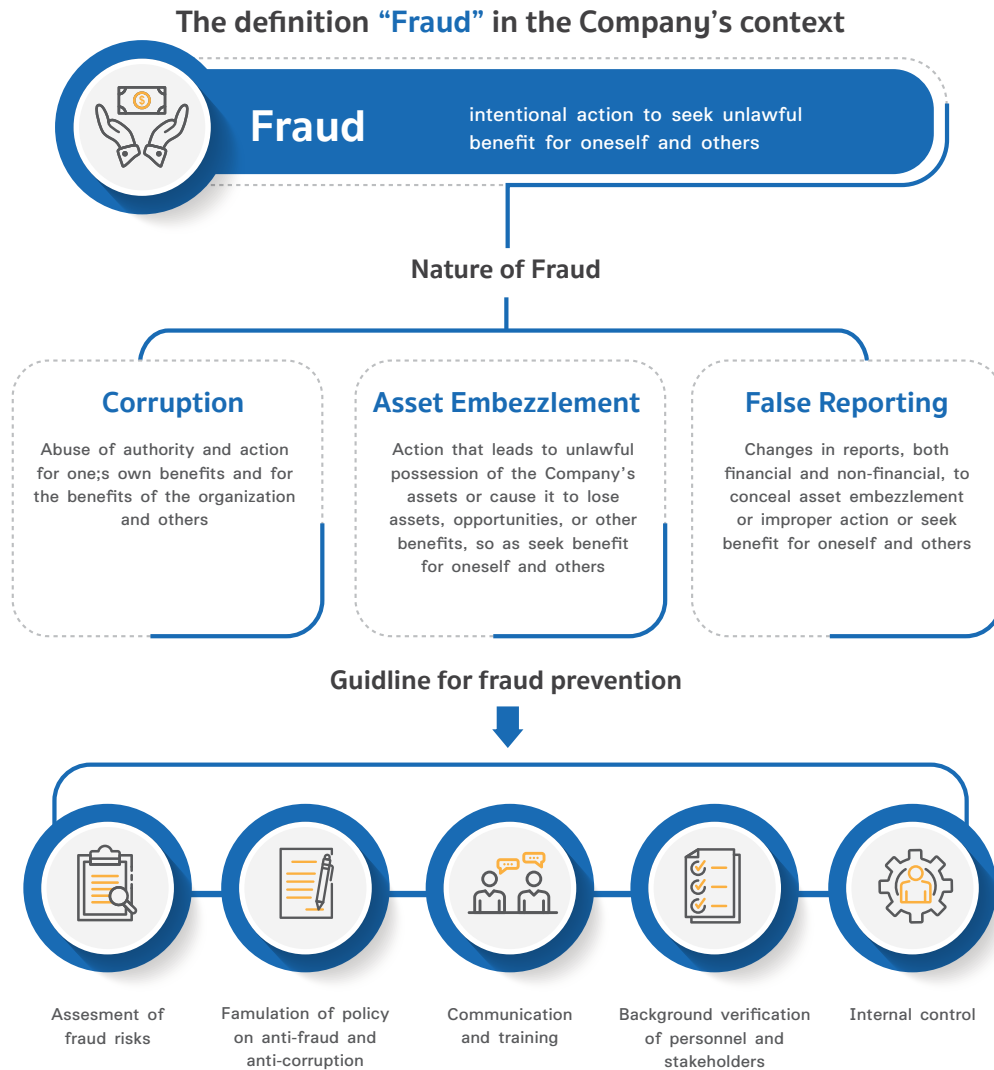
Uplift service quality standard of logistics suppliers

The Company place importance on the standard of the service quality offered by suppliers to ascertain customer satisfaction, particularly logistics that must be safely and efficiently managed, from preparation to delivery. The Company controls the logistics standard of suppliers that must replicate the standard set by the Company. In 2019, the Company awarded suppliers that offer excellent services, fully delivered and on time, and receive highest compliments and no complaint from customers. There were 3 awards including Best Supplier Award 2019, Compliments Award 2019, and The Best Q Award 2019. In 2019, 20 suppliers were awarded.



Anti-corruption

In 2019, the company proceeded with the enhancement of the anti-corruption campaign, continuing from previous years. Thus, the company was successfully approved and certified by the CAC - Thailand's Private Sector Collective Action Coalition Against Corruption as planned.



In addition, the Company also has some other measures to reduce the risk of corruption as follows:

1. The management, associates, suppliers, and stakeholders must acknowledge the Anti-Corruption policy and the Company's guidelines of good corporate governance and business ethics. Such guidelines would be posted through mails, 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 Supplier Relationship Management system on the Anti-Corruption policy and No Gift Policy.

2. The Internal Audit Department was assigned to inspect internal control, risk management, corporate governance, and to give advice on regular basis by auditing according to the annual audit plan as approved by audit committee and report on significant findings and recommendation on monthly basis.

3. 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 Board of Director.
4. 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.
5. Broaden the supply chain anti-corruption practices by encouraging suppliers to join the Collective Action Coalition Against Corruption or CAC as well as completing an anti-corruption training.

Operation result

- The Internal Audit reviewed and assessed internal control. Overall, the internal control was appropriate.
- Certified to be a Member of the Thailand's Private Sector Collective Action Coalition Against Corruption: CAC

- The No Gift policy has come into effect for 4th consecutive years in a row at the head office and stores. It is also applied to Supplier Relationship Management (SRM) system.
- 13 suppliers completed anti-corruption training organized by the CAC.

Evolving into Innovative Organization

The Company drives innovation as the essence of an endeavor to be an innovative organization in the future by determine business model. Internal innovative culture promotion and lateral thinking encouragement are fostered amongst associates. They ensure novel knowledge and innovation ranged from product innovation, service innovation and process innovation to business model innovation. Innovation ideas and proposals can be forwarded to the Company via inno@homepro.co.th. In 2019, the Company focused on innovation campaigns by promoting "the Think & Act as HomePro project" to impart organizational culture based on suggestion system. This mechanism motivated associates to jointly explore a way to ensure that operation is 'better, nice, neat, faster, less damage-prone, cost-saving and greater customer satisfaction'. Its emphasis rested on 'systematic thinking' and information verification and the reliance on fact before "initiating".

Operating result

The Company creates opportunities for associates to propose idea as a tool to improve operation process. 901 ideas were sent by 3,179 people as well as 7 projects that transpired from associates' recommendations. These recommendations have been selected by the executives and offered those who came up with the recommendations to present in the executive meeting, enabling executives to acknowledge, discuss, and give further recommendations so that the applications of these recommendations will be even more efficient. This activity is called Show & Tell, where pride was built among associates, along with boosting associates' confidence to think, analyze, recommend, and take actions to further improve their work.



Automated Storage and Retrieval System (ASRS)



In 2019, the Company implemented the Automated Storage and Retrieval System (ASRS) to manage its distribution center whereby uses Storage and Retrieval Machine (SRM) system for storage and retrieval and electronic run for the entire system. Computers enable fast and efficient management of distribution center that corresponds to consumers' demand ascertaining company's long-term growth. Furthermore, this also reduces the risk exposure of future labor shortage. The essences of ASRS are as follows:

- The automation enables fast pick up of products. The automatic vehicles and cranes are used for storage as well as distributing products to HomePro and Mega Home stores nationwide.
- Reduce storage duration by 55% and withdrawal duration by 65%, as well as delivery duration for Bangkok Metropolis decreases from 2 days to 1 day or 1 day and a half, and delivery duration for Upcountry decreases from 3 days to 2 days.
- Minimize the damage ratio for storage to 0.001% or hardly any damage incurred.
- Reduce lighting energy usage in the storage area by replacing workers with machines, which do not require light and subsequently reduce the energy consumption by 28,000 units monthly.
- The efficiency of management and use of space increases by 2.5 times compared to the conventional warehouse.
- Prevent damage incurring on products by inspecting the size of products and storage procedure prior to storing and distributing to stores using automation.
- Enables First in First out product withdrawal
- Increase speed and accuracy, and decrease task duration and human error
- Increase store delivery efficiency and make certain of on time delivery
- Reduce dependency on labor
- Reduce forklift usage and internal transfer, which reduces energy expenses through battery charges reduction
- Secure safety of products, minimize losses and theft rate, and enable accurate stock count



5. Social and Community Care



Challenge

To be the leading of Home Solution and Living Experience in Thailand and Southeast Asia, the Company strives to offer more stores and run the operation fueled by the determination to develop and efforts to enhance the quality of life for the better society and communities and shared value creation through activities and projects. To win acceptance and trust by nearby communities, the Company shall operate without adverse impacts on communities surrounding.

Management

The Company is ready to promote and achieve participation with all parties for the sake of better quality of life among community members. The endeavor can be realized by sustainable development policies and activities with regards to concrete societal problem solutions and community capability promotion to grow side by side with business and reach sustainable self-reliance.

Goals

1. To ensure 1,800 technician teams are available by 2025.
2. To allow for 100% associate admission based on the students who graduate at the bilateral scholarship program.
3. To improve communities and society's well-being through projects and activities.

Strategies

1. To maximize the potential and capabilities of the Young Entrepreneur technician team.
2. To provide facilities in communities and societies for better well-being.
3. To widen the participation of associates and stakeholders in all sections to instill sustainable values in society.

Operation of Social and Community Care in 2019

► The Young Entrepreneur 'Tao Kae Noi' project

A lot more of customers look for technicians for home repair and maintenance nowadays. Unfortunately, the problem lies in the quality and requirement of workers. The Company consistently enlarges services and is needed of more numbers of technicians. The current workforce is made of full-time staff and subcontractors. Surveys by the Company indicate that there are plenty of competent technicians who wish to own a business but lack financial support. As such, the Company offers support and assists to turn them into an entrepreneur so that they are ready to take more assignments provided by the Company and also grow together with the Company.

Young Entrepreneur

Focus on creating sustainability throughout the supply chain by elevating the skills of technicians to meet acceptable standard, and by increasing the number of technician teams to sufficiently support the expansion of new stores. The objective is to provide home solution and deliver service to customer effectively, as well as to create value for the business.

- Knowledge support
- Multi-skill training
- Financial support
- Facilities providing
- Job creation
- Job Guarantee
- Provide welfare and stability

- Provide home solution
- No work abandon
- Deliver quality and meet the standards
- Quick and punctual
- Convenience
- Provide consultation
- Control expense
- Inspiration



Social Impact : Technician

- Knowledge and acceptable skills
- Recieve jobs consistently
- Consistent income
- Opportunity to become business owner
- Better quality of life for the family



Social Impact : Customer

- Better quality of life
- No worries about contractor abandoning work



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Business Impact

- There are sufficient technicians to support new store opening
- Able to handle more service
- Drive sale growth
- One Stop Service

Business Impact

- Brand Awareness
- Brand loyalty
- Sales growth
- Customer satisfaction

Management

The Company would provide support to small contractors that were lack of financial supports, technical knowledge, equipment, 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 addition, the Company emphasized the enhancement in Tao Kae Noi's technical skill to be in accordance with international standard by offer technician to participate the "national skill standard" by Department of Skill Development, Ministry of Labor.

In collaboration with the Department of Skill Development, Ministry of Labor, the Company supported the WorldSkills Competition for two years in a row. The Company participates in the subcommittee of labor skill standard

in the cooling system, supported awards, tools and equipment for the contestants in rehearsals and offered a trainer along with knowledge for contestants. The winner represented Thailand would then be the contestants in the WorldSkills Competition in both ASEAN and international levels.

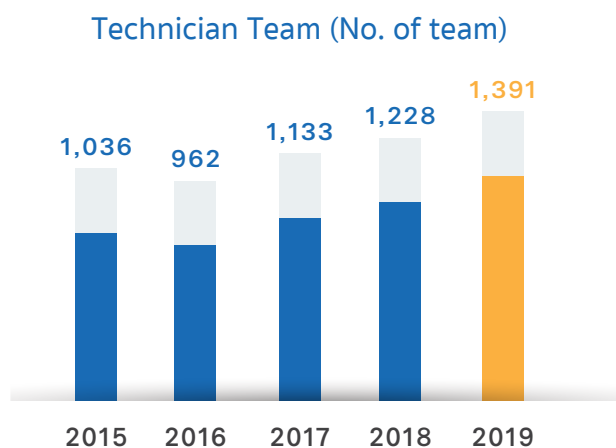
Besides, the Company was awarded a trophy from the Ministry of Labor for contributions for contribution to promote technical skill to international standard by sending technical teams to be certified with the Department of Skill Development, Ministry of Labor. In 2018, a total of 120 electricians passed the standard test and received "Certified Star Labor" badge.



In 2019, the Company received gold tier award of the Thailand HR Innovation Award 2019. The award was awarded for the Young Entrepreneur Program and was organized by the Thailand Productivity Institute, Personnel Management Association of Thailand, and National Institute of Development Administration. Young Entrepreneur Program is considered a valuable national level economic program that enhances skilled technicians to reach the standard and creates excellent development of individuals, jobs, career, and opportunities for skilled technicians to become an Entrepreneur that complies with sustainable development principles. The Company received a great honor by receiving an award from Dr. Suvit Maesincee, Ministry of Higher Education, Science, Research and Innovation, which took place in the Grand Diamond Ballroom at Impact Arena Muangthong Thani.

» HomePro Academy

In 2019, the Company collaborated with the Department of Skill Development and Ministry of Labor to broaden the scope of Technician Development Program by introducing courses on electrical appliances installation and tiling, where technicians will receive training at the actual location that covers both theoretical and practical implications. Moreover, technicians will be tested and certified by the Department of Skill Development and Ministry of Labor. Currently, there are 20 technicians completed the program and are employed as HomePro's associate, which are assigned to fulfil Home Service tasks, thereby this also reduced technician shortage.



Performance

» Toilet for Community Project

With the ambition to improve the well-being of students in rural areas and senior citizens, the Company donated hygienic restrooms to public schools under the ministry of education nation-wide. The campaign is called "Kids' toilet project". The Company also collaborated with the Bangkok Metropolitan Administration to renovate a number of selected restrooms in public parks throughout Bangkok to meet the standard of Universal Design. These restrooms were approved by Healthy Accessibility and Safety stand of Department of Ministry of Public Health according to the hygiene, affordability, and safety. Since 2017, the company expanded its project from Toilet for Public and the Elderly to Restroom for Disabled Project. The company surveyed the behaviour of disabled people in Karunyawet Home in Chonburi, which takes care of more than 400 disabled. The restrooms were designed and renovated to be hygienic, safe and comfortable for better quality of life of the disabled. In 2019, the Company expanded the scope of Toilet for Elderly/Disabled Project. The Company designs and modifies toilets at Bantubkwang, Saraburi, and at His Majesty the King's 6th Cycle Birthday Anniversary Chaloem Phrakiat building, Phramongkutklao Hospital to ascertain suitability for the elderly and disabled.

Before modification



After modification



Bantubkwang, Saraburi

Before modification



After modification



His Majesty the King's 6th Cycle Birthday Anniversary Chaloem Phrakiat building, Phramongkutklao Hospital

Performance

No. of toilets	2019	2018	2017	2016	2015	Accumulated since establishment
No. of toilets (rooms)						
- Kids' Toilet	26	25	-	-	181	2,422
- Public and Elders' Toilet	7	3	-	36	-	46
- The Disabled Toilet	1	24	24	-	-	49
Donated amount (Baht)	2,040,000	3,120,000	1,440,000	2,160,000	10,860,000	151,020,000
No. of associate participated this project (person)	60	75	50	100	100	1,440

» Activities supporting local community's occupation

Each new store, the Company focused on community where stores were located so that the construction and operation must not have negative impacts on occupations of local people. The Company contributes to community development and sustainably supports community by providing job opportunities to local workers, using local resources and promoting local jobs by arranging space for selling local products (Community Enterprise). For example, free market for plants and agriculture products, house and garden fair, free market, OTOP products exhibition, international silk exhibition, and cooperate for development of organic agriculture market project (Farm@Home).

» Community Enterprise Project - BU CRAFT

In 2019, the Company collaborated with the Buriram Chamber of Commerce, and “Chareon Sook” Lady Weavers Community, well-known cotton manufacturer in Buriram that specializes in dyeing cotton using natural colors. Jointly developing products under the name of ‘HLS Collection BU Craft’ project, where BU derived from Buriram. The Arts and Crafts Weaving is the identity of the Buriram local community. For this project, the Company works with the local community from designing, dyeing with no chemical additives, spinning, weaving, to washing cotton, which these manufacturing process do not impact the ecosystem. The company applied its product

development experience to develop products to the local community as well as creating the largest distribution channel to the local community, thus, able to continuously create sustainable income, consequently leading to economic stability and standard of living improvement.



Leader of Baan Chareonsuk Silk & Cotton Community
Buriram

“ Receiving this project worried me at first due to thinking and designing are naturally man made by the community. On the contrary, HomePro offered computer design which contradicts to our fabric familiar design. Although, as a community leader, I will not give up and I am confident and be proud that HomePro would value the natural colors. ”



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➤ Religious Activities

The Company continuously organized religious activities by encouraging the management and associates to participate in religious activities on Buddhist days. In 2019, the Company hosted Kathina ceremony as follows:

Performance

Temple (Province)	Activities	Donated Amount (Baht)	No. of Associate participated (person)
Nerancharam Temple, Petchaburi	Ka Thin merit making	1,412,345	300
Lam Phak Chi Temple, Bangkok	Ka Thin merit making	200,000	20
Sangkha Rachanusorn Temple, Leoi	Ka Thin merit making – Northeastern region	366,672	109
Ang Sila Temple, Prachinburi	Ka Thin merit making – Western region	215,999	150
Bamrung Thum Temple, Chaing Rai	Ka Thin merit making – Northern region	159,999	120

➤ Blood Donation Project

Currently, there is insufficient reserved blood at Thai Red Cross Society. Thus, the Company would like to support this social need by annually organizing the Blood Donation Project for associates who would like to donate their blood 4 times per year in order to further help patients that are in need.



Performance

Year	Donated Amount (millilitre)	No. of associate donated (person)
2016	2,648,250	5,885
2017	2,218,050	4,929
2018	2,144,250	4,765
2019	2,790,450	6,201

» The supportive community projects

In 2019, the Company put an emphasis on community support by offering infrastructure to augment the convenience of communities.



- Market Village Footbridge Project

The Market Village footbridge was constructed in front of the Market Village HuaHin to facilitate the convenience of crossing over Petchkasaem road. This ultimately reduces accident rate and ascertain safety of roads.

- Natural Disaster's Relive Project

In 2019, the Company encountered environmental and natural disaster crisis that led to a significant impact to the community and society. The Company recognized the negative impact, hence, collaborated with The Mirror Foundation by distributing fans to those affected by flooding in Khon Kaen, as well as collaborated with Bangkok Institute for Skill Development, and Department of Skill Development to distribute technicians offering electrical appliances repair and electrical system maintenance to those affected in Ubonratchathani.



Additionally, the Company supported citizens in the 6 provinces of the Northern region who encountered air pollution problems. This was done through Line HomePro Official by distributing 15,000 N95 hygienic masks to Home card members in the Northern region including Chiang Mai, Chiang Rai, and Lampang. Furthermore, the Company also distributed 1,000 hygienic masks to Suan Dok Hospital Foundation, and Faculty of Medicine, Chiang Mai University, supporting those affected by the air pollution in the Northern.

- Financial aid

A financial aid was donated to the Institute of Field Robotics (FIBO) at King Mongkut's University of Technology Thonburi to financially support scholarship, research, invention, development, and independent study.



Detail of donation for Social and Community in 2019

Corporate Philanthropic Contributions	Unit (Baht)
Cash	34,014,241
Non-cash	2,040,000
Time (working hour)	864,000
Management overheads	50,000

Corporate Philanthropic Contribution	%
Commercial Initiatives	37.1
Charitable Donations	6.4
Community Investment	56.5

The Company also paid the annual membership fee to the following association:

Association	Value (Baht)					
	2019	2018	2017	2016	2015	2014
The Retailer Association	30,000	30,000	30,000	30,000	30,000	30,000
Board of Trade of Thailand	23,000	23,000	23,000	23,000	23,000	23,000
Thai Institute of Directors Association*	5,300	5,300	5,300	5,300	5,300	5,300
Thai Listed Companies Association	25,000	-	-	-	-	-

Remark: *The rate is at yearly average rate due to membership payment is due every 3 years.



1. Reader Profile

○ Male

☐ 30 – 50 years old

☐ More than 50 years old

☐ Shareholder ☐ Investor ☐ Supplier

☐ Customer ☐ Mass Media ☐ Other (Please specify.....)

☐ For support investment decision on HMPRO's securities

☐ Research and education purposes

☐ Other (Please specify.....)

Information adequacy ☐ High ☐ Medium ☐ Low

Overall satisfaction ☐ High ☐ Medium ☐ Low

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.....

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[illegible]



To Corporate Strategy and Sustainable Development
Home Product Center Public Company Limited
31 Prachachuennonthaburi Rd., Bangkok
Mueng, Nonthaburi 11000

Channels for returning Feedback Form



1. Email

Scan or take a photo of the feedback form to sd@homepro.co.th



2. Facsimile

+662 - 832 - 1066



3. Mail

Tear the feedback form, stamp it and send it to the address mentioned above

GRI CONTENT INDEX

GRI Standard	Disclosure	Page number(s) and/or direct answer
GRI 101: Foundation		
General Disclosures		
GRI 102: General Disclosure	Organizational Profile	
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	102-3 Location of headquarter	40
	102-4 Location of operations	40
	102-5 Ownership and legal form	118
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	102-28 Evaluating the highest governance body's performance	150-151
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GRI Standard		Disclosure	Page number(s) and/or direct answer
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	102-49	Changes in reporting	No significant change
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	201-2	Financial implications and other risks and opportunities due to climate change	155
	201-3	Defined benefit plan obligations and other retirement plans	238
	201-4	Financial assistance received from government	No financial assistance
GRI 202: Market Presence	103-1	Explanation of the material topic and its Boundary	69
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GRI Standard		Disclosure	Page number(s) and/or direct answer
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GRI 203: Indirect Economic Impacts	103-1	Explanation of the material topic and its Boundary	99
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	302-2	Energy consumption outside of the organization	N/A
	302-3	Energy intensity	85-86
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GRI 303: Water and Effluents	303-1	Interactions with water as a shared resource	89
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GRI 304: Biodiversity	103-1	Explanation of the material topic and its Boundary	84
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	304-2	Significant impacts of activities, products, and services on biodiversity	89
	304-3	Habitats protected or restored	89
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	N/A
GRI 305: Emissions	103-1	Explanation of the material topic and its Boundary	84
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GRI 306: Effluents and Waste	103-1	Explanation of the material topic and its Boundary	87
	103-2	The management approach and its components	87
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	306-1	Water discharge by quality and destination	89
	306-2	Waste by type and disposal method	87
	306-3	Significant spills	No significant spill
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	306-5	Water bodies affected by water discharges and/or runoff	No significant runoff
GRI 307: Environmental Compliance	103-1	Explanation of the material topic and its Boundary	84
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GRI 308: Supplier Environmental Assessment	103-1	Explanation of the material topic and its Boundary	92-93
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	401-3	Parental leave	N/A
	GRI 402: Labor/Management Relations	103-1	Explanation of the material topic and its Boundary
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	GRI 403: Occupational Health and Safety	103-1	Explanation of the material topic and its Boundary
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	403-2	Hazard identification, risk assessment, and incident investigation	81
	403-3	Occupational health services	79-80
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	403-5	Worker training on occupational health and safety	81
	403-6	Promotion of worker health	81
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	81
	403-8	Workers covered by an occupational health and safety management system	81
	403-9	Work-related injuries	83
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GRI 404: Training and Education	103-1	Explanation of the material topic and its Boundary	69
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	103-2	Evaluation of the management approach	69
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GRI 408: Child Labor	103-1	Explanation of the material topic and its Boundary	69
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GRI 409: Forced or Compulsory Labor	103-1	Explanation of the material topic and its Boundary	69
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GRI 411: Rights of Indigenous Peoples	103-1	Explanation of the material topic and its Boundary	No violation
	103-2	The management approach and its components	No violation
	103-2	Evaluation of the management approach	No violation
	411-1	Incidents of violations involving rights of indigenous peoples	No violation
GRI 412: Human Rights Assessment	103-1	Explanation of the material topic and its Boundary	69
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Sustainable Development Goals (SDGs)

Sustainable Development Goals (SDGs)	How HomePro is supporting	Page
 1 NO POVERTY End poverty in all its forms everywhere	<ul style="list-style-type: none"> Happy Home Town Project Activities Supporting Local Occupations 	71 103
 2 ZERO HUNGER End hunger, achieve food security and improved nutrition and promote sustainable agriculture	<ul style="list-style-type: none"> Healthy menu offerings to employees 	78
 3 GOOD HEALTH AND WELL-BEING Ensure healthy lives and promote well-being for all at all ages	<ul style="list-style-type: none"> Quality Product and Service. Home Service 	61 64
 4 QUALITY EDUCATION Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	<ul style="list-style-type: none"> Increase of Capabilities in Knowledge and Skills Bilateral Scholarship Program 	74 70-71
 5 GENDER EQUALITY Achieve gender equality and empower all women and girls	<ul style="list-style-type: none"> Responsible labor practices that respect human rights and diversity 	81
 6 CLEAN WATER AND SANITATION Ensure availability and sustainable management of water and sanitation for all	<ul style="list-style-type: none"> Responsible water consumption Responsible wastewater management 	89 89
 7 AFFORDABLE AND CLEAN ENERGY Ensure access to affordable, reliable, sustainable and modern energy for all	<ul style="list-style-type: none"> Efficiency Energy Consumption 	85-86
 8 DECENT WORK AND ECONOMIC GROWTH Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	<ul style="list-style-type: none"> Young Entrepreneur Project Store Expansion 	99-100 38
 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	<ul style="list-style-type: none"> Product Innovation for Society Home Makeover – Service Innovation 	179 64
 10 REDUCED INEQUALITIES Reduce inequality within and among countries	<ul style="list-style-type: none"> Disability and elderly Employment Diversity Employment not to discriminate on sex, religious, color, nationality, domicile, and thinking 	81 144

Sustainable Development Goals (SDGs)	How HomePro is supporting	Page
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> <p>Make cities and human settlements inclusive, safe, resilient and sustainable</p>	<ul style="list-style-type: none"> Toilets for Society 	101-102
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> <p>Ensure sustainable consumption and production patterns</p>	<ul style="list-style-type: none"> Solar Renewable Energy Green Warehouse Management Traceability Investigation and Safety Standard of Product. Responsible plastic consumption 	85-86 90 66 62-63
 <p>13 CLIMATE ACTION</p> <p>Take urgent action to combat climate change and its impacts</p>	<ul style="list-style-type: none"> Operational Efficiency Efficient Transportation for loss reduction 	84-86 90
 <p>14 LIFE BELOW WATER</p> <p>Conserve and sustainably use the oceans, seas and marine resources for sustainable development</p>	<ul style="list-style-type: none"> Waste Water Treatment 	89
 <p>15 LIFE ON LAND</p> <p>Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss</p>	<ul style="list-style-type: none"> No Bag campaign Garbage and waste Disposal 	62-63 87
 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p> <p>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p>	<ul style="list-style-type: none"> Respect on Human Right Good Corporate Governance Religious Activities" 	144 138-154 104
 <p>17 PARTNERSHIPS FOR THE GOALS</p> <p>Strengthen the means of implementation and revitalize the global partnership for sustainable development</p>	<ul style="list-style-type: none"> Supplier Management 	92-95

Shareholding Structure and Dividend

The Company's securities information as of December 31, 2019

Registered capital	: 13,151,198,025 Baht (13,151,198,025 common shares at 1 baht per share)
Paid-up capital	: 13,151,198,025 Baht (13,151,198,025 common shares at 1 baht per share)
Exchange Market	: Stock Exchange of Thailand (SET)
Ticker Symbol	: HMPRO

From the information of ordinary shareholders of the company as of September 11, 2019, there were a total of 961,111,925 shares or 7.31% of the issued shares holding through Thai NVDR. The ordinary shares held by Thai NVDR will not be able to exercise voting rights in shareholder meeting except in the case of exercising voting rights to vote on the delisting of shares from the Stock Exchange of Thailand (Delist). Therefore, the number of shares with voting rights of the Company will decrease which will cause the voting rights of shareholders to increase. Other shareholders and investors can check the number of shares held by Thai NVDR from the website of the SET for the benefit of further voting.

Shareholding Structure

On the closing date as of September 11, 2019, 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 Person / Juristic Person	No. of Shares	% of Total Paid-Up Share
1.	Land and Houses Public Company Limited	3,975,878,432	30.23
2.	Quality Houses Public Company Limited	2,613,023,098	19.87
3.	Thai NVDR Company Limited	961,111,925	7.31
4.	Mr. Niti Osathanuklor	621,415,762	4.73
5.	Social Security Office	368,310,112	2.80
6.	Mr. Manit Udomkunnatum	269,989,197	2.05
7.	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	258,035,994	1.96
8.	STATE STREET EUROPE LIMITED	241,374,375	1.84
9.	AIA COMPANY LIMITED - EQ4-P	189,700,080	1.44
10.	Sarasin Co., Ltd	167,557,971	1.27

Remark:

- As of September 11, 2019, free float rates of the Company were at 45.89% and holding by institutions was at 20.63%
- The first major shareholder, (1) Land and Houses Plc.; Mr. Anant Asavabhokhin as major shareholder holds 23.93% of paid up capital (as of 29 August 2019)
- The second major shareholder, (2) Quality Houses Plc.; Land and Houses Plc. as major shareholder holds 24.98% of paid up capital (as of 28 August 2019)

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, 2019, the shares of the Company held by foreigner were approximately at 11.54%.

Directors who are representative of the group of major shareholders

As of December 31, 2019

Name – Surname		Representative of Shareholder	Position in HomePro
1. Mr. Naporn	Sunthornchitcharoen	Land and Houses Plc.	Director
2. Mr. Archawin	Asavabhokin	Land and Houses Plc.	Director
3. Ms. Suwanna	Buddhaprasart	Quality Houses Plc.	Director

Debentures

Unsubordinated and Unsecured Debentures							
No.	Age	Repayment	Maturity	No. of Shares	Amount (Baht)	Credit Rating	Covenant
1/2017	3 yrs	At maturity	27 Apr 2020	4,000,000	4,000,000	A+ Stable Outlook	Maintain Financial D/E ratio to be not more than 2.5 times at the end of each quarter
1/2018	3 yrs	At maturity	16 Feb 2021	2,000,000	2,000,000	A+ Positive Outlook	
2/2018	2 yrs	At maturity	19 Oct 2020	2,000,000	2,000,000	A+ Positive Outlook	
3/2018	1 yr	At maturity	22 Oct 2021	2,000,000	2,000,000	A+ Positive Outlook	
1/2019	3 yrs	At maturity	14 Nov 2022	3,170,000	3,000,000	AA- Stable Outlook	
			Total	13,170,000	13,000,000		

Remark: - The following debentures: 1/2017, 1/2018, 2/2018, and 3/2018 have fixed interest rates at between 2.00% - 3.00%
 - Debenture 1/2019 is a Zero Coupon Bond.

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 2017 – 2019 is as follows:

	2019 ³	2018 ²	2017 ¹
Total Dividend Payment (unit: Baht/ Share)	0.38	0.35	0.31
Dividend Payout Ratio	87.88%	83.95%	84.97%

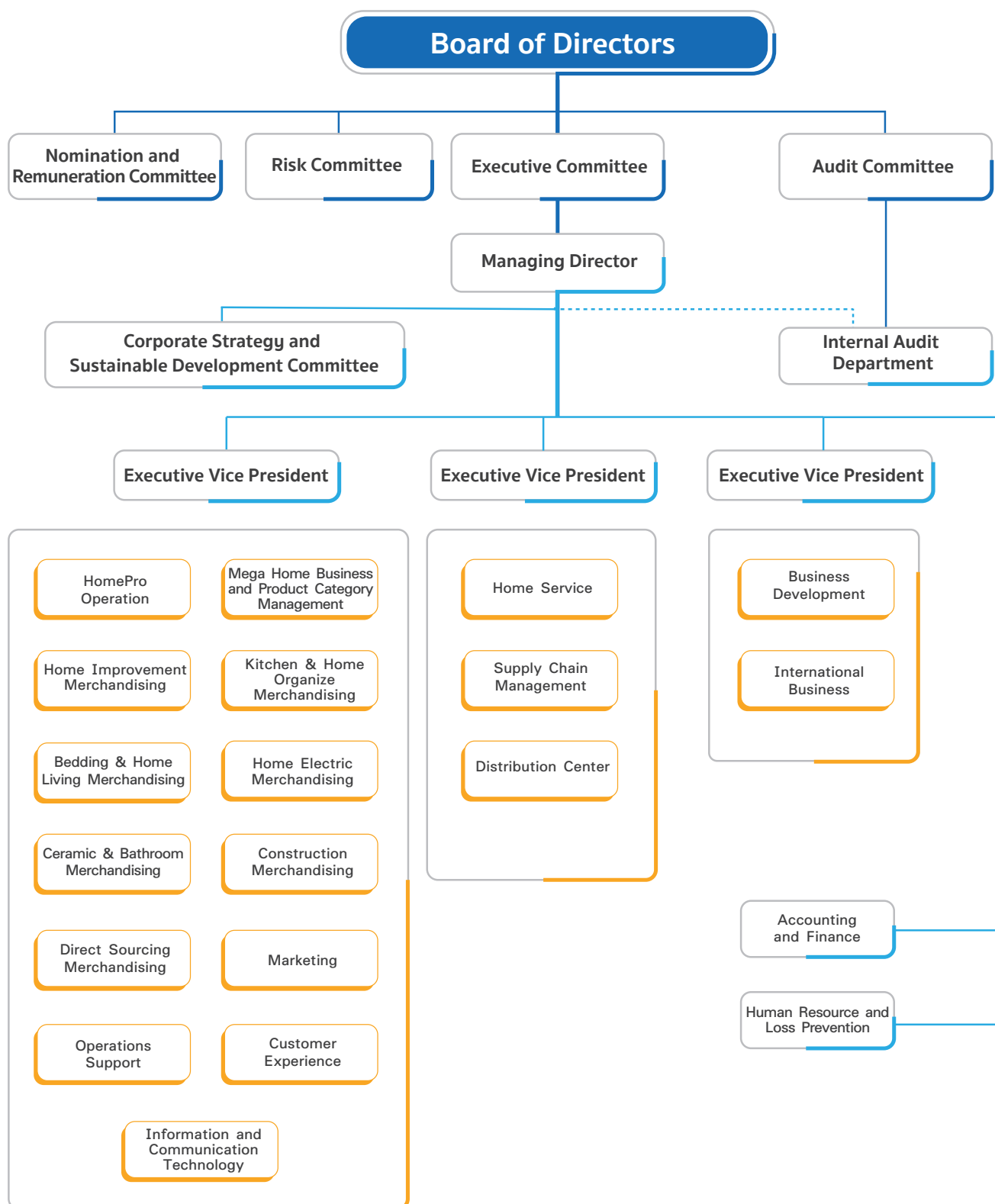
Remarks: 1) Dividend for 2017 amounted to 0.31 Baht/share paying from the first 6-month operation of 0.13 Baht/share, according to the resolution of the Board of Directors' Meeting No.8/2017, and the last 6-month operation of another 0.18 Baht/ share, according to the resolution of the Annual General Meeting of Shareholders 2018.
 2) Dividend for 2018 amounted to 0.35 Baht/share paying from the first 6-month operation of 0.15 Baht/share, according to the resolution of the Board of Directors' Meeting No.8/2018, and the last 6-month operation of another 0.20 Baht/ share, according to the resolution of the Annual General Meeting of Shareholders 2019.
 3) Dividend for 2019 amounted to 0.38 Baht/share paying from the first 6-month operation of 0.17 Baht/share, according to the resolution of the Board of Directors' Meeting No. 8/2019, and the last 6-month operation of another 0.21 Baht/share, according to the Board of Directors' Meeting No.2/2020 approved to propose to the Annual General Meeting of Shareholders 2020.

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.

Organizational Chart

As of December 31, 2019



Management Structure



The structure of Company's management consists of:

1. Board of Directors
2. There are 4 sets of the Sub-Committees:
 - 2.1 Executive Director
 - 2.2 Audit Committee
 - 2.3 Nomination and Remuneration Committee
 - 2.4 Risk Management Committee
3. Strategic and Sustainable Development Committee
4. Personal Data Protection Committee

Having details as follows:

1. The Board of Directors

The Board of Directors consists of 11 individuals including:

- There are 4 Independent Directors accounted for one-third of the board members that are being independent from the Executives and major shareholders.
- 9 Non-executive Directors and 2 directors who are executives.
- Over the past 2 years, all directors have never been employed as an employee, become a shareholder or partner of EY Office Limited, which is an external audit firm of the Company and its subsidiaries.

List and Position of the Board of Directors

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

Remarks: - Ms. Wannee Juntamongkol – Senior Vice President of Accounting and Finance acts as the Company Secretary.

Authorized Signatory Directors on the Company

1. Mr. Manit Udomkunnatum
2. Mr. Naporn Sunthornchitcharoen
3. Ms. Suwanna Buddhaprasart
4. Mr. Khunawut Thumpomkul

Where 2 out of 5 Authorized Signatory Directors mutually signed their names simultaneously with the company seal.

Roles and Responsibilities of the Board of Directors

The delegation of authority is decided by the company board of directors. The authorizations and operations of the company and its subsidiaries are precisely and clearly stated accordingly to the business transactions. The division of authority encourages the dispersal of authority for decision-making in various levels of company operations throughout the company. The followings illustrate the delegation of authority's yearly framework, the yearly budget of every department, and the policy of dividend payment.

1. The board of directors has the authority to deliberately administrate the company in accordance with the company's objectives and regulations, the shareholders' meeting resolution, and the law to take care of the company's interest.
2. The board of directors determines the company's visions, missions, policies, and operating directions. The company policy will be implemented effectively

and efficiently by the management in order to maximize the highest value for the company and its shareholders.

3. The board of directors has the authority to appoint a certain number of directors to be a sub-committee which comprises of executive directors, nomination and remuneration committees, audit committee and other sub-committees depending on the situation and the suitability. Having the optimal specific number of directors allows the board of directors to efficiently perform their assigned tasks.
4. The board of directors may appoint one or more individuals to perform their assigned tasks; any action, thus, can be done only under the control of the board of directors. The board of directors may assign authority to any individual whom deems as appropriate. However, at any reasonable time, the board of directors may revoke, withdraw, or amend the assigned authority.
5. The board of directors has the authority to acknowledge and approve any operating goals; as well as, to evaluate the performance of the sub-committee, chairman of sub-committee, specific-purpose committee, and managing director.
6. The board of directors is required to hold a meeting at least once in every 3 months.
7. The board of directors must not run the similar business as the company nor attempt to compete against the company business. The board directors

- are not allowed to be in the universal partnership nor limited partnership. The board of directors is restricted to be a director of any private company or any company with a similar business to the company. These constraints must not be carried out either for one's benefits or others; unless such has been notified to the shareholder's meeting prior to the resolution of the appointment.
8. The decision-making on high value investment which is not considered as normal business transaction must comply not only with the laws and regulations of the Securities and Exchange Commission (SEC) but also the Stock exchange of Thailand (SET)'s.
 9. The board of directors must manage and govern the company's operation with morality. The board of directors must closely supervise the stakeholders in order to avoid any conflict of interests.
 10. The board of directors must immediately notify the company if the individual has any conflict of interest either from company contracts, directly or indirectly holding the company's share, or debentures of the company or its subsidiaries.
 11. Any director who has conflict of interest on any mentioned factors will have no right to vote on such matter.
 12. The board of director has the authority to arrange the appropriate assessment process for internal control and internal audit for its efficiency and effectiveness.
 13. The board of directors must inclusively set out the risk management guideline and supervise systematically the executives to have efficient and effective system and process in risk management.
 14. If the votes are equal, the Chairman will 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 and advice the Managing Director in the development of strategies.
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.

There are 4 independent directors of the Company which consists of:

Name – Surname		Position
1. Mr. Boonsom	Lerdinrunwong	Independent Director
2. Mr. Thaveevat	Thatiyamaneekul	Independent Director
3. Mr. Chanin	Roonsamrarn	Independent Director
4. Mr. Pornwut	Sarasin	Independent Director

In this regard, the Company has set the qualifications for independence to be more stringent than the requirements of the Securities and Exchange Commission. The details are as follows:

1. Hold share less than 0.5% of paid-up capital of the Company, associated company, joint company, including the shares held by the related individual.
2. Being independent either directly or indirectly in both areas, financial and management of the Company or joint company, subsidiaries, managers 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 a Director who has been appointed as the representative to maintain the benefits 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, associated company, joint company, or major shareholders of the Company.
- Must not relate or be relatives of the executive or major shareholders of the Company.
 - Capable to perform duty and express opinion or report the result of performed duty as assigned by the Board of Directors, freely and not under control of the Executives or major shareholders of the Company, including related person or close relatives of such person.
 - No other characteristic that causes the inability to give opinion to the operation of the Company independently.

Terms of the Director of the Company

In every Annual General Meeting of Shareholders, one third of the Directors shall retire from the position; the Director who served the longest shall retire. Nevertheless, a retiring director is eligible for re-election. Apart from the retirement, the Directors may leave from his/her position in the event of:

- Death
- Resignation
- Lack of qualifications or possess prohibited character under Section 68 of the Public Company Act B.E. 2535
- The Shareholders Meeting resolved to dismiss under Section 76 of the Public Company Act B.E. 2535
- Dismissal ordered by the Court

2. Sub - Committees

Sub – Committees consist of 4 sets of directors: Executive Directors, Audit Committee, Nomination and Remuneration Committee, and Risk Management Committee. Details are as follows:

2.1 Executive Committee

List and position of the Executive Committee

Name – Surname	Position
1. Mr. Manit Udomkunnatum	Chairman of the Executive Committee
2. Mr. Naporn unthornchitcharoen	Executive Committee
3. Mr. Rutt Phaniijphand	Executive Committee
4. Mr. Khunawut Thumpomkul	Executive Committee and Managing Director

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

Roles and Responsibilities of the Executive Committee

- To consider and screen the issue that requires primary decision making prior to be proposed to the Board of Directors' for approval.
- To consider investment, branches expansion, annual budget allocation as well as proposing the strategic plan to the Board of Directors.

Terms of the Executive Committee

- Executive Directors shall retire when
 - Death
 - Resign as the Director of the Company
 - Lack of qualifications or possess prohibited character under Section 68 of the Public Company Act B.E. 2535, and Securities and Exchange Act B.E. 2535
 - The Shareholders Meeting resolved to dismiss under Section 76 of the Public Company Act B.E. 2535
 - Dismissal ordered by the Court
 - The Board of Director has resolution to leave from the position.
- In the event of resignation, the resignation letter must be submitted to the Chairman of the Company not less than 30 days in advance, which should be approved by the Board of Director.
- In the event of an available position as a result other than by the expiration of the term, the Board of Directors shall appoint an individual who is qualified to be Executive Director, in order to fill up the 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 Tatiyamaneekul	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

- Review the financial transactions of the Company so that it is accurate and complete according to the Generally Accepted Accounting Principle Standard with sufficient disclosure.
- Review the internal control and the internal audit system of the Company in order to make it

- sufficient, appropriate, efficient, and effective.
3. Review the Company operations so that it is in compliance with good corporate governance policy and have appropriate, effective and efficient business ethics.
 4. Review the Company operations so that it is in compliance with the laws regarding the securities and Stock Exchange of Thailand, regulations imposed by the Stock Exchange of Thailand, or laws applicable to the business of the Company.
 5. Consider the related transactions or transactions that may have any conflict of interest and make those transactions to be in compliance with the relevant laws and regulations.
 6. Review the Company's operations and ensure that it has an appropriate, effective and efficient risk management system as well as communicating with the Risk Management Committee in order to understand the risks that are important.
 7. Jointly review and consider with the auditors on the financial report, remarks and suggestions.
 8. Consider, select, nominate an individual, who is independent, to be in charge as an auditor of the Company, along with the consideration of the dismissal of the auditor and then propose the remuneration of the auditor to the Board of Directors of the Company.
 9. Consider the independence of the internal audit department, along with the consideration of the appointment, relocation and termination of employment, which includes the evaluation of the annual performance of the chief of internal audit.
 10. Monitor the internal audit department's operation in both areas, policy and working process, by considering the charter of internal audit office for approval.
 11. Consider an annual internal audit plan for approval, as well as to consider the scope of audit, audit plan of internal audit department and the auditor of the Company, in order to have supportive relations.
 12. Coordinate and ensure that the Audit Committee, Executives, Internal Auditor Department and External Auditor are on the same page. In addition to this, a follow up is done to ensure that the Executives operate in accordance with the suggestion sufficiently, effectively and timely done.
 13. Jointly review and consider with the internal audit department regarding the audit results, remarks and recommendations.
 14. Review and amend the Audit Committee Charter once a year or when necessary in order to make it up-to-date and suitable with the organizational environment. Then propose this matter to the Board of Directors for approval.
 15. Conduct examination on matters notified by the external auditor. In the case that the auditor finds any suspicious behavior that the director, manager or individual 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 preliminary results of the 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. Investigate clues or complaints by assuring the whistleblowers that the investigation procedure is independent and properly monitored. In this regard, the information provided by the whistleblowers and the matter informed will be kept confidential in order to prevent the right being violated.
 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. Conduct the Audit Committee's report and reveal the report in the Company's annual report, which such report must be signed by the Chairman of the Audit Committee and must contain the following information:
 - 18.1 Opinion on the accuracy, completeness, reliability of the financial report of the Company according to the Generally Accepted Accounting Principle and reveal important information sufficiently and on time.
 - 18.2 Opinion on the sufficiency of the internal control system of the Company.
 - 18.3 Opinion on practices complied with the laws of the securities and the Stock Exchange of Thailand and regulations of the Stock Exchange of Thailand or laws related to business of the Company.
 - 18.4 Opinion on transactions that may have 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 participants of each Audit Committee.
 - 18.7 Overall opinion or remarks that the Audit

Committee have 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 the Audit Committee

1. The appointment of the Audit Committee should be for a period up to 3 years.
2. In the event of retiring from the position, such individual may be re-appointed.
3. Audit Committee shall leave from the position when:
 - 3.1 Completion of term
 - 3.2 Death
 - 3.3 Resignation
 - 3.4 Lack of qualifications or possess prohibited character under Section 68 of the Public Company Act B.E. 2535, and Securities and Exchange Act B.E. 2535
 - 3.5 The Shareholders Meeting resolved to dismiss under Section 76 of the Public Company Act B.E. 2535
 - 3.6 Dismissal ordered by the Court
 - 3.7 The Board of Director has resolution to remove from the position.
4. In the event of resignation, the resignation letter must be submitted to the Chairman of the Company not less than 30 days in advance, the approval should be made by the Board of Directors who shall then send a copy of the resignation letter to the Stock of Exchange of Thailand.
5. In the event of an available position as a result other than the expiration of the term, the Board of Director shall appoint individual who is qualified to be an Audit Committee in order to fill up the number of Audit Committee as stipulated in regulations. Individuals that will be appointed as an Audit Committee shall be in position only for the remaining period of the former Audit Committee, and shall inform the Stock of Exchange of Thailand.

2.3 Nomination and Remuneration Committee List and position of Nomination and Remuneration Committee

Name – Surname	Position
1. Mr. Rutt Phaniijphand	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 of the Nomination and Remuneration Committee

1. Select individuals who deserve to be nominated as the new Directors, or search for a Managing Director.
2. Specify the selection of the directors or the managing director procedures and regulations to ensure the transparency.
3. Specify the remuneration and compensation procedures and criteria that is fair and reasonable 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 provide recommendation on the determination of the remuneration and other benefits concerning duties and responsibilities of the Managing Director. Furthermore, the company takes into account the criteria for setting remuneration and the evaluation of the Managing Director's performance in order to determine the annual remuneration.
5. Evaluate the structure and regulations on remuneration, according to topic 3 and 4, as appropriate with personal's responsibility, company's performances, and market trend.
6. Consider the salary increase budget and annual rewards, along with welfare, structure and criteria related to the staff remuneration including other benefits obtained by personnel of the Company and its subsidiary.
7. Prepare the operational reporting and present to the Board of Directors at least once a year.
8. Determine the overall policy of Employee Stock

- Option Plan/ Employee Joint Investment plan as proposed by the Managing Director.
9. Perform other duties as assigned by the Board of Directors.

Terms of the Nomination and Remuneration Committee

1. The appointment of the Nomination and Remuneration Committee should be for a period up to 3 years.
2. In the event of retiring from the position, such individual may be re-appointed.
3. Nomination and Remuneration Committee shall leave from the position when:
 - 3.1 Completion of term
 - 3.2 Death
 - 3.3 Resignation
 - 3.4 Lack of qualifications or possess prohibited character under Section 68 of the Public Company Act B.E. 2535, and Securities and Exchange Act B.E. 2535
 - 3.5 The Shareholders Meeting resolved to dismiss under Section 76 of the Public Company Act B.E. 2535
 - 3.6 Dismissal ordered by the Court
 - 3.7 The Board of Director has resolution to remove from the position.
4. In the event of resignation, the resignation letter must be submitted to the Chairman of the Company of not less than 30 days in advance and must get an approval from the Board of Directors.
5. In the event of an available position as a result other than by the expiration of the term, the Board of Director shall appoint an individual 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.

2.4 Risk Management Committee

Comprises two representatives from the Board of Director who have been appointed as Risk Management Committee: Mr. Khunawut Thumpomkul and Mr. Weerapun Ungsumalee, as well as the representatives from the Company's major departments or Risk Owner of specific department. Apart from this, the director also coordinates with the internal audit department. The supervisory authorities are as follows:

Name – Surname	Position
1. Mr. Khunawut Thumpomkul	Managing Director and Chairman of the Risk Management Committee
2. Mr. Weerapun Ungsumalee	Senior Vice President
3. Ms. Wannee Juntamongkol	Accounting and Finance representative
4. Ms. Pornsook Damrongsiri	Supply Chain representative
5. Ms. Siriwan Paimsethasin	Merchandising representative
6. Mr. Nitat Aroontippaitoon	Human Resource and Loss Prevention representative
7. Ms. Sudapa Chamod	Information and Communication Technology representative

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

Roles and Responsibilities of the Risk Management Committee

1. Draft the policy and risk management framework of the company and prepare risk management system manual to seek endorsement from the Board of Directors.
2. Consider and provide advice to determine the acceptable risk level (Risk Appetite) of the Company.
3. Assess the risk of the Company. Define the procedures to eliminate risk and defining the risk management plan and procedures for the entire organization.
4. Report significant risks, including risk status and the progress in dealing with such risks to the Board of Directors at least once per quarter.
5. Provide support to ensure that risk management procedures will be successfully implemented as well as providing preventive measures to reduce risk to an acceptable level and to promote continuous improvement of business workflows and risk management procedures.
6. Monitor the performance to ensure that the business operation follows the Company's guidelines with sufficient and appropriate risk control mechanism.
7. Review the risk management policy at least annually to ensure that risk management procedures are up-to-date and appropriately cover the overall business operation.

3. Strategy and Sustainable Development Committee

Names of the Strategy and Sustainable Development Committee

Name – Surname		Position
1. Mr. Khunawut	Thumpomkul	Chairman of the Strategy and Sustainable Development Committee and representative of Board of Directors
2. Mr. Weerapan	Ungsumalee	Strategy and Sustainable Development Committee
3. Mr. Vathunyu	Visuthikosol	Strategy and Sustainable Development Committee
4. Mr. Chaiyuth	Karunyasopon	Strategy and Sustainable Development Committee
5. Ms. Siriwan	Paimsethasin	Strategy and Sustainable Development Committee
6. Mr. Nitat	Aroontippaitoon	Strategy and Sustainable Development Committee
7. Ms. Wannee	Juntamongkol	Strategy and Sustainable Development Committee
8. Mrs. Surangkhan	Chaiprasart	Strategy and Sustainable Development Committee
9. Ms. Ittaporn	Srisukwattana	Strategy and Sustainable Development Committee

Remark: Mr. Rakpong Aroonwatdhana, Vice President – Strategy and Sustainable Development is a secretary of the Strategy and Sustainable Development Committee.

Roles and Responsibilities of the Strategy and Sustainable Development Committee

1. Set out and review the company policy, strategy, objective and sustainable development goals.
2. Supervise, advise, support, promote and review the operation of sustainable development of the company for practical use.
3. Create a balance between business practices based on good governance, environmental care, and creating good living for society and community.
4. Monitor the results from the operation conducted by the business that involves taking Sustainable Development into consideration and report the results to the stakeholders.

4. Company Secretary

On 20 March 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 informed the name and the location where the company kept the documents to the Securities and Exchange Commission on 26 August 2008.

Company Secretary Profile

Ms. Wannee Juntamongkol (55 years old)

- Senior Vice President of Accounting and Finance
- Company Secretary
- Director of Market Village
- Director of Home Product Center (Malaysia)
- Director of Mega Home Center
- Director of DC Service Center

Educations

- B.A., Accounting, Faculty of Commerce and Accountancy of Chulalongkorn University
- MBA, Sasin Graduate Institute of Business Administration of Chulalongkorn University

Trainings

- 2019 - Attended the following seminars by Thai Listed Companies Association:
 - The CFO's role in stakeholder communications
 - Automation & RPA (Robot Process Automation) for Accounting
 - The Securities and Exchange Commission's policy of capital market development and operational support for listed companies
- 2017 - Director Accreditation Program class 140/2017
- 2016 - Capital Market Academy class 22
- 2015 - Strategic CFO class 1 by Stock Exchange of Thailand (SET)
- 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)

Authority of Secretary of the Company

1. Facilitate activities of the Board of Directors
2. Make a summary of the matters under the decision of the Board of Directors, follow up, and coordinate with related parties to ensure compliance with the resolutions of the Board of Directors and the resolution of the shareholders'

- meeting along with reporting the results of such operations closely.
3. Arrange schedules of the Board of Directors meeting and Sub-Committees meetings, including conducting the Board of Directors meeting and shareholder meeting.
 4. Keep information according to law including prepare and maintain the following documents:
 - List of shareholders
 - Director registration.
 - The Board of Directors meeting invitation, the Board of Directors Meeting minutes, and the company's annual report.
 - Shareholders Meeting invitation and the Shareholders Meeting minutes.
 5. Maintain the report on conflicts of interest that has been reported by the directors or the executives and summaries those matters that are under the director's authority.
 6. Coordinate with relevant organization such as the Securities and Exchange Commission, and ensure that all the relevant information to the company is disclosed, and is reported to the relevant department and the public accurately and transparently.
 7. Giving legal advices and related regulations that are relevant to the business as well as the principles of Good Corporate Governance to the Board of Directors and the Sub-Committees in accordance with the laws and Good Corporate Governance.
 8. Manage other matters as stipulated by the Capital Market Supervisory Board.
 9. Conduct the Board Orientation Program and give advice when there is an appointment of a new director.
 10. Regularly monitor and ensure that the Board of Directors take into account any opinion given by the shareholders.
 11. Provide information and advice regarding the main issues on Corporate Social Responsibilities that is monitored by the Board of Directors.
 12. Take care of Directors and officers liability insurance.
 13. Perform other duties as assigned by the Board of Directors.

5. 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 individuals, to determine selection of an appropriate individual in accordance with the Company policy to be nominated as the Director or Sub-committees, by the following methods:

1. Create opportunity for the shareholder to participate in the nomination of candidates to be elected as directors in advance. In 2019, The vote will be available from 15 October 2018 to 15 January 2019 and will be announced through the SET portal system of the Stock Exchange of Thailand under the News section and the Company's website, for the nomination procedure. Furthermore, none of the shareholders has nominated a single candidate to be elected as director.
2. The consideration is coming from the Director Pool of Thai Institute of Directors or other department that provides such information.
3. Other channels that the Nomination and Remuneration Committee deems appropriate.

The Nomination and Remuneration Committee is responsible for the selection and screening of the qualified candidates in accordance with the Company's Articles of Association Board of Directors Charter and along with other guidelines that are relevant which can be summarize as follows:

1. Consider the qualified individual in accordance with the laws and must not possess characteristics prohibited by the rules of the Security and Exchange Commission along with other laws, regulations or other associated regulations.
2. The consideration of the appointment of the Independent Director is considered under the rules imposed by the Security and Exchange Commission. In this regard, the Company has set the qualifications for independence to be more stringent than the requirements of the Securities and Exchange Commission, such as holding less than 0.5 percent of the paid-up capital of the Company. More details are available on the topic of independent directors.
3. Consider the suitability in terms of knowledge, experience, skills, expertise in industry (Board Skill Matrix) so that it is in accordance with the business strategy of the company.
4. Consider the diversity of the board structure, including gender, age, qualifications, experience, race, nationality, ethnicity, and cultural background (Board Diversity).

After that the Nomination and Remuneration Committee proposes the list of candidates to the Board of Directors for their opinions. The Nomination and Remuneration Committee then proposes this matter in the shareholder's meeting for approval in order to elect directors in accordance with the following rules and procedures:

1. Each Shareholder has the vote equivalent to one vote per one share held.

2. Each Shareholder should use all of his/her voting rights under item 1 to elect one or more individuals as the Director, but is not capable to share his/her varied voting rights to any person.
3. Individual with the highest votes, follow by votes from other individuals in descending order would be elected as director subject to the number of Directors allowed to be elected in such meeting. In the event of individuals who have been elected that 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 the event of an available position as a result other than the expiration of the term of the director. The Board of Directors shall appoint qualified candidates who do not possess any characteristic that indicates prohibition to be the director for the Board of Directors meeting. The replacement of director that just has been appointed may only serve for the remaining term of the director whom he/she replaces.

In 2019, there were 4 directors resigned from their positions as the term expired:

1. Ms. Suwanna Buddhaprasart
2. Mr. Thaveevat Thatiyamaneekul
3. Mr. Chanin Roonsamrarn
4. Mr. Weerapun Ungsumalee
(appointed as a replacement of Mr. Chadchart Sittipunt)

However, the Nomination and Remuneration Committee considered this matter in accordance with the criteria of the selection. This shows that all 4 directors have the qualifications required according to the Public Limited Company Act B.E. 2535. Nonetheless, the qualifications of these directors, such as capability, experience and expertise (Board Skill Matrix) have been analyzed so that these are in line with the Company's operational strategies. 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 2018 Annual General Meeting of Shareholders. As a result, the meeting approved this matter and to reappoint these directors for another term.

The Board Orientation

The Company has the policy to organize an orientation to every newly appointed Director in order to acknowledge the roles, duty, and responsibility, including providing knowledge, understanding of

the business and operating in every part of the Company. The purpose is to prepare the readiness to perform the Directors' duties by presenting the documents and the information that will assist the newly appointed Directors in performing their roles such as the 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 the newly appointed Directors. In 2019, the board orientation was held for one director, Mr. Weerapun Ungsumalee.

Selection of Managing Director

For the selection of the Managing Director, the Nomination and Remuneration Committee determines the selection of an appropriate candidate who has knowledge, capability and experience as required by the Company, including the ability to manage the business in order to achieve the company's objectives and goal as stipulated by the Board of Directors. The appropriate candidate would be nominated to be appointed by the Board of Directors.

Roles and Responsibilities of the 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 the 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 to be in accordance with the business plan proposed to the Board of Directors.
2. Approval of operating expenses, selling and administrative expenses and capital expenditure according to the budget approved by the Board of Directors. However, loan and guarantee are excluded.
3. Filling the post, appointing, removing, relocating, promoting, reducing or cutting salary or wages, disciplinary punishment to the staff and associates, and ordering the staff and employee to leave

from the position according to the regulations as stipulated by the Board of Directors.

4. Other operations as assigned by the Board of Directors, with the following authorities:

4.1 Having the 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.

4.2 Having the authority to operate and enter into juristic act, agreement, order or any letter for contacting with the government authority, State Enterprise, and other individuals, including authority to act when necessary and appropriately so that the above mentioned acts become successful.

4.3 Having the authority to authorize an individual as a proxy to act on specific work, which must be under the rules, regulations, or order made by the Board of Directors or as imposed by the Company.

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

Succession Development Plan

The company is aware of the importance to running the business efficiently and constantly. Therefore, a succession development plan is made in order to find the right the fit for the category to further continue to run the business. The position can immediately be filled or within 1 -2 years according to the following procedures:

1. Identify Key Positions which are core to the company's business in order to uphold the corporate vision, mission, strategies and goals by the following criterion:
 - The positions closely associated with the core business functions
 - The positions requiring candidates with fields of expertise that are scarce and take up long period of time for recruit and develop
 - The positions requiring peculiar skill or expertise to perform
2. Design clear set of Core Competency for each Key Position in order to ensure the effective and on-point recruiting procedures and competency development plan.
3. Set up guideline and criteria for evaluating the

potential successors, including the consideration in terms of knowledge, skills, career background, potential, as well as the managerial and strategic vision, in line with the Core Competency crafted for each particular position.

4. Select the successors in accordance with the set criteria, evaluate the preparedness of selected candidates on both strong traits and areas for improvement.
5. Establish and execute Individual Development Plan to ensure that each of the selected successors are always ready to take on the designated role.
6. Monitor and reassess the Succession Development Plan annually and propose to the Board of Directors for approval and endorsement.

6. Remuneration for the Directors and Executives

The Nomination and Remuneration Committee is responsible for expressing their opinions to the Board of Directors in terms of the criteria for evaluating the performance of the Directors, Executives, and Managing Director.

Remuneration for the Directors

The remuneration of directors is considered with respect to fairness and appropriateness. The considerations are based on the responsibilities and the performance of the company as a whole, the duties and the responsibilities of each sub-committee, the connectivity between the success of the operation and the business's performance, other related factors including the comparison between our company remuneration and the remuneration of other companies within the same industry or in similar industry, such as the director's remuneration survey conducted by the Stock Exchange of Thailand and Thai Institute of Directors (IOD).

In 2019, the Nomination and Remuneration Committee reviewed the remuneration of directors and proposed to the Board of Directors for approval. After that the matter was presented in the 2019 Annual General Meeting of Shareholders which took place on 9 April 2019. The shareholders have a resolution to grant the remuneration of directors amounting to no more than 12,000,000 million baht and the pension in 2019 for the directors amounting to no more than 35,000,000 million baht with the payment structure as follows:

1. Cash Remuneration

1.1 Monthly Remuneration

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

1.2 Meeting Allowance

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

Executive Director will not receive the meeting allowance under article 1.2

2. Other Remuneration

Directors will receive benefits from purchasing discounted items only. The discount rate will be as specified in the Articles of Association of the company that has been approved in the shareholder's meeting. The benefits mentioned above will not be greater than the benefits provided to the VIP customers which is fixed at no more than 10%.

Details of monetary remuneration for directors in 2019 are as follows:

Name - Surname		No. of Meeting Attend (time)				Remuneration and Meeting Allowances					Pension	Total (Baht)
		Board of Director, 12 meeting	Executive Directors, 12 meeting	Audit Committee, 12 meeting	Nomination and Remuneration Committee, 2 meeting	Monthly Remuneration	Remuneration for Board of Director Meeting	Remuneration for Executive Director Meeting	Remuneration for Audit Committee Meeting	Remuneration for Nomination and Remuneration Committee Meeting		
1. Mr. Manit	Udomkunatum	11/12	11/12			480,000	220,000	330,000			5,833,333	6,863,333
2. Mr. Rutt	hanijphand	12/12	12/12		2/2	480,000	240,000	240,000		60,000	2,916,667	3,936,667
3. Mr. Boonsom	Lerdhirunwong	12/12		12/12		480,000	240,000		360,000		2,916,667	3,996,667
4. Mr. Thaveevat	Thatiyananeekul	12/12		11/12		480,000	240,000		220,000		2,916,667	3,856,667
5. Mr. Chanin	Roonsamrarn	12/12		12/12	2/2	480,000	240,000		240,000	40,000	2,916,667	3,916,667
6. Mr. Naporn	Sunthornchitcharoen	12/12	12/12		2/2	480,000	240,000	240,000		40,000	2,916,667	3,916,667
7. Mr. Weerapun	Ungsumalee ¹	11/11				440,000						440,000
8. Mr. Khunawut	Thumpomkul	12/12	12/12			480,000					2,916,667	3,396,667
9. Mrs. Suwanna	Buddhaprasart	12/12				480,000	240,000				2,916,667	3,636,667
10. Mr. Pornwut	Sarasin	11/12				480,000	220,000				2,916,667	3,636,667
11. Mr. Archawin	Asavabhokhin	12/12				480,000	240,000				2,916,667	3,636,667
Director who resigned during 2018												
1. Mr. Chadchart	Sittipunt ²					5,240,000	2,120,000	810,000	820,000	140,000	2,916,667	2,916,667
Total											35,000,000	44,130,000

Remark: 1 Mr. Weerapun Ungsumalee has been appointed as Director on February 2019.

2 Director's pension paid to Mr. Chadchart Sittipunt in 2019 on pro-rate basis from the performance during his term during the year 2018.

Remuneration for the Managing Director and Executives

The company considered remuneration to the managing director and executives with respect to fairness and appropriateness to the responsibilities assigned that go with the company's performance. Additionally, the company compares its remuneration to the remuneration of the other companies within the same industry or in similar industry. Apart from this, the performance of each executive is analyzed with respect to the objectives that indicates the company's vision, mission and the annual strategic plan. The purpose is to drive the Executives to build the stability and long-term sustainable growth for the organization. The details are as follows:

- Remuneration for the Managing Director

The determination of remuneration for the Managing Director is determined appropriately and indicate transparency. The Nomination and Remuneration Committee reviewed the remuneration of the managing director in order to propose this matter to the Board of Directors for approval by deciding whether the individual performance corresponds to the company's objectives both in short and long terms; as well as whether the individual's responsibilities conform to harmonize with the assigned tasks. The objective of remuneration is to encourage motivation and participation in the workplace. The details are as follows:

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

Long term : The first Employee Joint Investment Program (EJIP) started from 1 July 2013 to 30 June 2018 and the second Employee Joint Investment Program (EJIP) started from 1 July 2018 to 30 June 2023.

- Remuneration for the Executives

The Managing Director evaluates the performance of each executive as well as the department under each executive authority annually. The evaluation of these assessments is used to determine the remuneration of executives in the form of salary and bonus. The details are as follows:

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

Long term : The first Employee Joint Investment Program (EJIP) started from 1 July 2013 to 30 June 2018 and the second Employee Joint Investment Program (EJIP) started from 1 July 2018 to 30 June 2023

The remuneration for the Managing Director and Executives is as follows:

1. Salary and bonus: The 2019 and 2018 Remuneration for the Managing Director and executives include salary, bonus and other compensation which amounted to Baht 132.15 million and Baht 145.59 million respectively.
2. Employee Joint Investment Program (EJIP) Series 1
The Employee Joint Investment Program first began on 1 July 2013. The Directors and Employees who joined the program will receive contribution for buying the Company's stock starting from 1 July 2013 to 30 June 2018.
3. Employee Joint Investment Program (EJIP) Series 2
The Employee Joint Investment Program first began on 1 July 2018. The Directors and Employees who joined the program will receive contribution for buying the Company's stock starting from 1 July 2018 to 30 June 2023

7. Human Resources

Details of number of employees during year 2017 – 2019 are as follows:

Number of Employees	31 Dec 2019	31 Dec 2018	31 Dec 2017
Employees of the Company			
- Head Office (persons)	1,684	1,713	1,490
- Branches (persons)	6,596	6,532	6,417
Employees of subsidiaries (persons)	2,254	2,538	2,738
Total (persons)	10,804	10,771	10,645
Salaries, wages and other employee benefits (million Baht)	4,740	4,624	4,526
Profit (million Baht)	6,177	5,613	4,125
Profit per employee (Baht per person)	0.57	0.52	0.46

Remark: The table contains information of the permanent employees only.

The Employee Joint Investment Program (EJIP)

The Company's Board of Directors meeting was held on 30 January 2018 and the Employee Joint Investment Program Series 2 (EJIP) was approved. The details of the program are as follows:

The Company eligible under EJIP	Home Product Center Public Company Limited
The Period of EJIP	July 1, 2018 to June 30, 2023, 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	<ul style="list-style-type: none"> - In the first 3 years is the silent period. - Complete 3 years but less than 4 years, can sell 25% of the existing shares - Complete 4 years but less than 5 years, can sell 50% of the existing shares - Completed the project for 5 years, employees can sell all shares
EJIP program manager	Phillip Securities (Thailand) Public Company Limited

Directors and executives with authority to control of 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.
1. Mr. Manit	Udomkunnatum	Director				
2. Mr. Rutt	Phanijphand	Director				
3. Mr. Boonsom	Lerdhirunwong	Independent Director				
4. Mr. Thaveevat	Tatiyamaneeekul	Independent Director				
5. Mr. Chanin	Roonsamrarn	Independent Director				
6. Mr. Pornwut	Sarasin	Independent Director				
7. Mr. Napron	Sunthornchitcharoen	Director				
8. Mr. Khunawut	Thumpomkul	Director and Managing Director	Chairman	Chairman	Chairman	Chairman

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.
9. Mr. Weerapun Ungsumalee	Director and Executive Vice President		Director	Director and Managing Director	Director
10. Ms. Suwanna Buddhaprasart	Director				
11. Mr. Archawin Asavabhokin	Director				
12. Mr. Chaiyuth Karunyasopon	Executive Vice President				Director and Managing Director
13. Mr. Vathunyu Visuthikosol	Executive Vice President	Director and Managing Director	Director and Managing Director	Director	
14. Ms. Uraiwan Tantipiriyakij	Senior Vice President				
15. Mr. Kasem Pinmontearntong	Senior Vice President				
16. Ms. Sannipa Swangpuen	Senior Vice President				
17. Ms. Jarusopha Thumkathikanon	Senior Vice President				
18. Ms. Ittaporn Srisukwattana	Senior Vice President				
19. Ms. Siriwan Paimsethasin	Senior Vice President				
20. Mr. Tanawat Klangsoonthornrangsri	Senior Vice President				
21. Ms. Apiradee Thavilap	Senior Vice President				
22. Ms. Surangkhan Chaiprasart	Senior Vice President				
23. Ms. Monaphat Phongpreedachit	Senior Vice President				
24. Ms. Pornsook Damrongsiri	Senior Vice President				
25. Ms. Wanee Juntamongkol	Senior Vice President	Director	Director	Director	Director
26. Mr. Nitat Aroontippaitoon	Senior Vice President	Director		Director	Director
27. Ms. Sudapa Chamod	Senior Vice President				
28. Ms. Petchompoo Theppipidh	Senior Vice President				
29. Ms. Somjai Maturaporn	Senior Vice President				

Details of changes in the Company's shareholding by the Directors in 2019

No	Name – Surname	Position	No. of shares as at 1 Jan 2019	Changes in no. of shares	No. of shares as at 31 Dec 2019	Shareholding (%)
(1)	Mr. Manit Udomkunatum Spouse and minor children	Director and Chairman of the Executive Director	295,991,997 -	(26,002,800) -	269,989,197 -	2.05 -
(2)	Mr. Rutt Phaniijphand Spouse and minor children	Director, Executive Director and Chairman of the Nomination and Remuneration Committee	- -	- -	- -	- -
(3)	Mr. Boonsom Lerdhirunwong Spouse and minor children	Independent Director and Chairman of the Audit Committee	- -	- -	- -	- -
(4)	Mr. Thaveevat Thatiyamaneekul Spouse and minor children	Independent Director and Audit Committee	- -	- -	- -	- -
(5)	Mr. Chanin Roonsamrarn Spouse and minor children	Independent Director, Audit Committee and Nomination and Remuneration Committee	- -	- -	- -	- -
(6)	Mr. Naporn Sunthornchitcharoen Spouse and minor children	Director, Executive Director and Nomination and Remuneration Committee	- -	- -	- -	- -
(7)	Mr. Weerapun Ungsumalee Spouse and minor children	Director and Executive Vice President	5,316,708 -	(200,000) -	5,116,708 -	0.04 -
(8)	Mr. Khunawut Thumpomkul Spouse and minor children	Director, Executive Director and Managing Director	142,122,189 -	- -	142,122,189 -	1.08 -
(9)	Mrs. Suwanna Buddhaprasart Spouse and minor children	Director	- -	- -	- -	- -
(10)	Mr. Pornwut Sarasin Spouse and minor children	Independent Director	- -	- -	- -	- -
(11)	Mr. Archawin Asavabhokhin Spouse and minor children	Director	- -	- -	- -	- -

Details of changes in the Company's shareholding by the Executives in 2019

No.	Name – Surname	Position	No. of shares as at 1 Jan 2019	Changes in no. of shares	No. of shares as at 31 Dec 201	Shareholding (%)
(1)	Mr. Chaityuth Karunyasopon Spouse and minor children	Executive Vice President	2,191,131 134,400	2,535 -	2,193,666 134,400	0.04 0.001
(2)	Mr. Vathunyu Visuthikosol Spouse and minor children	Executive Vice President	9,879,703 -	30,398 -	9,901,101 -	0.08 -
(3)	Ms. Uraiwan Tantipiriyakij ¹ Spouse and minor children	Senior Vice President	545,517 -	(103,089) -	442,428 -	0.003 -
(4)	Mr. Kasem Pinmonteartong Spouse and minor children	Senior Vice President	206,938 -	1,991 -	208,929 -	0.002 -
(5)	Ms. Sannipa Swangpuen Spouse and minor children	Senior Vice President	160,602 -	27,413 -	188,015 -	0.001 -
(6)	Ms. Jarusopha Thumkathikanon Spouse and minor children	Senior Vice President	10,901,291 -	(205,269) -	10,696,022 -	0.08 -
(7)	Ms. Ittapor Srisukwattana Spouse and minor children	Senior Vice President	145,417 101,000	17,349 (101,000)	162,766 -	0.001 -
(8)	Ms. Siriwan Paimsethasin Spouse and minor children	Senior Vice President	1,306,437 -	(781,113) -	525,324 -	0.004 -
(9)	Mr. Tanawat Klangsoontornrangs ² Spouse and minor children	Senior Vice President	800,826 -	(126,395) -	674,431 -	0.005 -
(10)	Ms. Apiradee Thavilap Spouse and minor children	Senior Vice President	122,309 -	33,097 -	155,406 -	0.001 -
(11)	Ms. Surangkhan Chaiprasart Spouse and minor children	Senior Vice President	357,086 -	(7,865) 38	349,221 38	0.003 0.0000003
(12)	Ms. Monaphat Phongpreedachit Spouse and minor children	Senior Vice President	141,324 -	16,944 -	158,268 -	0.001 -
(13)	Ms. Pornsook Damrongsiri Spouse and minor children	Senior Vice President	166,315 -	21,005 -	187,320 -	0.001 -
(14)	Ms. Wannee Juntamongkol Spouse and minor children	Senior Vice President	9,926,756 -	1,125,241 -	11,051,997 -	0.08 -
(15)	Mr. Nitat Aroontippaitoon Spouse and minor children	Senior Vice President	5,600,923 -	24,566 -	5,625,489 -	0.04 -
(16)	Ms. Sudapa Chamod Spouse and minor children	Senior Vice President	170,957 -	20,439 -	191,396 -	0.001 -
(17)	Ms. Petchompoo Theppipidh ¹ Spouse and minor children	Senior Vice President	33,770 -	7,479 -	41,249 -	0.003 -
(18)	Ms. Somjai Maturaporn ² Spouse and minor children	Senior Vice President	73,694 -	- -	73,694 -	0.001 -

Remarks: The increase in number of shares is mainly driven by the Employee Joint Investment Program (EJIP).

¹Ms. Petchompoo Theppipidh has been appointed on 1 August 2019 with the stock balance at the date of appointment.

²Mr. Somjai Maturaporn has been appointed on 1 August 2019 with the stock balance at the date of appointment.

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, effectively and sustainably manages the business to have stability, continuous growth and fairness to all stakeholders. From such reasons, the Board of Directors stipulates the corporate governance policy to have the content that cover the important principle on the rights of shareholders, equitable treatment of shareholders, roles of stakeholders, disclosure and transparency, and Board's 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 rightness and transparency. The policy of corporate governance of the Company is disclosed at <http://hmpro.listedcompany.com/>

Board of Directors reviewed and updated the aforementioned policies through Strategy and Sustainable Development Committee for completeness, clarity and be in line with new Corporate Governance Code (CG Code) from The Securities and Exchange Commission, the regulations of the Thai Institute of Directors (IOD), and the international criteria in region level such as ASEAN CG Scorecard

Throughout the entire year of 2019, the Company has complied with the good corporate governance except the following:

1. The Chairman of the Nomination and Remuneration Committee is not an Independent Director. However, Nomination and Remuneration Committee consists of independent directors. Additionally, 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, Mr. Thaweewat Tatiyamaneeikul and Mr. Chanin Roonsamrarn, who have assumed this position for longer than 9 years. These Independent Directors are well-skilled, knowledgeable and have first-hand experience in Retail Business. Throughout the past while, they have been providing valuable advices both in the capacity of Independent Directors and in the capacity of Audit Committee. Especially Mr. Chanin Roonsamrarn, he 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 2019)
1. Mr. Pornwut	Sarasin	1 Oct 2015	4 years 3 months
2. Mr. Boonsom	Lerdhirunwong	1 Oct 2014	5 years 3 months
3. Mr. Chanin	Roonsamrarn	3 Oct 2005	14 years 3 months
4. Mr. Thaweewat	Tatiyamaneeikul	29 May 2001	18 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 their 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 channels 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 promote shareholders' rights by constantly holding meetings. The Annual General Meeting of Shareholders 2019 was held on Monday April 9, 2019 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 from October 17, 2018 to January 15, 2019, 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 2019.
- Kept shareholders informed of the meeting date of the Annual General Meeting of shareholder 2019 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 27, 2019, 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, 2019; 31 days before the meeting and distributed to shareholders since March 25, 2019; 15 days prior to the meeting. This provided shareholders with enough time to acknowledge the meeting agenda and to examine the information.
- Facilitated shareholders including individual shareholders, juristic and institutional investors, who could not attend the meeting by themselves,

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 a list of independent directors' names and backgrounds that shareholders could appoint to be the proxy. In the Annual General Meeting of Shareholders 2019, Mr. Chanin Roonsamrarn, an Independent Director, was appointed as proxy in casting votes on behalf of the shareholders.

On the Meeting Day

- Facilitated the shareholders such as individual shareholder and institutional investors by providing the appropriate and easily accessible venue to accommodate the participants, with the map provided. Staff members were assigned for providing information and inspect the documents at the point of registration. In addition, shareholders could register their attendance roughly 2 hours ahead of the meeting using the bar code system for accurate and convenient processing. Besides, 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 the results were clearly displayed in each 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 in order 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 allocated enough time for the meeting and appropriately conducted the meeting with

absolute transparency according to the agenda specified in the meeting notice. Neither there have ever been any occasions where documents containing essential information were distributed to the shareholders right in the meeting without prior notice, nor the inclusion of other additional agendas that are not stated in the meeting 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, the Chairman of the Audit Committee, the Chairman of the Nomination and Remuneration Committee, Managing Director, top executives and the external auditor also presented in the meeting 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.
- Prepared the meeting minutes, in Thai and English, and distributed via the Stock Exchange of Thailand's channels and the Company's website within 14 days after the meeting and also submitted a copy to the Stock Exchange of Thailand and the Ministry of Commerce by the indicated due date.

2. Equitable Treatment of Shareholders

The Company places great emphasis on fair and equal treatment towards every single shareholder; either 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 prepare 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 securities-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, executives and associates on a regular basis to ensure that those rules, regulations and policies are well aware of and obliged by everyone.
- The Company's trading transactions are forbidden one month in advance prior to the due 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 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.
- The Company explicitly set regulations concerning related parties transaction and connected transaction to be in accordance with the regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission by explicitly specifying matters to be reported to the Board of Directors or shareholders, as well as become more cautious to ascertain prevention of related parties transaction that violates the Stock Exchange of Thailand's regulations or Securities and Exchange Commission's regulations.

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 principles. 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 sake of shareholders' interests as a whole. The Company shall provide regular, accurate 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 reasons.
Associates:	Treat associates with fairness, in terms of opportunities, remuneration, promotions, reallocation and potential development. Respect every person's individuality and human dignity. Disassociate from human rights violation. Maintain the working environment to be in good and safe conditions for associates' 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 the 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, including ethical sourcing and respect of human rights, have been implemented continually.
Creditor:	Strictly comply with any conditions required by creditors. Effectively utilize loans for the right purposes and avoid mismanaging 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 completely comply with the 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 avoid attempting 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 associates in all levels towards the society, community and environment in order to sustain it as the key element of the corporate culture.

Customer privacy policy

The Company is committed to manage personal data concerning privacy information of customers, suppliers, and associates as well as comply with the regulations as stipulated by laws, along with strict supervision to ascertain safety, steadiness, and transparency of customers', suppliers', and associates' privacy information. In order to accommodate the usage of Personal Data Protection Act B.E. 2562, the following actions have been taken:

1. The company appointed Personal Data Protection Committee to manage and prepare operational framework by analyzing and improving operating procedure, as well as to determine the policies and practices as stipulated by laws. The Personal Data Protection Committee consists of the following:

Name – Surname		Position
1. Mr. Weerapan	Ungsumalee	Chairman of the Committee
2. Ms. Sudapa	Chamod	Committee
3. Ms. Wannee	Juntamongkol	Committee
4. Ms. Siriwan	Paimsethasin	Committee
5. Mr. Nitat	Aroontippaitoon	Committee
6. Mr. Aryuratas	Chai-anan	Committee
7. Ms. Surangkha	Chaiprasart	Secretary and Committee

2. Determine policy for personal data protection in order to achieve standard operating procedure.
3. The Personal Data Protection Committee appointed the Data Controller who has the authority to make decision upon gathering, usage, and disclosure of personal data as well as Data Processor who has duty under the Data Controller's command of gathering, usage, and disclosure of personal data.
4. Determine the procedures concerning objectives, conditions, announcements, consent agreements, gathering, usage, and disclosure of personal data as stipulated by laws.
5. The Company employs high security systems in both technology and processes to prevent cyber crime of confidential information and develop personnel at all levels to ensure

that the Company has standard data security with measures such as firewall and intrusion detection software, using Data Encryption technology, installing Scan Virus software for effective virus protection. Including determining the level of authorization according to the level of associates. Further details can be found in the Personal Data Security Policy on the website.

In the event of circumstances affecting personal data, the Company has explicit procedure of informing such matter to the Audit Committee who looks after and protects customers' personal data.

Policies and Guidelines on Information Technology

The Company appoints the Strategy and Sustainable Development Committee to supervise and prepare the business plans by analyzing and developing the business framework in order to support the future technology. The Company continually allocates resource and develops information technology related to the Company's business. Besides, the Company emphasizes confidentiality of data as the Company involved with multi-parties: customers, suppliers, and etc. by determining authorization for different levels and responsibilities of associates and set up the information technology security protocol such as back up site. In addition, the Company determines Policies and Guidelines on information technology as follows:

1. The Company complies with relevant law, regulation, discipline, and standards related to information technology such as NNT Security Control Guide, one of the global practice which is in line with the standards of Center for Internet Security (CIS), North American Electric Reliability Corporation (NERC), National Institute of Standards and Technology (NIST) and PCI Security Council.
2. The Company establishes information technology security system to ensure the confidentiality,

credibility, and availability of data. Furthermore, the Company has protocol to prevent the inappropriate usage of data or data editing without authorization by determining authorization for different levels and responsibilities of associates.

3. The Company has considered the risk of information and technology and determined measure to manage the risk such as providing Help Desk and Hotline as part of the reporting system, training sessions on preliminary problems solving and reporting system according to the level of severity for the responsible and related persons to ensure the continuity of business.
4. Cyber security insurance policies are also in place which intended to cover a variety of both liability and property losses that may occur when a business engages in various electronic activities, such as selling on the internet or collecting data within its internal electronic network.
5. The Company properly allocates and manages resource related to information technology by determines criteria to identify priorities of information technology plans, the consistent with business strategies, urgency, business model alignment, etc.

The Company focused on responsible marketing communication and privacy of customers' information particularly promoting through PR activities or online communication through social media. The Company respected customers' privacy and gave them a choice to unsubscribe news (opt-in, opt-out) and data as well as maintained the information accuracy. Moreover, the Company continued to monitor the information to ensure the message is correct.

Cyber risk prevention and management can be detailed as follows:

- To conduct a screening and access authorization only for authorized persons to ensure proper access, implementation, provision and information back-up.
- To set forth a cycle of system inspection, task relevant staff with operation system control and unforeseen problem-related solution, and continually perform state-of-the-art hardware and software development to cope with a new sort of cyber crime and prevent an access to information responsible by an unauthorized person.
- To perform a Cyber Security Drill and devise an emergency plan in case of Disaster Recovery Plan (DRP). The plan is yearly executed to address an issue in a timely manner, lessen the damage to the Company's information system and ensure the continuation of the Company's operation.
- The formulate the Business Continuity Plan (BCP) particularly related to information and Cyber Security Risk and test on a regular basis. A clear escalation process is available for associates to follow in case any suspicious event occurs according to the Level of Severity (Abnormalities to Crisis). Alerting system and communication channel are also in place.
- To install a firewall system and equipment and monitor a threat surveillance system, both at the head office and stores. A monthly meeting ensures that a new threat is monitored and inspected while an attack report and a solution's outcome are discussed as part of information to devise a preventive measure.
- To perform a penetrating testing and vulnerability assessment on a regular basis to assure the effectiveness of the current protection system.
- To roll out an information security management in accordance with international standard such as ISO/IEC 27001 (Information Security) which is a standard guideline of Information Security Management System (ISMS) - To enhance a continual awareness of safety cyber pertaining to a threat, prevention and related IT laws amongst workforce through all internal communication channels and training. Similarly, an E-learning training allows associates to access the system regardless of location and time and an assessment ensures that the online learning tool will be improved for better use. Associates at all levels can partake this educational program.

For further detail regarding Cyber Security Policy, please find on the Company's website at http://hmpro.listedcompany.com/policy_document.html.

Policies and Guidelines on Intellectual Property

The Company has imposed regulations to all associates to perform duties under the rules regarding rights in intellectual property such as 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, associates are advised to thoroughly check prior to making use of any information to determine whether or not it violates others' rights in intellectual properties etc. Moreover, associates are encouraged to have knowledge and understanding with regards to legal regulations and potential damage that caused by violation of Intellectual Property rights.

Beside the prevention of intellectual property violation, the Company develops products under HomePro's private brands. Thus, the Company has policy to protect the Company intellectual property by register those intellectual properties such as trademark patent. In case of intellectual property violation, the Company will prosecute to those who violated.

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 the standard practice to be above what is regulated by law.

The Company respects the protection of human rights and supports international principles and goals such as the Universal Declaration on Human Rights and the International Labour Organization

(ILO)'s Declaration of Fundamental Principles and Rights at Work and, thus, ensures that the Company's business is not involved in any infringements of human rights, e.g. forced labor, child labor and has standard working hour according to labor law. Also emphasizing on respect and 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 commits its intention on anti-corruption practices by issuing Anti-Corruption policy to ensure that the Company and associates can prevent and counter corruption which was set up according to internal control principles. The Policy will be annually reviewing and 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. The Company has No-Gift Policy to prohibit receiving or giving any gift or any benefit from any stakeholders with a written notice to the stakeholders in any cases.
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. The Company has policy and guidance for procurement audit and contract agreement.

The Policy has been informed to all stakeholders of the company via communication channels including Intranet, Vendor Relationship management system

VRM), sending official letter via post mail, in-house board announcement, employee orientation, etc.

The Company determined that risk management is the responsibility of Company's employee including directors, executives and associates. The corruption risk was assessed possibility of occurrence in the Company's activities such as procurement process, disbursement, government license, etc. The activities will be appropriately monitored and controlled via the following tools.

1. Determining working schedule and time frame, planning enough lead time for handle unexpected event.
2. Documents and procedure must be checked and verified prior to applying for approval from the authority.
3. Budget control and working procedure are clearly specified.
4. The disbursement must be approved and verified according to authority level in all cases.

Furthermore, the Company emphasized on the ethics and integrity as one of the Company's cultures and cultivated all associates to adopt this practice. In this regard, the Company continued to be certified as 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. This is to ensure that the policy is consistent with anti-corruption measure of the CAC.

Whistle-Blowing

The Company has assigned Internal Audit departments as a complaint handling center to receive complaint regarding suspicious or improper activity and monitor the complying of code of conduct. The Company's associates, suppliers, customers, shareholders and stakeholders are able to report any suspicious or improper activity to the Company so that appropriate investigation can be conducted.

Complaint Handling Procedure

1. Guideline to received complaint: After the complaint is received through the Company's channel, the Audit Committee will appoint the Audit Department to engage and propose to the Audit Committee.
2. Information gathering and investigation: Audit Department gathers and examines the information. The information and solution will be presented to chief of relevant department under transparency and fairness to all stakeholders.
3. Reporting: The audit results will be reported to the Board of Director, the Audit Committee and the Risk Management Committee and complainant.

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 the channels as follows:

Board of Directors	In case of notifying or communicating about an operation of the Company, the information will be sent to the Managing Director at http://hmpro-th.listedcompany.com/contact_board.html
Audit Committee:	In case of requiring for filing complaint about violation of laws or ethics, accounting issues, internal control etc. The information will 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 of complaining about employee's offence or employee desires to notify any wrong doing, please contact md@homepro.co.th . The Company also provides "Hotline" for associates consultation (HR Clinic) through internal phone number and in person consultation.

The identity of the whistleblower and information will be retained anonymous. Only the Managing Director, Executive Vice President, and Senior Vice President in charge of that business unit will be acknowledged the information of complaints. The executives will gather complaints and submit to the Audit Committee and the Risk Management Committee for further consideration. In 2019, there have been complaints; however, corrective actions have been taken and forwarded to the relevant authorities for acknowledgment.

expects that the Investor Relations Department is 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. The Head of Investor Relations is Mr. Rakpong Aroonwatdhana. The Company information can be inquired via 3 channels as follows:

- (1) Telephone: : 0 2832 1416
- (2) Fax: : 0 2832 1066
- (3) Email: : ir@homepro.co.th

4. Disclosure and Transparency

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

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

Moreover, the Company has shared important information in order to reach out to target audiences 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), quarterly and annually and Investor Release which details the operational and financial performance with analysis and explanation of causes for changes, taking into account factors that affect the change of operating results through the channels of the SET and electronic mail.

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.

Disclosure and Financial Integrity

The Board of Director ensures that any person involved in the preparation and disclosure of any information such as Senior Vice President of Accounting and Finance, accountant, Internal audit, Company secretary, Investor relation officer, and etc., has relevant knowledge, skills, experience, and sufficient resources.

The Company splits account department and finance department to increase operating efficiency through workforce management. Senior Vice President of Accounting and Finance, accountant and Company secretary must meet qualification and regulations of the Stock Exchange of Thailand as well as sufficient number of training hours set by Stock Exchange of Thailand's. The training would develop the understanding of accounting and new regulations. In addition, Investor relation department has been trained from Stock Exchange of Thailand, Securities and Exchange Commission, and etc. The course would enhance the better understanding of law and regulation as well as business impact from both internal and external factors on a regular basis. Moreover, the disclosed information must be accurate, complete, transparent and timely to all stakeholders.

Analysts Meeting

The Company normally arranges a session for announcing the operating results to analysts, investors and interested shareholders and also publishes Investor Releases on a quarterly basis and extra analyst meetings can be held in case of significant matters.

Investors Meeting and Company Visits

Throughout the year 2019, the Company has allowed analysts, shareholders and institutional investors in Thailand and overseas to meet the executives via different arrays of activities on a continuous basis, as a way of sharing information, operating performance, strategic plan, growth directions, the summary of the key events throughout the year, as well as answering questions. The following are activities that took place in 2019:

1. Hosting roadshows as follows:
 - 5 overseas roadshows: 3 times in Singapore, 1 time in Hong Kong, and 1 time in the US.
 - 10 domestic roadshows both retail and institution investor.
2. Hosting 109 company visits for analysts, individual investors, and institutional investors from both domestic and international, to meet with executives via prior appointments to acquire Company information.
3. Hosting 10 site visits via prior appointments for investors and securities analysts.
4. Holding 28 conference calls with investors
5. Participating in Opportunity Day hosted by the Stock Exchange of Thailand 4 times in 2019: 22 March, 14 May, 9 August, and 11 November.

Press Conference and Media Relation

In 2019, the Company arranged one press announcement on the annual business results of 2018 and business plan of 2019. There were 4 press releases provided to the media informing 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 in the Management section, the followings are additional roles of the Board of Directors:

- **Determining 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 policies and business directions emphasizes on ethic and impact to stakeholder apart from financial point of view. The group is

also collectively accountable for monitoring the management team to operate the business according to strategies, plan and budget effectively and efficiently. Also, integrating innovation and technology is in the business appropriately.

- **Monitoring the Company's strategy execution :**

The Board of Directors is involved in monitoring the execution of the Company's strategy via meetings which is reported on a monthly basis.

- **Good corporate governance :**

The Board of Director reviewed the corporate governance policy and code of conduct on a regular basis which is integrated into the Company's culture. The Board of Director will be a role model in creating and driving a corporate governance and code of conduct. Additionally, the aforementioned policies and code of conduct is communicated and enforced to directors, executives, and associates as well as monitored the results on a regular basis. These would enhance the Company to be standardized, transparent, effective, and auditable. Furthermore, the Company determines policies and procedures to limit the number of position in other companies for director, independent director, managing director, and executives. Director and independent director must not take more than 5 positions in listed companies. Managing director and executives must not take more than 2 positions in listed companies that is not in the same group of the Company and must not have conflict of interest with the Company.

- **Internal control and audit :**

The Board of Director is well aware of the significance of internal control and audit systems. The Board of Director determines the protocols to ensure that 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 review and monitor the internal control results and report to the Board of Directors regularly to create confidence for 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.

- **Nurture of innovation :**

The Board of Director emphasizes the nurture of innovation by supporting the integration of innovation and technology into the business. These would enhance competitiveness and value to the Company under the dynamic change of business environment. It could respond to stakeholder's concerns; the Company, customer, suppliers, social and environment. The Board of Director appoints executives to integrate innovation as a part of business strategies, operational development, and operation monitoring.

- **Sustainable Development :**

The Board of Director has the role of support in steering the company's business towards sustainable development; encourage the establishment, evaluation, and execution of policies, strategies, procedures, as well as the targets company-wide, in order to maintain the balance between the business profitability and the environmental responsibility with contribution to the quality of life and well-being of community and society.

The Company has appointed the Audit Committee which is entirely Independent Directors in order to verify accuracy of disclosed information 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 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 determine 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 to balance power in all aspects of operations. Even though the Chairman of the Board is the representative of the shareholders who are not the Independent Directors, 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 up 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 associates. In this regard, the Chairman of the Board also takes the role of the chairman of the Board of Directors' meeting and shareholders' meeting, monitors effective proceeding of the meeting, and allows 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 the authority has been specified under the law, objectives and regulations of the Company, as well as resolutions from the Board of Directors' meeting and shareholders' meeting.

In 2019, the Company have not yet appointed the chairman of the board. However, the Company is in the process of recruiting. In this regard, the Chairman of the Executive Committee acts as the Chairman of the Board of Directors and of the Annual General Meeting of Shareholders.

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 2019, Mr. Boonsom Lerdihirunwong, Chairman of the Audit Committee and Independent Director, engaged in Ethical Leadership Program (ELP) 15/2562 and Board matter and Trend (BMT) 7/2562. Mr. Weerapun Ungsumalee, Director, also engaged in Directors Certification Program (DCP) 272/2562 in 2019.

The Board of Directors' Meeting

The Board of Directors and Executive Directors have a regular meeting every month and may have an extra meeting as necessary. The executives could attend the Board of Director Meeting in appropriate agenda. In order to conduct Board of Directors' meeting and vote in the meeting, the Company requires a quorum of one-half of the 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 the calling notice for meeting with agenda of the meeting will be sent at least 5 working days in advance for the directors to be prepared.

During the 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 record the minutes of the meetings. The directors, who has conflict of interest in any issue, will 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, the Board of Directors has determined that non-executive directors can conduct meeting among themselves as appropriate. There were no executive directors participating in such meeting to discuss issues related to management that were in the interest. In 2019, there was a meeting of non-executive directors 1 time on 26 December 2019. The purpose of this meeting was to examine the overall organization management, exposure to general personal data protection regulation, and self-evaluation of The Board of Directors, Sub-Committee, and Managing Director.

The Board of Directors shall be updated regularly on any change in laws, rules, and regulations, and important guidelines, movement on industrial information and good corporate governance guideline so that the performance as the Board is in accordance and updated with the laws, regulations, and good principles and guidelines.

The Board of Director supervises the management to monitor and assess the company's financial position as the important agenda to report to the Board of Director's meeting on monthly basis. The Board of Director and Management will jointly be finding the solution immediately when there is the weak sign of liquidity and repayment ability. None the less, the guidance to solve this issue must be reasonable and fair to all concerned including complying with the concerned rules and regulation such as disclosure rule.

In 2019, there were 12 Board of Directors meetings, and Sub-Committee meetings: 12 Executive Committee meetings, 12 Audit Committee meetings, and 2 Nomination and Remuneration Committee's meetings.

Procedures and Criteria for the Board of Directors' Performance Evaluation

Performance evaluation of the Board of Directors divided into the following:

- Evaluation of the entire Board
- Evaluation of sub-committees
- Individual Board Assessment

Process for Evaluation

The Corporate Secretary will submit the evaluation form for the entire Board, sub-Committees, and Individuals in the Board of Directors Meeting. After the evaluation has been completed, the Company Secretary will collect and summarize the results to the Nomination and Remuneration Committee for consideration of the remuneration and the bonus. By screening various appropriateness such as business expansion, profit growth, market capitalization of the Company's security, dividend payment, and the number of meeting attendance. In addition, the comparison is also based on the same industry.

Performance Evaluation Criteria

The Company has set the criteria and evaluated the performance of the entire Board, sub-committee and individual at least once a year to consider the remuneration and the bonus. The Company has taken the example of the performance evaluation form of the Board of Directors, sub-committee, and the individuals of the Stock Exchange of Thailand to apply to comply with the Company criteria.

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 working performance of the Managing

Directors, such KPI shall be in accordance with the goal of the Company for both short term and long term concerning the following elements: Same store sales growth (SSSG), Return on Asset (ROA), Return on Equity (ROE), Return on Invested Capital (ROIC), Total Shareholder Return, Tobin's Q, along with performance concerning the environment, social community, and corporate governance. The objective is to create motivation and sense of participation in the ownership of the Company. The compensation and remuneration for Managing Directors 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. And Series 2, starting from July 1, 2018 to June 30, 2023.

Criteria of performance evaluation and compensation for Associates

The Company has a policy of evaluating associates that are fair to all associates. The performance evaluation is separated according to the type of work performed twice a year to reflect the performance results regularly. Including appropriate treatment for associates in terms of opportunities and returns that are consistent with the Company's performance both in the short term, such as bonuses according to the work goals and operating results of the Company each year and in the long-term, such as the Employee Joint Investment Program (EJIP) which will ensure that the Company will be able to attract, develop potential, and retain associates with good performance to have motivation to work. In a market situation with high competition, associates will be offered compensation at appropriate rates and in line with market guidelines for the main component of compensation.

The company provides remuneration at a rate not lower than the minimum wage stipulated by the law. One of the determinant for determining the

remuneration structure is the connectivity between job levels and basic work value. In addition, range structure, the span between the minimum and maximum base salary an organization will pay for a specific job or group of jobs, has also been applied with the following rates: lowest, moderate, and highest.

In determining wage structure, the company conducts surveys and benchmarks in comparison with organizations in the labor market within retail and outside retail industry. Furthermore, the company also considers salary proportion and other income so that it is appropriate, competitive to the market, and sufficing the well-being of the associates and their families.

The Company has policy towards its associates as follows:

1. The Company treats the associates with politeness, and respect to individual and human dignity.
2. The Company has fair remuneration to the associates.
3. Assign and transfer the position including reward and punishment to the associates shall be made with honesty and based on knowledge, ability and suitability of the associates.
4. The Company emphasizes the importance of knowledge development and employee's competency by providing opportunities on a regular basis.
5. The Company regularly preserves working environment to be safe for associates' life and properties.
6. The Company opens to employee's opinion and suggestion on the basis of employee's professional knowledge.
7. The Company strictly complies with labor laws and any regulations related to the employee.
8. The associates are allowed to file complaints to the Company if the associates are treated unfairly through the given the specified system and procedure.
9. The Company respects the rights of associates in joining collective groups of their free choice and does not obstruct associates from forming union or joining other labor union.

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 all subsidiaries, to supervise the subsidiaries to comply with the rules regarding relating to party transactions, asset acquisition and disposition, and other major transactions, to ensure that the subsidiaries apply the same disclosure policy and practices to the aforementioned transactions as the Company, and to supervise the subsidiaries to appropriately retain information and record accounting transactions in order to facilitate the Company in reviewing and gathering 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 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 by the Legal Department; compliance on the standard operations of the branches will be the responsibilities of the 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 follow up the result of work performing to the executives, by performing its tasks independently, and reporting the results to the Audit Committee directly and regularly. The chief of internal audit is Mr. Aryuratas Chai-anan, Vice President of Internal Audit department appointed by Audit Committee.

Moreover, there is an appointment to an auditor who passes a consideration from the Audit Committee to evaluate the effectiveness of the internal control in accounting. The resolution of shareholders' meeting of 2019 approved to appoint Mrs. Gingkarn Atsawarangsalit, the auditor with certified license no.4496 of EY office company limited, to be the Company's and subsidiaries' auditor of 2019. 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 does not be related to the aforementioned person. The auditor is independent and has acceptable qualification as approved from 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 or 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 other's 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 associates 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 public. In this regard, if any executives or associates violate such regulations on the use of internal information, it is considered as a disciplinary offense and the person can be subjected 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 that 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.

In 2019, the Company had not received any complaints with regards to acts of violation of Conflicts of Interest conducted by directors or executives in using the internal information for inappropriate purposes.

Conflicts of Interest Management

It is the Company's policy to operate the business with honesty, openness, transparency and equality. Directors, executives and all associates are not allowed to do any businesses that are considered to compete with the Company's business, and are advised to avoid making transactions related to oneself, individuals or juristic persons that are prone to have conflicts of interest with the Company. The Board of Directors is responsible 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 in line with condition of general business transaction as approved by the Board of Directors on a transparent and equal basis. This is to be regarded as if a transaction was made with the external party with the Company's utmost interest 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 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 the proposal to the Board of Directors or shareholders for approval.

- **Report of inter-related transactions :** Directors and executives are required to report for the inter-related transactions declaration form for the 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 have to make transactions, either directly or indirectly, with the Company or its affiliates, such activities must be declared to the Company for the type of contract that 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 that the 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 the Chairman of the Audit Committee, which is to be reviewed within 7 days after receiving.

- **Disclosure of strategic shareholder information :**

The Company is responsible for preparing the share distribution report on a free float basis by individual minor shareholders, or shareholders who are not involved in directing or managing the Company (Strategic Shareholder). The proportion of the free float shares is considered as a significant factor in determining the Company's liquidity of share trading 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.

In 2019, the Company had not received any complaints with regards to acts of violation of Conflicts of Interest conducted by directors or executives.

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 associates to follow, in order to encourage effectiveness and transparency. This would create trust and acceptance in the Company's transparent operations, as well as sustainably and fairly create values to all stakeholders. 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 comprised of policies and ways of practice in 6 different perspectives that reflect the Company's values in business operations. Directors, executives and associates 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 associates to encourage the execution of code of conduct and can be used as a reference. Assuming that everyone has accountability to acknowledge, understand and strictly comply with the policies and protocols stated in the manual. Everyone will be evaluated the execution of code of conduct via performance evaluation on a yearly basis. The Code of conduct was integrated and communicated into the Company's culture (HomePro Culture). 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 associates. In 2019, there were 24 orientation sessions for associates.

Risk Factors



The nature of present-day business is undergoing complexity and transforming characteristics. Technological advancement exerts effects on human lifestyles and behaviors and some business segments have been affected by this trend though the impact of the change has markedly not been felt in the Company's operation, it could, in the upcoming years, significantly present both a new opportunity and a risk to the Company's operation.

The Company emphasizes risk management by steering the Risk Management Committee which has systematically framed risk assessment and continuously monitors from strategic planning to operations. Also, including raising awareness of risk management to every employee, which is Enterprise Risk Management Framework that follows international standards. Details are as follows:

- **Board of Directors and Audit Committee**
The Board of Directors has assigned the Audit Committee to review performance of the Company to efficiently and effectively organize and manage risk. The Internal Audit Department is responsible for inspecting to ensure that the operational department has an adequate internal risk management system and reporting to the Audit Committee. In addition, the Internal Audit Department also provides consultations to auditees and communicate feedbacks for further improvement.
- **Determining Level of Risk in Business**
The Company has clearly set the objectives and acceptable level of risk (Risk Appetite) in risk management so that every department can follow the same direction.

- **Risk Management Committee**

The Risk Management Committee consists of Managing Director, Executive Vice President and Senior Vice President who are risk owners. The Managing Director is the Chairman of the Risk Management Committee being responsible for setting up the policies, regulating and defining the structure and responsible person for managing the risk. Also, considering and approving the risk management strategies and plan, manage and monitoring organization risk.

- **Risk Management Processes and Tools**

The Company adopted the risk management framework to be used in the operations. The process is divided into 4 steps including identification of business risks or opportunities, risk assessment, setting measures and solutions, and quarterly reporting risks to the Audit Committee.

Risk analysis and assessment tools include risk maps, mitigation plan, key risk indicator (KRI), other techniques to identify impacts on performance as value at risk (VAR), and the monitoring of critically-changing external factors based on the organizational risk assessment to prepare proactive risk management measures targeted at an emerging risk.

- **Building Risk Management Culture in the Organization**

The Company recognized that the corporate culture is one of the key successes in risk management including tone of the top by enhancing corporate culture (Think and Act as HomePro) to be aware of risk management and uses it in action by having common understanding, defining acceptable risk and having the same risk assessment practice. In addition, risk management is also requisite in performance evaluation of the management and employees. There is the development of training materials in the form of Digital Learning to broadly raise awareness of the risk management for employees.

In 2019, the Company continues to operate under the stated risk management policy which aligns with the business direction according to the international standards. The Risk Factor are as follows:

1. Strategic Risk

The risks relating to the operational policies of the Company, economy, investment, and competition.

1.1 Economic Volatility

Thailand's economy grew slower than expected due to slumping exports. The export sector has been affected in accordance with the economies of major trading partners and the declining global trade volumes. In addition, consumers' purchasing power is still affected by high household debt and low agricultural prices. However, the government has implemented various measures to stimulate the Thai economy, such as the state welfare card and the 'Eat, Shop and Spend' project. On the economic front, the company embraced the need for operational efficiency and supply chain improvement to ensure the quality and worthiness of our products and services, to satisfy demands through product selection, and to achieve operational cost management.

As the Company considered the risks above, the investment policy of store expansion was formed prudently 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 focused to minimize the overall costs. In addition, the Company has monitored the performance of the stores and develop a marketing plan, organize promotional activities with partners such as credit cards issuers, government organizations, and suppliers. Also, include marketing activities to attract customers to spend.

1.2 Domestic Investment

As of December 31, 2019, the Company operated the stores under “HomePro” and “HomePro S” totally 93 stores nationwide. In 2019, there were 2 new stores under HomePro format at Charansanitwong and Mukdahan and 1 new store under HomePro S format at Samyan Mitrtown. For “Mega Home” business, the Company operated 14 stores nationwide. In 2019, there were 2 new stores at Rayong (Ban Chang) and Bang Na trad.

In addition, the “HomePro S” business model is designed to meet all customer needs. It allows customer to easily access HomePro store by the concept of “Small” which is a form of compact shop, convenient in shopping and mainly located in community mall. The concept of “Select” is from product selection that meets the needs of customers. Lastly, “Service” which is a home service by the quality teams of HomePro. Currently, there are 9 stores of HomePro S.

As the Company has planned to continuously expand its stores, there could be risks relating to the operations of new stores, 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 was set up to control operations of stores 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 store 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 late 2016. In 2017, the Company opened 4 new stores including Melaka, Penang, Ipoh and Johor Baru. Due to various economic issues and political situation in Malaysia during 2018, the company managed risk by delay the opening of new store and focusing on operational efficiency improvement. As a result, these could enhance brand awareness for Malaysian customers. At present, there are 6 stores of HomePro in Malaysia.

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, economic and political factors, 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 potential development.

1.4 Competition

Retail business of building materials and home-related products still has high growth potential, bolstered by increasing urbanization and government’s infrastructure investment projects such as intercity motorway and redeveloping and expanding of high-speed rails, which consequently leads to continuous urbanization and standard of living improvement. As a result, each player in this business had accelerated its store 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 complete range of services such as 'Home Service', which provides services for inspecting, cleaning, changing sanitaryware, painting, renovating the house, and Home Makeover, which have been continuously and increasingly used by customers. Although this income has small proportion, but it is a business strategy in creating satisfaction for customers, and attracting customers to come back and buy products and use services. Moreover, the company has offered more convenience for customers to use Home Service through several channels including mobile application, website, and call center, 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 increase capability of employees in order to gain the competitive edge.

In addition, technological change affects the lifestyle of the consumers. Especially the online shopping, retailers have to adapt and change their strategies along with the changing environment. To manage such risks, the Company has developed an online ordering and upgrade to Omni Channel platform in the future that is up-to-date, easy to use, and more accessible to consumers, including close monitoring measures to ensure that customers are satisfied with excellent shopping experience and services. The Company implemented a seamless online system (omni channel) in pursuit of effective operation systems

interconnecting between both physical store and online platforms to deliver good experience to shoppers.

1.5 Risk of Shareholder's Right and Investment

Land and Houses Public Company Limited was the major and only shareholder holding shares more than 25%. As of September 11, 2019, it held 3,975,878,432 of the Company's shares, accounting for 30.23% of paid-up capital leading to its controlling power to control votes in the shareholders' meeting 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 Information and Communication Technologies (ICT) system, and personnel.

2.1 Personnel Loss

"Personnel" was considered as a key driver of business operations of the Company including since the processes of recruitment, and understanding the nature of business, scope of work and responsibilities of staff in all levels. For all employees in the operational level, prior to start working and completing such development program, 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, leadership, and

competencies development programs will be provided.

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 as well as using technology and modern management system in operation to increase efficiency and reduce labor. Furthermore, the Company paid attention to employees and provided them good welfares, and arranged various projects to build their happiness and job stability as well as created good engagement 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 stores in or nearby their hometown
- Employee Joint Investment Program (EJIP)
- Scholarships for bachelor's degree and master's degree
- Succession Planning
- Talent Management
- Management trainee programs
- Knowledge Development via Digital Training
- HomePro nursery to take care of employees' children during their school holiday.

Further details can be found in the Sustainable Development Report.

In addition, to supervise and monitor the manpower of every department to be sufficient and aligned with future business expansion, Human Resource Management at both organization and store level have developed Personnel Development Plan to increase capacity and

capability to suit the task in order to enhance the employee to be ready to dedicate and innovate good work for the organization consistently.

2.2 Product Loss

The product loss is one of the top risks for retail business in which it would be mainly due to frauds by the criminals mixed with 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 Procedure and mitigate the loss at the lowest level.

2.3 Inventory Management

As of December 31, 2019, 2018, and 2017, the Company had the net inventory of Baht 10,421.26 million, Baht 10,245.45 million, and 10,342.99 Baht million, respectively. The increase of inventory was caused by the adjustment to align with sale volumes and the increase in number of store. The average inventory turnover was at 81 days, 81 days, and 83 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.

The Company has a distribution center located on the Company's proprietary land at Wang Noi, Ayutthaya. It is the strategic location connected to main roads such as Phaholyothin Road which connected to Bangkok on the inbound side and connected to the Eastern region on the outbound, Asian Highway to

North East, and Outer Ring Road to the East and the West which can deliver products on time and reduce the risk of out of stock (Supply Chain Disruption). In addition, there is a plan to expand area of distribution center to efficiently manage stock and can supply for future store expansion; including investment in the Automated Storage and Retrieval System (ASRS) that provides accuracy and speed in inventory storage and retrieval, security to products, and support domestic and international expansion.

2.4 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 single supplier and balance volume and price bargaining power in the long term.

Futhermore, the Company conducted Human Rights Risk Assessment and Supplier Audit in conformity to environmental laws.

2.5 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 anticorruption policy and no gift 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 with "Integrity" culture, which is crucial to the Company's goal to prevent corruption.

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 Accounts Receivable

The Company divided its customers into 2 groups: retail customers, and contractors and project owners. Retail customers were the ones whose sales basically based on cash. Meanwhile, contractors or project owners were the ones whose sales were in large volumes and based on the credit term. The main customers were retail customers who account the major proportion of sales. 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, 2019, 2018 and 2017, the Company had account receivables of Baht 216.35 million, Baht 286.23 million, and Baht 160.72 million, respectively. They were mainly trade receivables from sales of projects and sales through credit card. Moreover, 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, 2019, most of them were from sales promotions, and space leasing and related services, amounting to Baht 1,685.28 million, and Baht 15.22 million for the allowance for doubtful accounts.

3.2 Loan 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 had a declining trend and inflation was 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, 2019, the Company had the long-term debt amounting to Baht 84.20 million from domestic financial institutions and outstanding bonds amounting to Baht 13,007.66 million which were due from 2020 to 2022. The Company had committed to the bond holders in order to maintain financial debt to equity (D/E) ratio not exceeding 2.50 times. Moreover, the Company's D/E ratio was 0.64 times as of December 31, 2019.

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 restriction 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 the year 2019, the Office of Trade Competition Commission has announced, by virtue of the Trade Competition Act 2560, By establishing guidelines for considering unfair trade practices between wholesalers, retailers, and manufacturers or distributors as follows:

1. Unfair price settings. By setting the purchase price or lowering the price of the product from the manufacturer or supplier below the normal purchase price or forcing the manufacturer or distributor to reduce the price of the delivered product without reason.
2. Call for unfair trade practices. Wholesale and retail operators force manufacturers or distributors to pay benefits and include money, assets or some services Which the manufacturer or distributor does not need to pay or pay more than the reason When considering the benefits that the manufacturer or supplier will receive in return.
 - (A) Entrance free / Listing fee unfairly charged by wholesalers and retailers in addition to those specified in the contract or as agreed or charge fees from products that the manufacturer or supplier has changed the package (Minor Change) after it was on shelf. In which the quality and quantity of the products does not change unfairly.
 - (B) Special product display fees, such as head shelf fees, special product placement fees to attract customers in which the wholesale and retail business operators' charges unreasonable high commissions.
 - (C) Additional fees or requests for discounts on special occasions such as opening a new branch, branch renovations, branch anniversaries celebration - in which the manufacturer or distributor has to pay an unfairly excessive high amount and also must be responsible for covering irrelevant branches.
 - (D) Other unfair economic benefits such as promotional expenses when the product is purchased according to the target (Rebate) – the discount of lost product after receiving the product from the manufacturer or supplier.
3. All unfair product returned by wholesalers and retailers, or some products which was bought by the manufacturer or distributor without any valid reasons or consent or agreement in advance – which by returning unfair products or with actions of returning the unfair products including the act deemed to returning product such as changing a contract from a sales contract to a consignment contract, or requesting to exchange products from one item to another or engaging in another trade practice therefore would be an act of returning the product for the case of unfair products such as:
 - (A) Returning products in the event that a wholesaler, retailer purchases from a large number of manufacturers or distributors in order to benefit from trade discounts. However, after a certain period of time that the product is not sold out, the return of the product is then requested, which is not part of the prior sales agreement.
 - (B) Returning the products in the event that the wholesaler, retailers wants to renovate the store or warehouse and then unfairly asking to return.
 - (C) Returning products in the event that the wholesaler, retailer business operator does not accept the cost of damage caused by returning it to the manufacturer or distributor.
4. Using the unfair consignment contract in which the wholesale and retail business operators force the manufacturer or distributors to accept the consignment contract which is a disadvantage to the manufacturer or distributors, or forcing a particular manufacturer or distributor to sign consignment contact instead of conducting a normal sales contract for wholesale and retail business to receive returns from consignment contracts similar to purchase and sale

contract - which in general, returns of consignment contracts and sale contracts are not equal.

5. Unfair coercion to purchase in which the wholesale and retail business force the manufacturer or distributor to buy the product or pay the service fee as specified for the benefit of wholesalers and retailers, which unreasonably increases the burden of costs or costs to the manufacturer.
6. Assigning the employees of manufacturer or supplier unfair work without prior consent of agreement.
7. Unfairly refusing to accept products that have been ordered or specially manufactured for the private brand or the brand of the wholesaler, retailer (House Brand), after making an agreement in which wholesaler, retailer has ordered the manufacturer or distributor to produce the product according to their specification and standards – and when the manufacturer or distributor delivers the ordered product, the wholesale and retail business operators refuse to accept all or part of product without any reason or without any fault of the manufacturer or distributor. Unless in the event of which the manufacturer or the seller agrees to be refused to receive certain product and the wholesaler and retailer operator has to take responsibility of any damage occurred in the products that has been rejected.
8. Other unfair trade practices – in which the wholesalers and retailers conduct unfair trade practices in a manner that may cause damage, such as delayed payment of goods and removing the product from the shelves without reasonable cause and etc.

By conducting a business with a partner, the company adheres to live by the standards of freedom and justice without compulsion, discrimination, exclusion, given a clear standard along with a written agreement in advanced

and proceeding the business as of reasonable explanation. In addition, the company has banned the gift exchanging in any occasions in order to prevent the demand of unfair economic benefits.

4.3 Industrial Product Standards Act 1968 B.E.

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 formerly could be imported without passing through the permission process of products standards, these in the future 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 meets the standard obliged by the law. Moreover, the Company emphasized on quality of product and service by joining “Thai Industrial Standard (TIS) store” project in order to promote the selling of product with good standard and safety for customer. These could enhance customer trust for shopping with the Company.

4.4 The Direct Sales and Direct Marketing Act 2002 B.E.

It is the law defined in the online selling of the importance of requirement regarding the notifying the rights to consumer for the sales of product, the termination of the purchase contract or return of products which has no effect to the company because the company has fully complied to the law.

4.5 Personal Data Protection Act B.E. 2019

It is the law that sets the rule or regulatory measures regarding the protection of personal information. Regardless of whether the personal information of customers, partners and employees must not be violated. To ensure the legal compliance operation of the company, the company has appointed the personal data protection committee of the organization to have a duty to oversee and prepare various plans by analyzing and improving work process through set policies and practices. This shall be in accordance with the law including strict control to keep personal data of customers, business partners and associates to be safe, stable and transparent in order to comply with the enforcement of the Personal Data Protection Act B.E. 2562.

The company has established various measures to determine the purpose, conditions, notification of consent requests, data collection, and data usage and disclose of personal information to be as required by the law. In addition, the company uses security systems that are of high standards in both technology and processes to prevent data hacking of confidential information and developing personnel at all levels to ensure that the company standardized data security by installing Firewall and intrusion detection software, Data encryption Technology, Scan Virus Software for effective virus protection, determining users' access right according to the Level of Authorization, in which further

details can be found at the privacy policy on the company's website.

5. Emerging Risk

5.1 Cyber Security Risk

The information system executes information management by being connected with the front-office selling system. As information in the program is part of the performance analysis of the business, there can be a risk or leaking of information following a malfunction of the system. For this reason, the Company places a stress on the information system management to ensure accuracy, credibility and timely operation for the sake of an effective decision-making process. The privacy policy and information safety are available on the Company's website. A full description is offered at the Customer Information Safety section.

Cyber risk prevention and management can be detailed as follows:

- To conduct a screening and access classification only for related persons to ensure proper access, implementation, provision and information back-up.
- To set forth a cycle of system inspection, task relevant staffs with operation system control and unforeseen problemrelated solution, and continually perform state-of-the-art hardware and software development to cope with a new sort of cyber crime and prevent an access to information responsible by an unauthorized person.
- To perform a Cyber Security Drill and devise an emergency plan in case of Disaster Recovery Plan (DRP). The plan is yearly executed to address an issue in a timely manner, lessen the damage to the Company's information system and ensure the continuation of the Company's operation.
- To install a firewall system and equipment and a threat surveillance system at the head office and stores. A monthly meeting

ensures that a new cyber threat is monitored and inspected while an attack report and a solution's outcome are discussed as part of information to devise a preventive measure.

- To perform a penetrating testing and vulnerability assessment at least once a year to assure the effectiveness of the current system.
- To roll out an information security management in accordance with international standard such as ISO/IEC 27001 (Information Security) which is a standard guideline of Information Security Management System (ISMS)
- To enhance a continual awareness of safety cyber pertaining to a threat, prevention and related IT laws amongst workforce through all internal communication channels and training. Similarly, an E-learning training allows employees to access the system regardless of location and time and an assessment ensures that the online learning tool will be improved for better use. Employees at all levels can partake this educational program.
- Issuing cyber insurance to enhance reliability and limit the potential impact of information technology activities, such as online trading or data storage in the corporate network.

5.2 Disruptive Technology

Concerning disruptive technology, the Company realizes both risks and opportunities in the future as the Company closely monitors innovative progress and technology i.e. digital technology, smart home, renewable energy technology etc. With an awareness of business adaptation, the Company has established the Digital Transformation unit to be in charge of sustainable digital management. Possible solutions are driving the organization towards the Home Living Experience business solution provider in ASEAN by using significant infrastructure such as Automated Storage and Retrieval Systems (ASRS) and a seamless (omni channel) system implementation.

5.3 Climate Change Risk

Climate change garners higher attention from countries across the globe nowadays. The twenty-first session of the Conference of the Parties (COP 21) may affect the Company's operation in all facets i.e. cooperation to take an action from the public sector regarding laws and regulations amongst parties concerned, physical climate threats (flood and drought) that could impact the operation. This also propels customers' behavior in the future to a higher need in eco products and technology. The following are the Company's measures on the issue:

- To employ the ISO14064-1: 2006 guideline of the application of international practice regarding the quantification, reporting and reduction of greenhouse gas emissions.
- To maximize efficiency of energy use to reduce greenhouse gas emission responsible by business operation.
- To take part in the Thailand Voluntary Emission Reduction Scheme (T-VER) to ensure greater effectiveness of greenhouse gas emission management and reduction, and to comply with the amendment in public laws and regulations.
- To implement the circular economy through various events. The examples were the 'Give & Get' project that exchanged old curtains for new ones to get a discount, the 'Exchange Old for New' project urged shoppers to return old clothes to get new one, and the Electric Appliance Donation project that offered discount for the next purchase of home appliance so that customers can contribute to correct waste disposal or for donation.
- To take into account environmental friendly technological factors when considering an investment in the future to ensure that the overall greenhouse gas emission management is in line with the organizational strategies.

Risk Management and Internal Control



Risk Management

To support the Board of Director in managing the good corporate governance with optimal risk, in consistent with the situation that keeps changing over period of time, the Company recognizes the importance of risks that may occur and affect the business operation. A Risk Management Committee has been established to track and set guidelines on how to manage and maintain risks within the acceptable level. The Risk Management Committee consists of the Managing Director, who chairs the Committee, Executive Vice Presidents and Senior Vice Presidents from 6 departments as Committee members, who cover major risks within the Company. In 2019, the process is as follow:

1. Set risk management policy for the Company according to international standard by focusing risk management on 5 aspects: strategy, operation, finance and related regulations, and risk related to the change in business environment (Emerging Risk).
2. Review major risks at the corporate level. The process includes the analysis, assessment, and summary of Corporate Risk Profile by taking into account the dynamic of external factors with regards to economic, social, and climate change, and innovation technology that impact consumers' lifestyle and behavior amidst of competition with both the existing peers in the same industry and the new entrances. Set Key Risk Indicator as the precaution reminder for risks and monitor risk management plan effectively.
3. Track and review the mentioned level of risks quarterly in accordance with the everchanging business environment. Monitor and manage risks to remain within the acceptable level.
4. Report the risk assessment to the Board of Directors every quarter.

Internal Control

In the Board of Directors Meeting No.1/2020 on January 28, 2020, 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 follows:

1. Control Environment

The Board of Directors and the management support organizational culture that upholds morality and ethical business values and ensure that the operation meets the visions and missions. The Company also fosters internal control that is proper and beneficial to internal control policy compliance as set out below:

- 1.1 The Company formulates good corporate governance, the code of ethics, regulations, internal control policies, and anti-corruption policies as practice guidelines for the Board of Directors, the Management and associates. All associates are expected to be honest in adhering this policy. Similarly, Organizational structure, the boundaries of authority and the responsibilities of a job position are appropriately outlined to ascertain enough, effective and efficient performance and follow-up processes and to avoid conflict of interest against the Company.
- 1.2 The Company's Board of Directors is the experts at the Company's retail business with the valuable competencies. Besides, they are independent from the Management and they oversee the overall operation and develop internal control activities. The Board of Directors also monitors the establishment of clear and measurable business goals as the practical guidelines for executives and associates. This is to ensure the achievement of the designated targets.

- 1.3 The Company establishes the clusters and sectors' organizational structures so that the Company's administration achieves effectiveness and all cluster alignment. The formulated areas range from suitable reporting lines, authorization and responsibility. This is to ensure the Company's objective fulfillment and imbue associates with awareness of roles, authorization, duties and responsibilities.
- 1.4 Apart from key role succession, the Company determines the qualifications of a job position as recruitment and human development criteria. Standard and transparent appraisal ensures fair remuneration and effective staff motivation for outstanding performance. Competitive benefits help retain associates.
- 1.5 Concerning risks and internal control, a range of risk awareness and understanding campaigns are targeted at the Management and associates and, thus, became part of appraisal. That is, a penalty is imposed on those who violate the Company's regulations. On the contrary, the encouragement of moral support is fulfilled through the HomePro Role Model Award.

2. Risk Assessment

To boost the confidence in target accomplishment, both in short and long-term dimensions, the Board of Directors and the Management highlight the importance of risk management by appointing the Risk Management Committee. The duties are to monitor the Company's risk management to ascertain appropriateness and effectiveness. The following administration guidelines are as follow:

- 2.1 As guided by the COSO Enterprise Risk Management, the Company executes risk management companywide by launching risk management policies that are acknowledged by the Management and associates at all levels. As risk management is part of our organizational culture, the financial report meets the established accounting standards and is reviewed by external certified public accountants. This is a testimony of our risk-related activities.
- 2.2 The Company's scope of risk profiles is fully implemented at the organizational, business function and unit levels. Risk management involves investment and processes by taking into account changes posed by both internal external factors. Risk management guidelines seek to ensure that risks are curbed at an acceptable degree. On top of this, a monthly risk review helps fulfill the attempt and risk management activities must be responsible by all business units.
- 2.3 Key Risk Indicators (KRI) tracks the progress of evolving changes in risk factors, assesses the possibility of corruption activities in various forms and assists in preventive actions. Communication is imparted amongst associates across rankings for acknowledgement and compliance.
- 2.4 The Company closely monitors the latest external news and situations in a bid to assess changes in operational models and emerging trends that could affect the Company's targets. Related suitable measures are on hand in advance to deal with a challenge.

3. Control Activities

Our effective and efficient control activities lessen a risk of unsuccessful objective achievement as set out by the Company and ensure that risks will not exceed an established threshold as detailed below:

- 3.1 Based on good internal control principles such as policy formulation and practice guidelines, the Company maps out control activities in written forms that fit the Company's business characteristic and job functions. Segregation of duties and approval authorization are

systematically dispersed to groups of personnel, approvers, those who record, keepers etc. to generate check and balance.

- 3.2 The Company has devised safety measures of information system through automatic control tools for key priorities such as SAP GRC Access Control to ensure an effective conformity between job positions and SAP access performance rights. In addition, the system is well updated with prompt inspection and maintenance to be taken by relevant associates upon receiving an irregular notification.
- 3.3 A transaction executed by major shareholders, directors, executives, and related people is traced by the Company's cautious policy and undergoes a predefined approval process responsible by a third party. The Company's highest advantage is on top of this practice. Similarly, the Company has provided a follow-up measure on a regular and constant basis to ensure that subsidiaries adhere to the given strategies. Policies and working processes are also scrutinized so that they operate as planned.

4. Information & Communication

The Company places an importance on quality information and communication which are central to effective internal control as illustrated below:

- 4.1 Correct, detailed, and timely information are key to our decision making and a critical discussion at a meeting where internal and external sources are taken into account. The Company insists that only proper and verified information is used. In addition, information security classification, important documents and controlled documents are under supervision of softwares that gather and process input in all areas to lessen an overlapp while expediting a report to the Management.
- 4.2 The Company appropriately communicates with the Board of Directors, the Management, associates and stakeholders. Important documents related to the Company's financial results and meeting handouts are prepared for the Board of Directors in advance of a meeting so that they are equipped with enough information analysis before making a decision.

Our internal communication is disseminated through various channels ranged from the Town Hall activities whereby top management address all employees, the Intranet, an e-mail, mobile application, an orientation that hands over key messages to new associates, and Digital Learning that provides beneficial knowledge for carrying out tasks. In addition, HomePro ME application has been developed to offer a wider range of internal communications for our associates, which is accessible from anywhere at anytime.

- 4.3 A website, an e-mail, or social media, including Line and Facebook, act as the Company's communication tools that address external stakeholders. The Company assigns task to a special working unit with particularly overseeing constant key message communication with stakeholders. Besides, our whistleblowing system fosters associates and stakeholders' confidence over transparency, morality, fairness and confidentiality within a reasonable timeframe. More information is available in the corporate governance section.

5. Monitoring Activities

The Company employs monitoring and assessment of the adequateness of internal control and improvement process for the purpose of effectiveness and efficiency. The following are our practices:

- 5.1 The Company evaluates internal control both at the organizational and process levels. In this, employees perform a yearly appraisal. Furthermore, the Internal Control Department ensures adequateness and appropriateness, provides some advice on improvement and presents the Audit Committee with reviewing results. This aims to achieve the independency of audits' performance and result reporting. Trainings and professional development of audit-related knowledge are also provided to internal audit team.

- 5.2 In case of fraud, the Management must immediately report a case to the Board of Directors. A similar prompt action also concerns a suspected serious corruption, an unlawful practice and any other irregularity that can significantly affect the Company's reputation and financial position. Within a timely manner, an issue summary and a solution are required to be ready for the consideration of the Board of Directors or the Audit Committee.

In 2019, the Company found no major mistake related to internal control that could significantly derail the key organizational objective accomplishment, nor significant error with regards to a transaction that could lead to a conflict of business, corruption or violation of securities and exchange laws, regulations of the Stock Exchange of Thailand or laws involving the operation of the Company.

Miss Kingkarn Asawangsarit, who is the certified public accountant no.4496 of EY Office Limited, as the external auditor of the Company's for the year-end on December 31, 2019, 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 by reporting that no significant weak point arose.

6. Chief Financial Officer and Chief Accountant

Concerning the Office of the Securities and Exchange Commission's regulations on the qualification of Chief Financial Officer (CFO) and Chief Accountant, the profile of both persons who have fulfilled the financial and accounting trainings requirements as regulated by the Office of the Securities and Exchange Commission, is demonstrated in the following section:

6.1. Chief Financial Officer

Ms. Wannee Juntamongkol (55 years old)

- Senior Vice President of Accounting and Finance
- Company Secretary
- Director of Market Village Co., Ltd.
- Director of Home Product Center (Malaysia)
- Director of Mega Home Center
- Director of DC Service Center

Educations

- B.A., Accounting, Faculty of Commerce and Accountancy of Chulalongkorn University
- MBA, Sasin Graduate Institute of Business Administration of Chulalongkorn University

Trainings

- 2019 - Attended the following seminars by Thai Listed Companies Association:
- The CFO's role in stakeholder communications
 - Automation & RPA (Robot Process Automation) for Accounting
 - The Securities and Exchange Commission's policy of capital market development and operational support for listed companies
- 2017 - Director Accreditation Program class 140/2017
- 2016 - Capital Market Academy class 22
- 2015 - Strategic CFO class 1 by the Stock Exchange of Thailand (SET)
- 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)

6.2. Chief Accountant

Mr. Wichan Worasittanon (52 years old)

- Vice President of Accounting and Finance

Educations

- Bachelor of Commerce and Accountancy, Thammasart University

The Registration as the Company Accountant

- Registered as the Company's Accountant since 3 October 2006 under the announcement of Department of Business Development

Trainings

- 2019 - TFAC Conference 2019 : Future of Finance – Digital Disruption by the Federation of Accounting Professions
- Issues on accounting information items for financial statements closing prior to submitting 2019 financial statements by Dharmniti Seminar and Training Co.,Ltd.

7. Head of Internal Audit

On January 9, 2014, the Audit Committee Meeting No.1/2014 has appointed Mr. Aryuratas Chai-anan, Vice President - Internal Audit to be the Head of Internal Audit, since he has experience in internal audit for the Company for 15 years and experience in similar business, total of 19 years. He has passed the Certified Professional Internal Audit of Thailand (CPIAT) test and has been trained in related internal audit courses such as Audit Standard, Information Technology Auditing, Risk Management, etc. In addition, he has a good understanding of the Company's operation. 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 Head of Internal Audit.

Head of Internal Audit's Profile

Mr. Aryuratas Chai-anan (52 years old)

- Vice President of Internal Audit

Relationship with the Management:

- None

Educations

- Bachelor of Accounting, University of the Thai Chamber of Commerce

Trainings

- 2019
 - Economic Outlook
 - Updated COSO Enterprise Risk Management : Integrating with Strategy and Performance
 - Data Protection Law
 - Communication and Coaching
- 2018
 - Current Trend in Strategy
- 2017
 - Understanding and Navigating Risks in Emerging Market
 - The role of the listed Company's Board of Director in reducing business risk in cyber, challenge and solution
 - AC Hot Update: Ready for Next Gen CG
 - Bright Spots: Lighting the way to a corruption free society National Conference CAC
 - Practice for the Board to supervise the prevention and response to cyber threats.
 - Communication Strategy for Modern IA
- 2016
 - How to Develop a Risk Management Plan
 - Cyber Operation Contest and trend on 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
 - Going from 'Good' to 'Great
- 2014
 - Certified Professional Internal Auditor of Thailand (CPIAT)
- 2013
 - Mini Master of Business Administration NIDA
- 2012
 - Internal Auditing for the certified internal auditor
- 2011
 - Risk Management - Action
- 2010
 - Skill for new Auditor-In-charge
- 2006
 - Operation Audit
- 2005
 - Internal Audit Standards vol. 2
- 2003
 - Internal Audit Standards vol. 1 and Information System Auditing vol. 1

Work Experience

- 2014 - Present
 - Vice President - Internal Audit
- 2014 - Present
 - Vice President - Risk Management Committee's secretary
- 2010 - Present
 - Audit Committee's secretary
- 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.)

The Roles and Responsibilities of Head of Internal Audit

1. Design the line of responsibilities and general administration of the Audit Committee.
2. Prepare internal audit manuals and practice guidelines and ensure that internal audits adhere to the manuals.
3. Formulate the Company's annual internal audit with clear objectives and boundaries to seek an approval by the Audit Committee.
4. Roll out the Internal Audit Department's fiscal budget and meet expenditure direction.
5. Review, manage and control internal audit tasks to ensure that the objectives, targets and boundaries of internal audit are correctly met while effective, suitable and adequate internal audit system exists.
6. Review and approve an audit program, together with the assessment results of risks and the adequateness of the internal audit system at a working unit, both in the areas of operation and information.
7. Based on audit guidelines, review and provide some advice to subordinates. Control and inspect operation to adhere to operational plans. Ensure that operation runs side by side with targets, objectives, plans, the Company's regulations and applicable laws.
8. Review an audit report. Follow up a progress after an improvement plan has been made with a related auditee.
9. Summarize and forward audit results based on operational plans and a related auditee's opinions and suggestion to the Audit Committee on a monthly basis.
10. Develop an internal auditor equipped with knowledge, experience and skills relating to internal audit practice. Conduct an internal auditor's appraisal.
11. Provide internal control and risk consultation to business units.
12. Perform an ad-hoc duty as assigned by the Management and the Audit Committee.
13. Coordinate with the Management, the Audit Committee, the audit and the consultant.

Management Discussion and Analysis

1. Overview

In 2019, Thailand's economy grew more slowly than expected due to declining global trade volumes and the slower economic growth of major trading partners, which were affected by trade tensions between the US and China. Export growth has been negatively impacted by declining global demand, which has also led to a deceleration of private consumption as a result of lower employment, particularly in export-related manufacturing sectors. Elevated household debt and low agricultural prices continued to have an adverse effect on purchasing power. Tourism has been dampened by the deterioration in Chinese tourist arrivals during the first half of 2019. The overall economic conditions have dampened consumers' spending, despite a spate of government stimulus measures such as the state welfare card and the 'Eat, Shop and Spend' project in the second half of 2019.

The operating results of the Company and its subsidiaries continued to improve, with total revenue and profit at baht 67,423.88 million and baht 6,176.59 million respectively, an increase of 2.08% and 10.05% from the previous year. The significant growth in same store sales growth during the first half of 2019 was accentuated by the hike in sales of 'air purifier' and cooling products, due to high levels of air pollution and the long hot season. However, there was a slowdown in sales during the second half of 2019 as a result of the negative economic factors discussed above. Nonetheless, the overall performance of the subsidiaries has been uplifted by operational efficiency improvements in various areas. In order to meet consumers' expectations, the company continued to embrace the need to enhance operational efficiency in supply chain, operational cost management, product selection and quality control.

During 2019, HomePro opened 2 new HomePro stores at Charansanitwong and Mukdahan, 1 HomePro S store at Samyan Mitrtown, and 2 Mega Home stores at

Rayong Ban Chang and Bangna-Trad. As a result, the company now operates a total of 84 HomePro stores, 9 HomePro S stores, 14 Mega Home stores, and 6 HomePro stores in Malaysia.

2. New Financial Reporting Standards

2.1 Financial reporting standards that became effective in the current year

During the year, the Group have adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements. However, the new standard which involves changes to key principles is TFRS 15; Revenue from contracts with customers. In this regard, the Company must comply with TFRS 15 including all contracts signed by customers excluded contract under scope of other financial reporting standard. This principle determined 5 steps for revenue recognition as the Company will recognize revenue base on amount that the Company expect to receive from transaction of product or service deliver to customer. Moreover, the Company will consider the facts base on its discretion under determined process. Net profit and shareholder's equity have no impact under this financial reporting standard.

2.2 Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2020

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards except the following new standards which involve changes to key principles, including TFRS 9 – Financial Instrument and TFRS 16 – Leases.

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

For the initial impact of TFRS 16 - Leases, the management of the Group expects the effect of the adoption of this accounting standard to

the statement of financial position as at 1 January 2020 to be to increase the Group's assets by approximately Baht 3,666 million (the Company only: approximately Baht 3,294 million) and the Group's net liabilities by approximately Baht 4,617 million (the Company only: approximately Baht 4,197 million).

3. Operating Results and Profitability

In 2019, the Company and its subsidiaries had the total revenue of Baht 67,423.88 million, increasing by 2.08% from the previous year. This was the results of the increasing revenue from existing stores and 3 new HomePro stores: (1) Charansanitwong, (2) Mukdahan, and (3) HomePro S at Samyan MitrTown and 2 Mega Home stores: (1) Ban Chang, Rayong and (2) Bangna-Trad. For HomePro Malaysia, the revenue growth still has not achieved the planned target. However, the company recognized the importance of enhancing operational efficiency throughout total supply chain, operational cost management, and quality product selection to fulfill consumers' expectations better. This resulted in the net profit of Baht 6,176.59 million, increasing by 10.05% from the previous year.

3.1 Revenue from Contracts with Customers

Unit: Million Baht

Item	2019		2018		2017	
	Amount	%	Amount	%	Amount	%
1. Revenue from Contracts with Customers of HomePro						
- Hard Line ¹	43,970.2	69.7	43,012.9	69.4	42,137.4	70.4
- Soft Line ²	10,466.1	16.6	10,107.8	16.3	9,931.3	16.6
- Home Service ³	451.8	0.7	370.3	0.6		
2. Revenue from project sales ⁴	-	-	-	-	145.2	0.2
3. Revenue from subsidiaries	8,158.2	12.9	8,460.3	13.7	7,674.4	12.8
Total Revenue from sales	63,046.2	100.0	61,951.3	100.0	59,888.3	100.0

Remarks : 1. Hard Line categories include Construction Material, Home Improvement, Bathroom and Sanitary Ware, Kitchen, Home Appliances and Electrical Equipment.

2. Soft Line categories include Bedding, Home Textiles, Furniture, Lighting, Household Decorative Products, and Household Accessories.

3. Revenue from product sales and service income (Home Service) has been included in Revenue from Contracts with Customers since 2018 in accordance with TFRS15 financial reporting standard.

4. Revenue from project sales from 2018 onwards was assigned under the supervision of subsidiaries.

In 2019, the company has total revenue from contracts with customers equal to Baht 63,046.23 million, an increase of Baht 1,094.91 million or up by 1.77%. The company's revenue can be categorized into 4 parts: 1) Revenue from retailing of HomePro, which can be divided into 2 groups, Hard Line and Soft Line, which increased continuously from the previous year by Baht 957.30 million and Baht 358.30 million respectively, 2) Revenue from Home Service, increased by Baht 81.50 million, 3) Revenue from project sales which was included in the revenue from subsidiaries 4) Revenue from subsidiaries, including revenue generated by Mega Home and HomePro in Malaysia, decreased by Baht 302.11 million due to economic slowdown and depreciated Malaysian Ringgit.

3.2 Other Income

In 2019, the Company and its subsidiaries had detail of change in Other income as follows:

- Rental and service income amounted to Baht 2,207.08 million, an increase of Baht 232.02 million or up by 11.75%, which resulted from higher rental income from expansion of Market Village and leasable areas of HomePro's and Mega Home's stores.
- Other income was Baht 2,170.56 million, an increase of Baht 47.03 million or up by 2.21% resulted from increase of income from promotional activities with suppliers, interest received, and miscellaneous income.

3.3 Cost of Sales and service and Gross Profit Margin

In 2019, the Company and its subsidiaries had the cost of sales and services equal to Baht 46,714.95 million, an increase of Baht 552.81 million or up by 1.20% from the previous year, which was driven by the increase of sales. However, considering the gross profit from product and service sales, the Company's gross profit was Baht 16,331.28 million, an increase of Baht 542.11 million from last year. Gross profit margin as a percentage of sales was 25.90%, increased from 25.49% in 2018 due to change in product sales mix of both general merchandise and directly sourced private-label goods and continual improvement in

product assortment planning for HomePro, Mega Home, and HomePro in Malaysia, even though the transportation cost has increased.

3.4 Cost of Rental

Cost of rental and service in 2019 was Baht 584.20 million, a decrease of Baht 10.98 million or down by 1.84% due to the lower depreciation expense and improvement in cost management of space rental business.

3.5 Selling and Administrative Expenses (SG&A)

In 2019, selling and administrative expenses (SG&A) amounted to Baht 12,115.69 million, an increase of Baht 145.29 million or up by 1.21% as compared with the same period of previous year. However, SG&A as a percentage of sales has decrease from 19.32% in previous year to 19.22%. This marginal decrease was due to the decrease of depreciation expense and improvement in cost efficiency management. The details of expenses in each group are as follows:

- Cost of sales and service was Baht 10,213.23 million, increased by Baht 201.12 million or 2.01%. The increased factors were mainly expenses associated with personnel expense, rental expense, utility cost, maintenance cost, and expense related to new store.
- Administrative expenses of Baht 1,884.68 million, a decrease of Baht 29.77 million or 1.56%. The decrease was mainly from expenses of Head Office.
- Other expenses of Baht 17.78 million, a decrease of Baht 26.06 million or 59.45%.

3.6 Finance Cost

In 2019, Finance cost of the company was Baht 405.46 million, an increase of Baht 5.41 million or up by 1.35% from the previous year, due to the new bond issued in the second half of year 2018. In addition, the Company has analyzed and considered the funding cost through various tools such as cash flow analysis, cost of bank loan, or bond to balance the cost of fund. This is consistent with the policy that the Company has closely monitored the financial debt to equity ratio so that the ratio is in an appropriate level.

3.7 Net Profit

For the result of operation in 2019, the Company and its subsidiaries had net profit of Baht 6,176.59 million, an increase of Baht 563.97 million, or 10.05%. The net profit margin of the Company and its subsidiaries was 9.80%, increased from 9.06% in the previous year. The increase was mainly due to efficient cost and expense management. In 2019, the Company enhanced the product sales mix of general merchandise and the enhancement of directly sourced private-label goods, as well as the continuous efficiency improvement in product purchase planning of HomePro, Mega Home, and HomePro in Malaysia and the control of quality and expense optimization.

3.8 Return to Equity

The return on equity as of December 31, 2019 was 30.09%, increased from 29.12% in the previous year. The result was mainly from the rise in net profit margin caused by higher revenue, improved cost of sales management, higher gross profit from change in product sales mix of both general merchandise and directly sourced private label goods and operational efficiency improvement.

4. Asset Management

As of December 31, 2019, the Company and its subsidiaries had total assets of Baht 52,048.96 million, A decrease of Baht 2,762.40 million or 5.04%. The decrease of asset was due to the change of significant transactions as follows:

- Cash and cash equivalents decreased by Baht 3,377.77 million which was from the repayment of short term and long term loan from financial institutions and repayment of debenture.
- Account receivable decreased by Baht 69.89 million from credit card receivable paid at the end of year. Other receivables decreased by Baht 16.01 million, which was from support fee of promotional activities, rental and service income. However, the Company analyzed an account receivable aging. As at December 31, 2019, the Company had trade and other receivables aging more than 12 months of Baht 7.62 million, and the allowance for doubtful debts sufficiently of Baht 15.22 million.
- Net inventory increased by Baht 175.81 million, which was driven by the expansion of HomePro and Mega Home. 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.
- Investment properties, net property, plant and equipment, net computer software and net leasehold rights totaling increased by Baht 311.81 million or 0.88%, resulted from store expansion in 2019.

5. Liquidity and Capital Sufficiency

Summary of cash flow statement as of December 31, 2019 compared to the same period of 2018 is as follows:

Unit : Million Baht

Transactions	Consolidated Financial Statement		Separated Financial Statement	
	2019	2018	2019	2018
Cash flow from operating activities	8,375.38	8,724.97	7,932.84	7,914.96
Cash flow from investing activities	(3,016.64)	(2,862.45)	(2,519.34)	(2,050.60)
Cash flow from financing activities	(8,729.03)	(2,132.16)	(8,810.41)	(2,100.14)
Transaction adjustments	(7.49)	2.48	-	-
Net Increase (decrease) in cash	(3,377.77)	3,732.84	(3,396.91)	3,764.22

As of 31 December 2019, the Company and subsidiaries' cash and cash equivalents were Baht 2,859.98 million, net decreased from December 31, 2018 by Baht 3,377.77 million which comprised from the following activities:

- Net cash from operating activities of Baht 8,375.38 million which was derived from the profit from operating activities before changes in operating assets and liabilities of Baht 11,106.36 million, and working capital decreased from changes in operating assets and liabilities e.g. trade and other receivables decreased by Baht 86.87 million, inventories increased by Baht 297.76 million, trade and other payables decreased by Baht 475.88 million, advances received from customers decreased by Baht 30.55 million, other current liabilities decreased by Baht 111.97 million, and interest expense of Baht 440.20 million, and corporate income tax of Baht 1,414.74 million.
- Net cash used for investing activities totaled Baht 3,016.64 million from investment in land, building and equipment for store expansion in 2019 and the following year of Baht 2,727.00 million, invest in lease hold and computer software of Baht 321.37 million and Baht 78.55 million, respectively.
- Net cash used for financing activities total Baht 8,729.03 million which such amount was the repayment of long term loan from financial institution and debentures by Baht 117.27 million and Baht 6,700.00 million respectively as well as repayment for the net short term loan from financial institution of Baht 337.10 million and dividend payment of Baht 4,866.45 million. In this regard, the Company funded those activities by issuing 1 debentures comprised of 1/2019 of Baht 3,170 million.

5.1 Liquidity Ratio

As of December 31, 2019, the Company and its subsidiaries' current assets was Baht 15,689.84 million and current liabilities was Baht 22,289.27 million. In this regard, such amount can be calculated into liquidity ratio of 0.70 times which decreased from the previous year's ratio of 0.80 times. In addition, the Company has the source of short term financing for keeping adequate liquidity from 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, 2019 consisted mainly of the Company's unsecured long term credit facilities from an unsubordinated and unsecured debentures. The Company's total debt was Baht 30,910.88 million. In this regard, if such amount is calculated as the total amount of Debt to Equity ratio, it would be equivalent to 1.46 time which is lower as compared to 1.75 time in the previous year due to a decrease short term loan, long term loan, debenture and account payable.

According to the terms and conditions or requirements stipulated to the duties of bond issuers, the issuers shall maintain 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 the requirement. In 2019, the Company has financial outstanding debt of Baht 13,388.23 million and financial debt to equity of 0.64 times. The Company's financial debt to equity ratio during 2017 - 2019 are as follows:

Item	2019	2018	2017
Financial Debt to Equity ratio	0.64	0.87	0.81

5.3 Shareholders' equity

As of December 31, 2019, the shareholders' equity was Baht 21,138.08 million, an increase of Baht 1,223.99 million or 6.15% from the previous year. The increase came from higher retained earnings of Baht 1,224.36 million and higher other components of shareholders' equity of Baht 0.38 million.

5.4 Capital Expenditure

In 2019, the Company's Net Capital Expenditure was Baht 3,016.64 million which was used for building construction, land purchase, payment for land leasehold rights, for new stores opened in 2019 and stores opening in the future for all subsidiaries and modernize of existing stores of Baht 3,048.37 million. Also, Baht of 78.55 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 and repayment ability

At present, the Company raises both short term and long term loan from financial institution debentures issuance, which are rated by TRIS annually and at the time of issuance. The Company has the covenant to maintain the net debt to equity ratio not more than 2.5 times. In 2019, TRIS rating has maintain the Company's credit rating at AA- with stable outlook, reflecting improvement in profitabilities better cash flow generation from the change in better products sales mix and operational efficiency in cost control.

6. Financial Obligations

As of December 31, 2019, total liabilities of the Company and its subsidiaries were Baht 30,910.88 million decreased from the previous year by Baht 3,986.38 million or 11.42%, which caused by the change of the following crucial transactions:

- Short term loan from financial institutions decreased by Baht 59.44 million from principle repayment
- Accounts Payable decreased by Baht 301.45 million which was from the increase products order of major appliance which has shorter payment term in order to prepare for product sales in 2019.
- Net long term loans decreased by Baht 123.44 million which such amount was the principle repayment to the financial institutions. However, the current portion which will be due at Baht 20.21 million, the Company plans to repay with funds from operation and external sources such as debenture issuance or bank loan
- Net debenture decreased by Baht 3,692.34 million due to the debenture repayment due in 2019 and the debenture (zero coupon bond) issuance: No. 1/2019 of Baht 3,170.00 million.
- Other current liabilities decrease by Baht 113.04 million.

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

Because our products are discretionary consumer products; therefore, purchasing power and economic situation are the key factors that affect the Company's sales. However, the economic situation in 2019 and 2020 is expected to grow more slowly. In addition, the coronavirus outbreak (Covid-19) in beginning of 2020 is one of factor that impact Thailand's economy especially on tourism which dampened consumer's spending. However, the Company has prepared the annual plan and monitors the results from management on a monthly basis, so the contingency plan can be adjusted or rescheduled to be ready for an unexpected incident. The Risk Management Plan and Business Continuity Plan (BCP) has been prepared and the acceptable level of risk is defined.

Regarding of Cost Management, to increase gross profit the Company has improved the Private Brand products, that have higher profit margin aiming to increase gross profit margin by serving customer's need in terms of quality, design and price. In addition, the Company also embedded new technology into business operation in order to increase operation efficiency and meet customer's need.

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

Thailand's economy grew slower than expected due to declining global trade volumes and the slower economic growth of major trading partners, which were affected by trade tensions between the US and China. Export growth has been negatively impacted by declining global demand, which has also led to a deceleration of private consumption as a result of lower employment, particularly in export-related manufacturing sectors. Elevated household debt and low agricultural prices continued to have an adverse effect on purchasing power.

However, the government has enacted several stimulus measures to induce the economy and revive consumer confidence, such as the state welfare card and the 'Eat, Shop and Spend', despite the overall economic condition which has hampered the consumers' spending.

Beside, the company is prepared to address the change in consumer needs. In terms of change in lifestyle, expansion of urban society, change in consumer spending in the digital age including the increase of purchasing channels through online, and purchase decisions through suggestions from individuals, organizations, brands influencer, etc. The company has changed the way of business to be up-to-date as follows:

- Embedded new technology into business operation in order to increase operation efficiency and meet customer's need such as provide product information through QR code, the using of smart device for sales associate to quickly serve customer's need in short period of time.
- Marketing campaign will be more suitable to customer's need through personalized marketing with more data analytic.
- New innovation and technology of Automated Storage and Retrieval System (ASRS) will be used in business operation. These could enhance operation efficiency, more accuracy and faster of product distribution to assure that products will be enough for customer's demand.
- Same day delivery has been implemented in Bangkok, providing convenience and fast delivery to customers.
- Reach more customers by using HomePro S business model which is mainly located in the community mall.
- Add new services to serve all customer's need. Currently, the Company has offered more than 40 types of home services.
- Add online shopping channel via www.homepro.co.th and formulate Omni Channel strategies to provide a seamless shopping experience to customer by integrating Online-to-Offline which the HomePro store will act as an extension to the online business.
- The introduction of Home Service Application for customer in digital world. These would provide an alternate channel to use service which covers 40 services on smartphone.
- Create a TV program called "Home Makeover", to inspire houseowner to do home and improvement as well as to show the readiness of our technician teams who have been well trained and developed skills.

- Product selection and development from both Private Brand and in general to make the quality and price that are acceptable.

9. Research and Development Expense

The Company had expenditure for the development of innovations which could provide long-term competitiveness. In 2019, the details of main research and development projects are as follows:

- The Company develops new information technology to meet customer's need. The details of 2 main projects are as follows:
 1. The development and upgrade of Omni Channel platform for the second phase. These would enhance operation efficiency between online shopping and shopping at store such as online shopping and delivery to customer's home or online shopping and pick up product at nearby store (Click & Collect) to provide good shopping experience to customers. The cost of this 2 years project is approximately Baht 140 million.
 2. The Company researched and improvement the working process of new innovation and technology of Automated Storage and Retrieval System (ASRS). The analysis has been made to compare between Traditional Warehouse and ASRS warehouse. As a result, ASRS warehouse is more efficient, faster, and have better operation cost per unit. The cost of this 2 years project is approximately Baht 2,000 million.
- Product development under "Private Brand", the Company had team to develop, design and order placing under the Company's own brand. The development of "Private Brand" is to meet customer's demand. The costs associated with this projects were approximately Baht 40 million.

10. Audit Fee

According to the minutes of the Annual General Shareholders' Meeting in 2019, which resolved to appoint the Auditors of EY Office Limited as the Company's and its subsidiaries' auditor of 2019, with the audit fee of Baht 3,680,000 and other fee, i.e. fee for being witness for destruction of damaged goods at approximately Baht 150,000. Moreover, there may be additional audit fee from the expansion of new store, registration of new company or other expense of audit such as the adopted of new financial reporting standard of TFRS15 which fee does not exceed Baht 1,500,000. The actual audit fee for 2018 and 2019 included audit fee for the Company and its subsidiaries, and other services fee as follows:

Unit: Baht

Item	2019	2018
Audit Fee	3,680,000	3,695,000
Other Service	80,000	80,000
Total	3,760,000	3,775,000

11. Tax Policy and Effective Tax Rate

The Company's Tax Policy which covered tax management practices such as tax planning and guideline, tax risk management, transfer pricing, tax coordination, and tax consultant, is set in compliance with tax laws and regulations of Thailand and Malaysia where the Company operates (http://hmpro-th.listedcompany.com/policy_document.html). All relevant accounting and finance associates are required to keep informed and perform their roles strictly in accordance with the tax policy.

In 2019, the Company had recorded the Income Tax Expense from operating profits in Thailand and Malaysia equal to Baht 1,427 million and Baht 0 respectively since the Company's business in Malaysia has not yet gain the profit.

In comparison with the Corporate Income Tax rate of Thailand and Malaysia which are 20% and 23% respectively, the Company's Effective Tax Rate from operations in both countries are lower due to several factors, for examples:

- (1) The reversion of nonmonetary items such as expense reserves according to accounting practice which has effects on the tax calculation
- (2) The government's investment promotion scheme which grants tax exemption and reduction incentives for the period of 3-20 years, varied by types of invested asset, for the investments occurred in Thailand from 2015-2017, during which the Company has invested in new stores expansion, equipment and machine, computer software, as well as installing solar rooftop power generation units.
- (3) The Company's business in Malaysia has not yet gain the profit.

Related Transaction

In 2019, 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, 2019 and 2018, 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 19	31 Dec 18	
1. Land and Houses Plc.				
- Being a major shareholder of the Company by holding 30.23% of total paid-up capital, as of September 12, 2018	Sales income	52,421	33,141	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	4,257	8,240	
- Having 2 co-directors				
1. Mr. Naporn Sunthornchitcharoen				
2. Mr. Archawin Asawabhokin				
2. Quality Houses Plc.				
- Being a major shareholder of the Company by holding 19.87% of total paid-up capital, as of September 12, 2018	Sales income	2,426	541	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	119	66	
- Having 5 co-directors:				
1. Mr. Boonsom Lerdhirunwong				
2. Ms. Suwanna Buddhaprasart				
3. Mr. Naporn Sunthornchitcharoen				
4. Mr. Archawin Asawabhokin				
3. The companies, which are related through the major shareholders of the Company and have transactions with the company and its subsidiaries				
- Co-Major shareholders are: 1. Quality Houses Plc. 2. Land and Houses Plc.	Sales Income	23,647	10,963	- Market price
	Rental and Service	21,480	22,944	- Contract price
	Interest Income	49,783	25,936	- 0.25%-1.60% per annum (2018: 0.25%-1.50% per annum)
	Rental and Service Expense	9,688	111,529	- Percentage of revenue but no less than a minimum rate
	Purchases of Leasehold rights	172,672	264,434	- Contract price
	Purchases of assets	4,766	-	- Contract price
	Deposit with financial Institution	2,278,106	5,498,732	
	Trade and other receivables	7,951	2,009	
	Rental guarantee deposit	3,000	7,000	
	Trade and other payable	8,730	9,811	

*Historical related transaction information can be on found in the website www.homepro.co.th

Necessity and Appropriate Reason of Transaction

The Related 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 Related Transaction

The Related 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 Related 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 Related Transaction

The Company has policy to specify the trade conditions for entering into Related 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 Related 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 Related Transaction 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 Related Transaction that may be occurred, the Company shall arrange for an Independent expert or auditor of the Company to give opinion on such Related Transaction 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 Related Transaction in the note of the financial statement audited by the Auditor of the Company.

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 subsidiaries 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 subsidiaries in order to ensure that it shows the actual result of operation, financial status, and cash flows. There has 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 significant information was disclosed sufficiently in the note to the financial statements.



(Mr. Mani Udomkunnatum)
Chairman of the Executive Committee



(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 2019, and the related consolidated statements of comprehensive income, changes in shareholders’ equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of 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 2019, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

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

Key audit matters and how audit procedures respond to 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 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.

I am responsible for the audit resulting in this independent auditor's report.

Gingkarn Atsawarangsalit
Certified Public Accountant (Thailand) No. 4496

EY Office Limited
Bangkok: 25 February 2020

Home Product Center Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Assets					
Current assets					
Cash and cash equivalents	6, 7	2,859,978,599	6,237,752,234	2,606,367,903	6,003,280,881
Trade and other receivables	6, 8	1,912,404,281	1,998,619,121	1,784,571,510	2,173,999,946
Short-term loans to related party	6	-	-	2,530,000,000	2,870,000,000
Inventories	9	10,421,263,066	10,245,449,173	8,584,524,199	8,306,995,892
Value added tax receivable		320,080,054	344,427,303	-	-
Other current assets	10	176,118,279	180,011,210	148,254,218	148,645,884
Total current assets		15,689,844,279	19,006,259,041	15,653,717,830	19,502,922,603
Non-current assets					
Investments in subsidiaries	11	-	-	1,908,824,084	2,021,968,707
Investment properties	12	2,425,150,754	2,612,072,763	3,268,130,529	3,455,052,538
Property, buildings and equipment	13	29,636,758,012	29,327,186,900	24,859,117,041	24,117,807,066
Computer software	14	476,029,546	483,031,081	456,854,580	458,861,368
Leasehold rights	15	3,169,422,057	2,973,257,194	2,745,596,726	2,592,478,167
Property foreclosed		3,229,639	3,229,639	3,229,639	3,229,639
Rental guarantee deposits	6	62,889,868	66,073,990	53,302,598	55,128,365
Deferred tax assets	26	218,982,780	186,035,820	193,603,959	162,680,286
Other non-current assets		366,649,998	154,208,499	227,155,415	8,169,019
Total non-current assets		36,359,112,654	35,805,095,886	33,715,814,571	32,875,375,155
Total assets		52,048,956,933	54,811,354,927	49,369,532,401	52,378,297,758

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

Home Product Center Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2019

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	16	280,741,910	340,177,423	-	
Trade and other payables	6, 17	14,069,080,793	14,370,530,221	12,473,795,786	12,585,394,714
Current portion of liabilities under finance lease agreements	18	3,473,787	4,267,480	3,473,787	4,267,480
Short-term loan from related party	6	-	-	-	139,134,320
Current portion of long-term loans	19	20,206,910	207,638,560	-	100,000,000
Current portion of debentures	20	6,000,000,000	6,700,000,000	6,000,000,000	6,700,000,000
Income tax payable		568,166,996	544,695,623	560,567,207	544,695,623
Value added tax payable		28,620,846	21,334,335	28,538,386	21,334,335
Advances received from customers		995,557,803	1,026,111,485	928,407,328	974,938,551
Other current liabilities		323,419,905	436,455,062	280,464,208	377,045,863
Total current liabilities		22,289,268,950	23,651,210,189	20,275,246,702	21,446,810,886
Non-current liabilities					
Liabilities under finance lease agreements					
- net of current portion	18	12,155,921	10,131,204	12,155,921	10,131,204
Long-term loans - net of current portion	19	63,988,399	-	-	-
Debentures - net of current portion	20	7,007,663,873	10,000,000,000	7,007,663,873	10,000,000,000
Provision for long-term employee benefits	21	528,169,640	340,112,509	480,429,780	308,085,540
Rental received in advance - net of current portion		315,249,969	336,706,270	315,249,968	336,706,270
Other non-current liabilities		694,379,065	559,098,994	635,283,534	374,663,329
Total non-current liabilities		8,621,606,867	11,246,048,977	8,450,783,076	11,029,586,343
Total liabilities		30,910,875,817	34,897,259,166	28,726,029,778	32,476,397,229

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

Home Product Center Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Shareholders' equity					
Share capital					
Registered share capital					
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
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
Premium on ordinary shares		646,323,076	646,323,076	646,323,076	646,323,076
Retained earnings					
Appropriated	23				
Statutory reserve - The Company		1,315,120,000	1,315,120,000	1,315,120,000	1,315,120,000
Statutory reserve - Subsidiaries		1,000,000	1,000,000	-	-
Unappropriated		6,085,858,786	4,861,496,201	5,530,861,522	4,789,259,428
Other components of shareholders' equity		(61,422,400)	(61,045,170)	-	-
Equity attributable to owners of the Company		21,138,077,487	19,914,092,132	20,643,502,623	19,901,900,529
Non-controlling interests of the subsidiaries		3,629	3,629	-	-
Total shareholders' equity		21,138,081,116	19,914,095,761	20,643,502,623	19,901,900,529
Total liabilities and shareholders' equity		52,048,956,933	54,811,354,927	49,369,532,401	52,378,297,758
		-	-	-	-

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

Directors

Home Product Center Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Profit or loss:					
Revenues					
Revenue from contracts with customers	24	63,046,229,790	61,951,316,869	54,888,078,067	53,459,620,929
Rental income		2,207,081,939	1,975,059,928	2,197,217,217	1,746,636,195
Other income		2,170,564,122	2,123,531,337	2,214,367,111	2,126,575,294
Total revenues		67,423,875,851	66,049,908,134	59,299,662,395	57,332,832,418
Expenses					
Cost of sales and service		46,714,948,874	46,162,141,222	40,442,923,379	39,483,426,432
Cost of rental		584,200,082	595,177,518	554,520,107	466,521,105
Selling, distribution and service expenses		10,213,231,799	10,012,108,866	8,901,819,506	8,468,631,436
Administrative expenses		1,884,682,842	1,914,453,899	1,941,272,755	1,754,395,592
Other expenses		17,776,111	43,837,606	17,776,111	-
Total expenses		59,414,839,708	58,727,719,111	51,858,311,858	50,172,974,565
Profit before finance cost and income tax expenses		8,009,036,143	7,322,189,023	7,441,350,537	7,159,857,853
Finance cost		(405,464,884)	(400,050,708)	(387,370,615)	(380,845,023)
Profit before income tax expenses		7,603,571,259	6,922,138,315	7,053,979,922	6,779,012,830
Income tax expenses	26	(1,426,981,153)	(1,309,514,504)	(1,366,990,337)	(1,295,835,963)
Profit for the year		6,176,590,106	5,612,623,811	5,686,989,585	5,483,176,867
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		(377,230)	6,556,715	-	-
		(377,230)	6,556,715	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent period:</i>					
Actuarial loss	21	(108,559,132)	-	(100,009,094)	-
Less: Income tax effect	26	21,711,827	-	20,001,819	-
		(86,847,305)	-	(80,007,275)	-
Other comprehensive income for the year		(87,224,535)	6,556,715	(80,007,275)	-
Total comprehensive income for the year		6,089,365,571	5,619,180,526	5,606,982,310	5,483,176,867

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

Home Product Center Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the year ended 31 December 2019

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
Profit attributable to:					
Equity holders of the Company		6,176,590,106	5,612,623,811	5,686,989,585	5,483,176,867
Non-controlling interests of the subsidiaries		-	-		
		6,176,590,106	5,612,623,811		
Total comprehensive income attributable to:					
Equity holders of the Company		6,089,365,571	5,619,180,526	5,606,982,310	5,483,176,867
Non-controlling interests of the subsidiaries		-	-		
		6,089,365,571	5,619,180,526		
Earnings per share					
	27				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.47	0.43	0.43	0.42

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

Home Product Center Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from operating activities				
Profit before tax	7,603,571,259	6,922,138,315	7,053,979,922	6,779,012,830
Adjustments to reconcile profit before tax to net cash provided by (paid for) operating activities				
Depreciation and amortisation	2,942,012,498	3,064,491,784	2,485,781,091	2,515,182,601
Decrease of inventories to net realisable value	121,945,432	150,808,702	98,479,505	126,177,426
Loss (gain) from sales of assets and written-off	17,359,382	8,887,304	17,908,900	(6,634,472)
Reversal of allowance for doubtful accounts	(2,168,244)	(14,133,147)	(2,498,485)	(14,293,246)
Reversal of allowance for impairment of assets	(15,030,000)	(58,000,000)	(15,030,000)	(58,000,000)
Allowance for impairment of investment	-	-	115,518,960	-
Provision for long-term employee benefits	80,646,370	101,822,867	73,281,317	92,013,707
Transfer deferred interest expense to finance cost	7,435,242	-	7,435,242	-
Unrealised exchange loss (gain)	184,846	24,851,034	201,038	(394,565)
Interest income	(51,152,329)	(27,774,030)	(135,682,071)	(142,086,790)
Interest expenses	401,552,618	392,517,600	384,045,850	373,922,638
Profit from operating activities before changes in operating assets and liabilities	11,106,357,074	10,565,610,429	10,083,421,269	9,664,900,129
Decrease (increase) in operating assets				
Trade and other receivables	86,870,009	(186,219,967)	390,413,846	(333,509,809)
Inventories	(297,759,325)	(53,268,096)	(376,007,812)	(205,875,770)
Value added tax receivable	24,347,249	51,391,015	-	-
Other current assets	3,892,931	21,390,349	391,666	(483,772)
Other non-current assets	(209,257,377)	(53,399,284)	(217,160,629)	(1,685,016)
Increase (decrease) in operating liabilities				
Trade and other payables	(475,879,953)	1,473,740	(274,156,828)	372,554,680
Value added tax payable	7,286,511	18,359,891	7,204,051	18,920,869
Advances received from customers	(30,553,682)	64,917,713	(46,531,223)	64,455,752
Other current liabilities	(111,967,305)	(293,497,908)	(95,513,803)	(313,989,009)
Rental received in advance	(21,456,301)	(22,687,104)	(21,456,302)	(22,687,104)
Cash paid for provision for long-term employee benefits	(1,148,371)	(23,945,918)	(946,171)	(18,334,098)
Other non-current liabilities	149,596,712	232,174,152	267,628,998	263,324,620
Cash flows from operating activities	10,230,328,172	10,322,299,012	9,717,287,062	9,487,591,472
Cash paid for interest expenses	(440,201,545)	(382,131,538)	(422,411,220)	(364,374,911)
Cash paid for corporate income tax	(1,414,744,913)	(1,215,197,462)	(1,362,040,607)	(1,208,254,950)
Net cash flows from operating activities	8,375,381,714	8,724,970,012	7,932,835,235	7,914,961,611

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

Cash flow statement (continued)

For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from investing activities				
Increase in investments in subsidiary	-	-	(2,374,337)	-
Short-term loans to related parties	-	-	(4,620,000,000)	(3,870,300,000)
Cash received from short-term loans to related parties	-	-	4,960,000,000	4,264,000,000
Acquisitions of computer software	(78,548,630)	(86,202,698)	(78,384,342)	(86,202,698)
Acquisitions of leasehold rights	(321,369,101)	(454,612,395)	(263,769,110)	(398,490,927)
Acquisitions of property, building and equipment	(2,670,854,027)	(2,241,900,252)	(2,659,545,535)	(2,019,638,009)
Increase in construction retention	(14,316,641)	(71,327,707)	(7,008,793)	(42,604,828)
Acquisitions of investment properties	(41,830,200)	(53,192,322)	(41,830,200)	(53,192,322)
Proceeds from sales of equipment	57,571,755	18,650,994	56,333,447	17,898,870
Proceeds from sales of investment properties' equipment	43,841	67,009	43,841	67,009
Cash received from interest income	52,665,404	26,065,284	137,195,146	137,860,483
Net cash flows used in investing activities	(3,016,637,599)	(2,862,452,087)	(2,519,339,883)	(2,050,602,422)
Cash flows from financing activities				
Cash received from short-term loans from financial institutions	296,611,016	3,440,739,225	-	2,100,000,000
Repayment of short-term loans from financial institutions	(337,095,521)	(3,430,947,424)	-	(2,100,000,000)
Cash received from short-term loan from related party	-	-	-	159,134,320
Repayment of short-term loan from related party	-	-	(139,134,320)	(120,000,000)
Payment of liabilities under finance lease agreements	(5,054,573)	(3,311,211)	(5,054,573)	(641,324)
Repayment of long-term loans	(117,272,909)	(300,000,000)	(100,000,000)	(300,000,000)
Proceeds from the issuance of debentures	3,170,000,000	6,000,000,000	3,170,000,000	6,000,000,000
Repayment of debentures	(6,700,000,000)	(3,500,000,000)	(6,700,000,000)	(3,500,000,000)
Payment of deferred interest expense	(169,771,369)	-	(169,771,369)	-
Dividend paid	(4,866,448,068)	(4,338,636,413)	(4,866,448,068)	(4,338,636,413)
Net cash flows used in financing activities	(8,729,031,424)	(2,132,155,823)	(8,810,408,330)	(2,100,143,417)
Translation adjustments	(7,486,326)	2,477,588	-	-
Net increase (decrease) in cash and cash equivalents	(3,377,773,635)	3,732,839,690	(3,396,912,978)	3,764,215,772
Cash and cash equivalents at beginning of year	6,237,752,234	2,504,912,544	6,003,280,881	2,239,065,109
Cash and cash equivalents at end of year (Note 7)	2,859,978,599	6,237,752,234	2,606,367,903	6,003,280,881
	-	-	-	-

Supplemental cash flows information:

Non-cash items consist of

Purchases of equipment that have not yet been paid	(212,894,606)	(248,886,624)	(200,722,232)	(308,198,632)
Purchases assets under finance lease agreements	(6,285,597)	(7,221,003)	(6,285,597)	(7,221,003)
Dividend payable	1,067,852	1,240,371	1,067,852	1,240,371
Transfer investment properties to property, building and equipment	-	-	-	(333,882,000)
Increase in investment in subsidiary resulted from				
debt restructuring program	-	-	-	77,291,624
Actuarial loss	108,559,132	-	100,009,094	-

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

Home Product Center Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2019

(Unit: Baht)

Consolidated financial statements										
Equity attributable to owners of the Company										
Other components										
of equity										
Other comprehensive										
income										
Exchange differences										
on translation of										
financial statements										
in foreign currency										
Retained earnings										
Appropriated - statutory reserve										
The Company										
Subsidiaries										
Unappropriated										
Premium on										
ordinary shares										
Issued and										
paid-up										
share capital										
Note										
Balance as at 1 January 2018										
Profit for the year	13,151,198,025	646,323,076	1,315,120,000	1,000,000	3,588,749,174	(67,601,885)	18,634,788,390	3,629	18,634,792,019	
Other comprehensive income for the year	-	-	-	-	5,612,623,811	-	5,612,623,811	-	5,612,623,811	
Total comprehensive income for the year	-	-	-	-	-	6,556,715	6,556,715	-	6,556,715	
Dividend paid	-	-	-	-	5,612,623,811	6,556,715	5,619,180,526	-	5,619,180,526	
Balance as at 31 December 2018	13,151,198,025	646,323,076	1,315,120,000	1,000,000	(4,339,876,784)	-	(4,339,876,784)	-	(4,339,876,784)	
Balance as at 1 January 2019	13,151,198,025	646,323,076	1,315,120,000	1,000,000	4,861,496,201	(61,045,170)	19,914,092,132	3,629	19,914,095,761	
Profit for the year	-	-	-	-	6,176,590,106	-	6,176,590,106	-	6,176,590,106	
Other comprehensive income for the year	-	-	-	-	(86,847,305)	(377,230)	(87,224,535)	-	(87,224,535)	
Total comprehensive income for the year	-	-	-	-	6,089,742,801	(377,230)	6,089,365,571	-	6,089,365,571	
Dividend paid	-	-	-	-	(4,865,380,216)	-	(4,865,380,216)	-	(4,865,380,216)	
Balance as at 31 December 2019	13,151,198,025	646,323,076	1,315,120,000	1,000,000	6,085,858,786	(61,422,400)	21,138,077,487	3,629	21,138,081,116	
	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	-	

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

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

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		
	13,151,198,025	646,323,076	1,315,120,000	3,645,959,345	18,758,600,446	
	-	-	-	5,483,176,867	5,483,176,867	
	-	-	-	-	-	
	-	-	-	5,483,176,867	5,483,176,867	
	-	-	-	(4,339,876,784)	(4,339,876,784)	
30	13,151,198,025	646,323,076	1,315,120,000	4,789,259,428	19,901,900,529	
	13,151,198,025	646,323,076	1,315,120,000	4,789,259,428	19,901,900,529	
	-	-	-	5,686,989,585	5,686,989,585	
	-	-	-	(80,007,275)	(80,007,275)	
	-	-	-	5,606,982,310	5,606,982,310	
	-	-	-	(4,865,380,216)	(4,865,380,216)	
30	13,151,198,025	646,323,076	1,315,120,000	5,530,861,522	20,643,502,623	
	-	-	-	-	-	
	-	-	-	-	-	

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

Home Product Center Public Company Limited and its subsidiaries
Notes to consolidated financial statements
For the year ended 31 December 2019

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, and the provision of services relevant to retail business, space rental and related services. Its registered address is at 31 Prachachuennonthaburi Rd., Bangkhen, Amphoe Muang, Nonthaburi.

As at 31 December 2019, the Group has a total of 113 branches (2018: 108 branches) (The Company only: 95 branches, 2018: 90 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 11 October 2016, issued under the Accounting Act B.E. 2543.

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

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

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	
			2019 Percent	2018 Percent
Market Village Company Limited	Management of leasing space together with provision of facilities services	Thailand	100.00	100.00
Home Product Center (Malaysia) Sdn. Bhd.	Retailing of home improvement products as One Stop Shopping	Malaysia	100.00	100.00
Mega Home Center Company Limited	Retailing and wholesaling of construction and home improvement products	Thailand	99.99	99.99
DC Service Center Company Limited	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 Group has 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 Group have adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements. However, the new standard involves changes to key principles, which are summarised below:

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related interpretations.

TAS 11 (revised 2017)	Construction Contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The Group adopted this financial reporting standard without any material affecting to the Group's financial statements. In addition, certain items in the statement of comprehensive income for the year ended 31 December 2018 have been reclassified as below, for comparison purpose without any affecting to net profit or shareholders' equity previously reported.

(Unit: Thousand Baht)

Consolidated financial statements

	Previous		
	accounting policy	Reclassify	TFRS 15
Statement of comprehensive income for the year ended 31 December 2018			
Profit or loss:			
Revenue from contracts with			
customers	61,580,981	370,336	61,951,317
Other income	2,493,867	(370,336)	2,123,531
Cost of sales and services	44,644,212	1,517,929	46,162,141
Cost of rental	-	595,178	595,178
Selling, distribution and service			
expenses	12,028,059	(2,015,950)	10,012,109
Administrative expenses	2,011,611	(97,157)	1,914,454

(Unit: Thousand Baht)

Separate financial statements

	Previous		
	accounting policy	Reclassify	TFRS 15
Statement of comprehensive income for the year ended 31 December 2018			
Profit or loss:			
Revenue from contracts with			
customers	53,120,720	338,901	53,459,621
Other income	2,465,476	(338,901)	2,126,575
Cost of sales and services	38,052,691	1,430,735	39,483,426
Cost of rental	-	446,521	466,521
Selling, distribution and service			
expenses	10,355,892	(1,887,261)	8,468,631
Administrative expenses	1,764,391	(9,995)	1,754,396

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

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

Financial reporting standards related to financial instruments

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Group expects the adoption of these accounting standards to result in the following adjustments.

- Recognition of credit losses - The Group is to recognise an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Group applies the simplified approach to consider impairment of trade receivables.
- Recognition of derivatives - The Group is to initially recognise derivatives at their fair value on the contract date and subsequently measure them at fair value at the end of each reporting period. Changes in the fair value of derivatives are recognised in profit or loss.

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

TFRS 16 Leases

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

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

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

The management of the Group expects the effect of the adoption of this accounting standard to the statement of financial position as at 1 January 2020 to be to increase the Group's assets by approximately Baht 3,666 million (the Company only: approximately Baht 3,294 million) and the Group's net liabilities by approximately Baht 4,617 million (the Company only: approximately Baht 4,197 million).

4. Significant accounting policies

4.1 Revenue recognition

Sale of goods

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

Sales of goods - Customer loyalty programmes

The Group operates a loyalty programme which allows customers to accumulate points when they purchase products in the Group's retail stores. The points can then be redeemed for discount of goods purchase 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 Group fulfill their obligations.

Vendors income

The Group has 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 income

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

Rendering of services

Service revenue is recognised when services have been rendered.

Service revenue is recognised in the amount to which the Group has a right to invoice as it corresponds directly with the value to the customer of the Group's performance completed to date.

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 (weighted average 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, are stated at cost net of allowance for impairment loss (if any).

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, buildings 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
Equipment and machine	-	1 - 10 years
Furniture, fixtures and office equipment	-	3 - 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, buildings 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 (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 Group amortises 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 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, buildings 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, buildings 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.

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Gains and losses on exchange are included in determining income.

4.14 Impairment of assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, buildings 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 Group 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 Group estimates 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 22 to the financial statements. The Company's contributions are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

The Group has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Group treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Group recognises restructuring-related costs.

4.16 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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 Group recognises deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Group reviews and reduces 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 Group records 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 Group applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Group determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held

at the end of the reporting period that are measured at fair value on a recurring basis.

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, buildings and equipment/Depreciation

In determining depreciation of investment properties, and buildings and equipment, the management is required to make estimates of the useful lives and salvage values of the Group's investment properties, and building 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, buildings 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 Group had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Group and those related parties.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		Pricing policy
	2019	2018	2019	2018	
Transactions with subsidiary companies					
(eliminated from the consolidated financial statements)					
Sales income	-	-	227,616	159,421	Cost plus margin
Rental and service income	-	-	42,301	273,369	Baht 3 million per month (2018: Baht 3 million and Baht 19 million per month)
Management service income	-	-	35,734	87,072	Contract price (2018: Actual cost and contract price)
Service income	-	-	128,723	105,169	Actual cost and contract price
Interest income	-	-	85,392	116,174	3.00% per annum (2018: 3.00% and 4.50% per annum)
Service expense	-	-	422,178	375,650	Actual cost and contract price
Other expenses	-	-	27,245	11,327	Actual cost (2018: Actual cost and contract price)
Interest expenses	-	-	180	2,048	1.75 % per annum
Purchases of assets	-	-	4,719	-	Cost plus margin
Transactions with related companies					
Sales income	78,494	44,645	59,910	35,584	Market price
Rental and service income	21,480	22,944	18,706	19,811	Contract price
Interest income	49,783	25,936	49,335	25,426	0.25% - 1.60% per annum (2018: 0.25% - 1.50% per annum)
Rental and service expenses	69,688	111,529	67,038	111,529	Percentage of revenue but not less than a minimum rate
Purchases of leasehold rights	172,672	264,434	115,072	211,904	Contract price
Purchases of assets	4,766	-	4,766	-	Contract price

As at 31 December 2019 and 2018, the Group had the outstanding balances with related parties which had been included in the following accounts:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<u>Deposits with financial institution</u>				
(included in cash and cash equivalents)				
Related company ⁽¹⁾	2,278,106	5,498,732	2,197,373	5,437,262
<u>Trade and other receivables</u>				
Subsidiaries	-	-	78,230	398,212
Related company ⁽¹⁾	1,951	553	1,951	553
Related company ⁽²⁾	4,376	8,306	4,351	8,256
Related company ⁽³⁾	6,000	1,456	2,607	188
Total	12,327	10,315	87,139	407,209
<u>Short-term loans to related party</u>				
Subsidiaries	-	-	2,530,000	2,870,000
<u>Rental guarantee deposits</u>				
Related company ⁽¹⁾	3,000	3,000	3,000	3,000
Related company ⁽³⁾	-	4,000	-	4,000
Total	3,000	7,000	3,000	7,000
<u>Trade and other payables</u>				
Subsidiaries	-	-	95,572	40,739
Related company ⁽¹⁾	1,902	1,753	1,902	1,753
Related company ⁽³⁾	6,828	8,058	6,828	8,058
Total	8,730	9,811	104,302	50,550
<u>Short-term loan from related party</u>				
Subsidiary	-	-	-	139,134
Relationship with the related companies				
(1) has common major shareholders				
(2) the major shareholders				
(3) has common shareholders				

Short-term loans to related party

As at 31 December 2019, the Company has granted unsecured loans of Baht 2,530 million (2018: Baht 2,870 million) to a subsidiary on which interest is payable on a monthly basis at a rate of 3.00% 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 2019	Increase	Decrease	31 December 2019
Short-term loans to related party				
Mega Home Center Company Limited	2,870,000	4,620,000	(4,960,000)	2,530,000

Short-term loan from related party

As at 31 December 2018, the Company has received unsecured loan of Baht 139 million (2019: Nil) from a 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 2019	Increase	Decrease	31 December 2019
Short-term loan from related party				
Market Village Company Limited	139,134	-	(139,134)	-

Directors and management's benefits

During the year ended 31 December 2019 and 2018, the Group had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Short-term benefits	189,315	190,718	171,798	180,505
Post-employment benefits	7,041	12,651	6,263	11,701
Total	196,356	203,369	178,061	192,206

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash	163,503	260,665	126,518	206,766
Bank deposits	536,476	1,597,087	319,850	1,416,515
Fixed deposits	2,160,000	4,380,000	2,160,000	4,380,000
Total	<u>2,859,979</u>	<u>6,237,752</u>	<u>2,606,368</u>	<u>6,003,281</u>

As at 31 December 2019, bank deposits in saving accounts and fixed deposits carried interests between 0.125% - 1.65% per annum (2018: between 0.125% - 1.40% per annum).

8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Trade accounts receivable	216,347	286,232	204,022	268,133
Other receivables	1,685,282	1,701,295	1,570,139	1,561,933
Income receivables	10,775	11,092	10,411	343,934
Total trade and other receivables	<u>1,912,404</u>	<u>1,998,619</u>	<u>1,784,572</u>	<u>2,174,000</u>

Trade accounts receivable

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Trade accounts receivable	105,178	97,915	97,058	84,068
Credit card and coupon receivable	111,169	188,667	106,964	184,415
Total	216,347	286,582	204,022	268,483
Less: Allowance for doubtful debts	-	(350)	-	(350)
Total trade accounts receivable - net	<u>216,347</u>	<u>286,232</u>	<u>204,022</u>	<u>268,133</u>

The outstanding balances of trade accounts receivable as at 31 December 2019 and 2018 are aged as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Aged on the basis of due dates				
Not yet due	187,350	258,802	154,960	222,522
Past due				
Up to 3 months	26,987	27,061	38,616	45,537
3 - 6 months	1,324	104	10,080	6
6 - 12 months	44	222	56	49
Over 12 months	642	393	310	369
Total	216,347	286,582	204,022	268,483
Less: Allowance for doubtful debts	-	(350)	-	(350)
Total trade receivables - net	216,347	286,232	204,022	268,133

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 2019 and 2018 are aged as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Aged on the basis of due dates				
Not yet due	854,132	831,659	792,821	759,189
Past due				
Up to 3 months	825,525	852,623	773,849	787,095
3 - 6 months	7,666	9,898	6,164	8,726
6 - 12 months	6,196	10,294	5,382	9,599
Over 12 months	6,979	13,856	4,774	12,324
Total	1,700,498	1,718,330	1,582,990	1,576,933
Less: Allowance for doubtful debts	(15,216)	(17,035)	(12,851)	(15,000)
Total other receivables - net	1,685,282	1,701,295	1,570,139	1,561,933

9. Inventories

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Inventories	13,058,676	13,048,131	10,753,845	10,645,848
Less: Reduce cost to net				
realisable value	(572,740)	(545,407)	(540,163)	(510,302)
Net	12,485,936	12,502,724	10,213,682	10,135,546
Less: Inventories - repaid its cost				
when sold	(1,627,768)	(1,812,970)	(1,251,553)	(1,440,945)
Purchase discount	(436,905)	(444,305)	(377,605)	(387,605)
Inventories - net	10,421,263	10,245,449	8,584,524	8,306,996

During the current year, the Group reduced cost of inventories by Baht 122 million (2018: Baht 151 million) (The Company only: Baht 98 million, 2018: Baht 126 million), to reflect the net realisable value. This was included in administrative expenses. In addition, the Group reversed the write-down of cost of inventories by Baht 95 million (2018: Baht 88 million) (The Company only: Baht 69 million, 2018: Baht 69 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	
	2019	2018	2019	2018
Prepaid expenses	95,003	105,554	71,736	78,217
Suspend input value added tax	65,771	62,491	63,362	60,163
Others	15,344	11,966	13,156	10,266
Total other current assets	176,118	180,011	148,254	148,646

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	
	2019	2018	2019	2018	2019	2018	2019	2018
			(Percent)	(Percent)				
Market Village Company Limited	5,000	5,000	100.00	100.00	5,000	5,000	-	-
Home Product Center (Malaysia) Sdn. Bhd.	516,843	514,469	100.00	100.00	516,843	514,469	-	-
Mega Home Center Company Limited	1,500,000	1,500,000	99.99	99.99	1,500,000	1,500,000	-	-
DC Service Center Company Limited	2,500	2,500	99.99	99.99	2,500	2,500	-	-
Total					2,024,343	2,021,969	-	-
Less: Allowance for impairment of investment					(115,519)	-		
Investments in subsidiaries - net					1,908,824	2,021,969		

During the year, the significant changes in investments in subsidiaries are as follows.

Home Product Center (Malaysia) Sdn. Bhd.

In March 2019, Home Product Center (Malaysia) Sdn. Bhd., the Company's 100.00% owned subsidiary, passed a resolution to increase its registered capital, from the existing registered capital of Baht 514.5 million (MYR 58.7 million) to Baht 516.8 million (MYR 59.0 million), and to call for share subscriptions payments from shareholders. The Company made a payment for the share subscription in the same month. The increase in the share capital of the subsidiary did not change the Company's proportionate holding in the equity of such subsidiary.

12. Investment properties

The net book value of investment properties as at 31 December 2019 and 2018 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 2019				
Cost	150,000	4,124,756	22,090	4,296,846
Less: Accumulated depreciation	-	(1,871,695)	-	(1,871,695)
Net book value	150,000	2,253,061	22,090	2,425,151
31 December 2018				
Cost	150,000	4,107,487	-	4,257,487
Less: Accumulated depreciation	-	(1,645,414)	-	(1,645,414)
Net book value	150,000	2,462,073	-	2,612,073

(Unit: Thousand Baht)

Separate financial statements				
	Land and land improvement	Buildings and equipment	Assets under installation and under construction	Total
31 December 2019				
Cost	992,980	4,124,756	22,090	5,139,826
Less: Accumulated depreciation	-	(1,871,695)	-	(1,871,695)
Net book value	992,980	2,253,061	22,090	3,268,131
31 December 2018				
Cost	992,980	4,107,487	-	5,100,467
Less: Accumulated depreciation	-	(1,645,414)	-	(1,645,414)
Net book value	992,980	2,462,073	-	3,455,053

A reconciliation of the net book value of investment properties for the years 2019 and 2018 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Net book value at beginning of year	2,612,073	2,814,481	3,455,053	3,991,343
Additions	41,830	53,192	41,830	53,192
Transfer to property, buildings and equipment - at cost	-	-	-	(333,882)
Disposals and written-off - net book value	(788)	(1,410)	(788)	(1,410)
Depreciation charged	(227,964)	(254,190)	(227,964)	(254,190)
Net book value at end of year	<u>2,425,151</u>	<u>2,612,073</u>	<u>3,268,131</u>	<u>3,455,053</u>

The fair value of the investment properties as at 31 December 2019 and 2018 stated below:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Land and buildings	5,847	5,847	5,847	5,847
Land	-	-	843	843

As at 31 December 2019 and 2018, 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.
- The fair value of the above investment properties has been determined based on valuation performed by an accredited independent valuer. The fair value of the land and buildings has been determined using the income approach. Key assumptions used in the valuation include yield rate, inflation rate, occupancy rate and long-term growth in real rental rates.

13. Property, buildings and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						
	Land and land improvement	Buildings and building improvement	Equipment and machine	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Total
Cost:							
1 January 2018	8,531,847	27,728,273	641,004	7,658,981	72,599	298,490	44,931,194
Additions	26,111	92,986	58,332	262,365	9,963	2,048,251	2,498,008
Disposals and written-off	-	(47,968)	(13,373)	(116,522)	(2,588)	(697)	(181,148)
Transfers in (out)	-	628,860	426	48,294	-	(677,580)	-
Translation adjustment	-	(7,361)	(574)	(7,839)	-	(717)	(16,491)
31 December 2018	8,557,958	28,394,790	685,815	7,845,279	79,974	1,667,747	47,231,563
Additions	514,669	148,441	92,769	387,649	7,075	1,739,430	2,890,033
Disposals and written-off	(40,481)	(112,966)	(9,451)	(286,994)	(60,781)	(550)	(511,223)
Transfers in (out)	23,500	2,179,652	465,720	169,673	-	(2,838,545)	-
Translation adjustment	-	(14,794)	(1,070)	(14,101)	-	(802)	(30,767)
31 December 2019	9,055,646	30,595,123	1,233,783	8,101,506	26,268	567,280	49,579,606
Accumulated depreciation:							
1 January 2018	-	9,018,433	538,390	5,810,505	58,265	-	15,425,593
Depreciation for the year	-	1,717,220	64,074	827,770	5,850	-	2,614,914
Depreciation on disposals and written-off	-	(26,257)	(13,291)	(113,250)	(2,155)	-	(154,953)
Translation adjustment	-	(1,625)	(428)	(4,255)	-	-	(6,308)
31 December 2018	-	10,707,771	588,745	6,520,770	61,960	-	17,879,246
Depreciation for the year	-	1,749,135	94,269	662,491	4,133	-	2,510,028
Depreciation on disposals and written-off	-	(98,949)	(9,337)	(279,121)	(56,322)	-	(443,729)
Translation adjustment	-	(3,300)	(863)	(8,634)	-	-	(12,797)
31 December 2019	-	12,354,657	672,814	6,895,506	9,771	-	19,932,748
Allowance for impairment loss:							
1 January 2018	41,430	41,700	-	-	-	-	83,130
Decrease during the year	(30,000)	(28,000)	-	-	-	-	(58,000)
31 December 2018	11,430	13,700	-	-	-	-	25,130
Decrease during the year	(2,030)	(13,000)	-	-	-	-	(15,030)
31 December 2019	9,400	700	-	-	-	-	10,100
Net book value:							
31 December 2018	8,546,528	17,673,319	97,070	1,324,509	18,014	1,667,747	29,327,187
31 December 2019	9,046,246	18,239,766	560,969	1,206,000	16,497	567,280	29,636,758
Depreciation for the year							
2018 (Baht 2,550 million included in selling expenses, and the balance in administrative expenses)							2,614,914
2019 (Baht 2,457 million included in selling expenses, and the balance in administrative expenses)							2,510,028

(Unit: Thousand Baht)

	Separate financial statements						
	Land and land improvement	Buildings and building improvement	Equipment and machine	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Total
Cost:							
1 January 2018	7,205,484	23,086,594	582,224	6,473,455	71,821	211,813	37,631,391
Additions	26,111	47,416	55,408	230,462	9,963	1,965,698	2,335,058
Disposals and written-off	-	(14,569)	(13,298)	(115,347)	(2,588)	(697)	(146,499)
Transfer to investment properties	333,882	-	-	-	-	-	333,882
Transfers in (out)	-	501,644	426	48,294	-	(550,364)	-
31 December 2018	7,565,477	23,621,085	624,760	6,636,864	79,196	1,626,450	40,153,832
Additions	514,669	142,629	92,092	386,889	7,075	1,723,199	2,866,553
Disposals and written-off	(40,480)	(112,966)	(8,881)	(268,532)	(60,781)	-	(491,640)
Transfers in (out)	23,500	2,133,805	465,720	169,673	-	(2,792,698)	-
31 December 2019	8,063,166	25,784,553	1,173,691	6,924,894	25,490	556,951	42,528,745
Accumulated depreciation:							
1 January 2018	-	8,322,100	500,006	5,185,850	57,487	-	14,065,443
Depreciation for the year	-	1,423,716	52,177	600,287	5,850	-	2,082,030
Depreciation on disposals and written-off	-	(9,000)	(13,229)	(112,194)	(2,155)	-	(136,578)
31 December 2018	-	9,736,816	538,954	5,673,943	61,182	-	16,010,895
Depreciation for the year	-	1,470,646	86,536	512,153	4,133	-	2,073,468
Depreciation on disposals and written-off	-	(98,949)	(8,767)	(260,797)	(56,322)	-	(424,835)
31 December 2019	-	11,108,513	616,723	5,925,299	8,993	-	17,659,528
Allowance for impairment loss:							
1 January 2018	41,430	41,700	-	-	-	-	83,130
Decrease during the year	(30,000)	(28,000)	-	-	-	-	(58,000)
31 December 2018	11,430	13,700	-	-	-	-	25,130
Decrease during the year	(2,030)	(13,000)	-	-	-	-	(15,030)
31 December 2019	9,400	700	-	-	-	-	10,100
Net book value:							
31 December 2018	7,554,047	13,870,569	85,806	962,921	18,014	1,626,450	24,117,807
31 December 2019	8,053,766	14,675,340	556,968	999,595	16,497	556,951	24,859,117
Depreciation for the year							
2018 (Baht 2,021 million included in selling expenses, and the balance in administrative expenses)							2,082,030
2019 (Baht 2,022 million included in selling expenses, and the balance in administrative expenses)							2,073,468

As at 31 December 2019, the Group had vehicles under finance lease agreements with net book values amounting to Baht 15 million (2018: Baht 14 million) (The Company only: Baht 15 million, 2018: Baht 14 million).

As at 31 December 2019, certain buildings 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 7,675 million (2018: Baht 6,147 million) (The Company only: Baht 7,018 million, 2018: Baht 5,798 million).

During the year 2016, certain parts of the Company's land were expropriated under the Royal Decree governing land expropriation for construction of a motorway that lies across 4 plots of the Company's land. The Company set aside an allowance for impairment loss on land and construction thereon amounting to Baht 32 million and Baht 20 million, respectively. Nevertheless, the Company submitted a petition, seeking additional land expropriation compensation, with the Central Administrative Court. In the year 2018, the Company already received the compensation for buildings on the expropriated land and reversed the allowance for impairment loss on the construction on the expropriated land in full amount. In the year 2019, the Company received a notification of the compensation for expropriated land from the Ministry of Transport and reversed the allowance for impairment loss on land in full amount.

14. Computer software

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Cost		
1 January 2018	762,216	710,534
Acquisitions during the year	86,203	86,203
Translation adjustment	(35)	-
31 December 2018	848,384	796,737
Acquisitions during the year	78,548	78,384
Written-off	(7,280)	(7,280)
Translation adjustment	(76)	-
31 December 2019	919,576	867,841
Accumulated amortisation		
1 January 2018	270,925	248,581
Amortisation for the year	94,445	89,295
Translation adjustment	(17)	-
31 December 2018	365,353	337,876
Amortisation for the year	78,929	73,812
Amortisation on written-off	(702)	(702)
Translation adjustment	(34)	-
31 December 2019	443,546	410,986
Net book value		
31 December 2018	483,031	458,861
31 December 2019	476,030	456,855

15. Leasehold rights

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Cost		
1 January 2018	3,256,736	2,902,146
Acquisitions during the year	454,612	398,491
31 December 2018	3,711,348	3,300,637
Acquisitions during the year	321,369	263,769
Written-off	(666)	(666)
31 December 2019	4,032,051	3,563,740
Accumulated amortisation		
1 January 2018	637,148	618,491
Amortisation for the year	100,943	89,668
31 December 2018	738,091	708,159
Amortisation for the year	125,090	110,536
Amortisation on written-off	(552)	(552)
31 December 2019	862,629	818,143
Net book value		
31 December 2018	2,973,257	2,592,478
31 December 2019	3,169,422	2,745,597

16. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (% per annum)		Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018	2019	2018
Bill of exchange - Foreign currency	3.91 - 4.78	4.20 - 5.06	280,742	340,177	-	-
Total short-term loans from financial institutions			280,742	340,177	-	-

As at 31 December 2019, the Group had overdraft lines from banks totaling Baht 305 million and MYR 0.50 million (2018: Baht 305 million) (The Company only: Baht 275 million 2018: Baht 275 million) and other credit Facilities totaling Baht 15,863 million and MYR 61 million (2018: Baht 15,785 million and MYR 56 million) (The Company only: Baht 15,626 million 2018: Baht 15,548 million).

17. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Trade accounts payable	11,715,766	12,151,245	10,222,159	10,537,042
Other payables	578,798	614,885	584,576	553,199
Other payables for purchase of assets	602,157	389,262	588,354	387,631
Accrued expenses	1,172,360	1,215,138	1,078,707	1,107,523
Total trade and other payables	14,069,081	14,370,530	12,473,796	12,585,395

18. Liabilities under financial lease agreements

(Unit: Thousand Baht)

	Consolidated and separate financial statements			
	Portion due within one year		Portion due over one year	
	2019	2018	2019	2018
Liabilities under financial lease agreements	4,183	4,966	12,922	10,924
Less: Deferred interest expense	(709)	(699)	(766)	(793)
Net	3,474	4,267	12,156	10,131

The Group has entered into the finance lease agreements with leasing companies for rental of motor vehicles 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 and separate financial statements		
	31 December 2019		
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	4,183	12,922	17,105
Deferred interest expenses	(709)	(766)	(1,475)
Present value of future minimum lease payments	3,474	12,156	15,630

(Unit: Thousand Baht)

	Consolidated and separate financial statements		
	31 December 2018		
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	4,966	10,924	15,890
Deferred interest expenses	(699)	(793)	(1,492)
Present value of future minimum lease payments	4,267	10,131	14,398

19. Long-term loans

(Unit: Thousand Baht)

	Interest rate		Consolidated		Separate	
	(% per annum)		financial statements		financial statements	
	2019	2018	2019	2018	2019	2018
Long-term loans - Baht	-	3.59	-	100,000	-	100,000
Long-term loan - MYR	COF + 1.10*	COF + 1.10*	84,195	107,639	-	-
Total long-term loans			84,195	207,639	-	100,000
Less: Current portion of long-term loans			(20,207)	(207,639)	-	(100,000)
Long-term loans - net of current portion			63,988	-	-	-

* The Bank's cost of fund ("COF") plus 1.10% per annum.

Movement of the long - term loan account during the year ended 31 December 2019 are summarised below:

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2019	207,639	100,000
Less: Repayment	(117,273)	(100,000)
Translation adjustment	(6,171)	-
Balance as at 31 December 2019	84,195	-

Long-term loan in MYR are loan facilities from an overseas financial institution of Home Product Center (Malaysia) Sdn. Bhd., the Company's 100% owned subsidiary. Payment of interest and principal is scheduled on a monthly basis. Full repayment is to be made within 7 years after first principal drawdown. The first installment of the principal is to commence on the 25th month from the first principal drawdown. The loan is secured by a 100% corporate guarantee provided by the Company, together with the requirement to maintain the Company's shareholding directly or indirectly, of the subsidiary at not less than 51%. The loan agreement contains covenants as specified in the agreement that, among other things, require the subsidiary to maintain certain debt to equity ratio according to the agreement. As at 31 December 2018, debt to equity ratio of the subsidiary was not in compliance with the condition prescribed in the agreement. The subsidiary, therefore presented the balance of long-term loan as current liabilities in the consolidated financial statements. However, as at 31 December 2019, the subsidiary is able to comply with these covenants with the amendment condition as agreed between the financial institution, the Company and the subsidiary.

20. Debentures

No.	Interest rate per annum	Age	Repayment	Maturity	Consolidated and separate financial statements			
					Number of debenture (Shares)		Amount (Thousand Baht)	
					2019	2018	2019	2018
<u>Unsubordinated and unsecured debentures</u>								
No. 5/2014	Fixed rate 3.47%	5 years	At maturity	26 December 2019	-	1,000,000	-	1,000,000
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	14 October 2019	-	3,000,000	-	3,000,000
No. 1/2017	Fixed rate 2.48%	3 years	At maturity	27 April 2020	4,000,000	4,000,000	4,000,000	4,000,000
No. 1/2018	Fixed rate 2.00%	3 years	At maturity	16 February 2021	2,000,000	2,000,000	2,000,000	2,000,000
No. 2/2018	Fixed rate 2.55%	2 years	At maturity	19 October 2020	2,000,000	2,000,000	2,000,000	2,000,000
No. 3/2018	Fixed rate 3.00%	3 years	At maturity	22 October 2021	2,000,000	2,000,000	2,000,000	2,000,000
No. 1/2019	-	3 years	At maturity	14 November 2022	3,170,000	-	3,170,000*	-
Total					13,170,000	16,700,000	13,170,000	16,700,000
Less: Deferred interest							(162,336)	-
Debenture - net							13,007,664	16,700,000
Less: Current portion of debentures							(6,000,000)	(6,700,000)
Debentures - net of current portion							7,007,664	10,000,000

* Zero Coupon Bond, discount rate 1.85% per annum.

Movements in debentures account during the period ended 31 December 2019 are summarised below.

	(Unit: Thousand Baht)
	Consolidated and separate financial statements
Balance as at 1 January 2019	16,700,000
Add: Issuance of debentures during the year	3,170,000
Less: Redemption of debentures during the year	(6,700,000)
Balance as at 31 December 2019	13,170,000

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.

21. 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	
	2019	2018	2019	2018
Provision for long-term employee benefits				
at beginning of year	340,113	262,236	308,086	234,406
Included in profit or loss:				
Current service cost	70,674	35,355	64,214	29,440
Interest cost	9,972	9,519	9,067	8,602
Past service costs	-	56,949	-	53,972
Included in other comprehensive income:				
Actuarial loss arising from				
Financial assumptions changes	49,286	-	44,530	-
Experience adjustments	59,273	-	55,479	-
Benefits paid during the year	(1,148)	(23,946)	(946)	(18,334)
Provision for long-term employee benefits at				
end of year	528,170	340,113	480,430	308,086

As at 31 December 2019, the Group expects to pay Baht 24 million of long-term employee benefits during the next year (2018: Baht 30 million) (The Company only: Baht 20 million, 2018: Baht 26 million).

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefit is 9 years (2018: 11 years) (The Company only: 9 years 2018: 11 years).

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Discount rate	1.5%	3.0%	1.5%	3.0%
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 - 40%	0 - 40%	0 - 35%	0 - 35%

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

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate				
31 December 2019	(22)	24	(20)	21
31 December 2018	(14)	15	(13)	14

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Salary increase rate				
31 December 2019	51	(46)	47	(42)
31 December 2018	37	(32)	34	(29)

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase 10%	Decrease 10%	Increase 10%	Decrease 10%
Turnover rate				
(depending on age)				
31 December 2019	(36)	43	(32)	37
31 December 2018	(28)	33	(24)	30

22. 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 2018 to 30 June 2023, 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 1 st year - 3 rd year, employee cannot sell any shares After the 3 rd year, employee can sell 25% of shares accumulated After the 4 th year, employee can sell 50% of shares accumulated After the 5 th year, employee can sell all shares
EJIP program manager	Phillip Securities Public Company Limited

On 5 June 2018, the Company received the approval of Employee Joint Investment Program (EJIP) from Securities and Exchange Commission (SEC).

During the year 2019, the Company contributed Baht 34 million to the program (2018: Baht 30 million).

23. 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.

At present, the statutory reserve has fully been set aside.

24. Revenue from contracts with customers

24.1 Disaggregated revenue information

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Type of goods or service:				
Sale of goods related to houses and residences	62,594,414	61,580,981	54,472,577	53,120,720
Maintenance and installation services	145,178	120,730	145,178	120,730
Other services	306,638	249,606	270,323	218,171
Total revenue from contracts with customers	<u>63,046,230</u>	<u>61,951,317</u>	<u>54,888,078</u>	<u>53,459,621</u>
Timing of revenue recognition:				
Revenue recognised at a point in time	62,847,027	61,794,880	54,688,875	53,303,184
Revenue recognised over time	199,203	156,437	199,203	156,437
Total revenue from contracts with customers	<u>63,046,230</u>	<u>61,951,317</u>	<u>54,888,078</u>	<u>53,459,621</u>

Set out below, is a reconciliation of the revenue from contracts with customers with financial information classified by source of revenue.

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Revenue from external customers	62,967,736	61,906,672	54,600,552	53,264,616
Revenue from related parties	333,890	216,456	287,526	195,005
	63,301,626	62,123,128	54,888,078	53,459,621
Adjustments and eliminations	(255,396)	(171,811)	-	-
Total revenue from contracts with customers	<u>63,046,230</u>	<u>61,951,317</u>	<u>54,888,078</u>	<u>53,459,621</u>

24.2 Revenue recognised in relation to contract balances

In 2019, amounts of Baht 967 million (the Company only: Baht 930 million) that were included in advances received from customers at the beginning of the year were recognised as revenue.

25. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Salaries and wages and other				
employee benefits	4,740	4,624	4,244	4,045
Premises expenses	1,998	1,855	1,752	1,612
Depreciation and amortisation	2,942	3,064	2,486	2,515
Sales promotion and operation				
support expenses	2,629	2,268	2,451	1,918
Financial cost	405	400	387	381
Tax expenses and fees	1,560	1,443	1,484	1,415
Changes in finished goods	(203)	34	(307)	(137)

26. Income tax

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Current income tax:				
Current income tax charge	1,444,147	1,306,127	1,383,842	1,299,177
Adjustment in respect of income tax of previous year	(5,931)	(299)	(5,930)	(292)
Adjustment in loss on income tax of previous year	-	(1,015)	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(11,235)	4,702	(10,922)	(3,049)
Income tax expenses reported in profit or loss	1,426,981	1,309,515	1,366,990	1,295,836

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Deferred tax on actuarial loss	(21,712)	-	(20,002)	-

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Accounting profit before tax	7,603,571	6,922,138	7,053,980	6,779,013
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	1,520,714	1,384,428	1,410,796	1,355,803
Adjustment in respect of income tax of previous year	(5,931)	(299)	(5,930)	(292)
Adjustment in loss on income tax of previous year	-	(1,015)	-	-
Unused tax loss which has not recognised as deferred tax assets	8,269	18,043	-	-
Effects of:				
Change in value of investment accounted for the equity method	908	475	-	-
Non-deductible expenses	25,361	33,183	46,904	27,956
Additional expense deductions allowed	(122,820)	(125,911)	(85,279)	(88,235)
Others	480	611	499	604
Total	(96,071)	(91,642)	(37,876)	(59,677)
Income tax expenses reported in profit or loss	1,426,981	1,309,515	1,366,990	1,295,836

The components of deferred tax assets are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Deferred tax assets				
Allowance for doubtful accounts	3,043	3,430	2,570	3,070
Purchase discount	97,387	88,862	85,181	77,521
Allowance for asset impairment	2,020	8,792	2,020	8,792
Provision for long-term employee benefits	105,634	68,022	96,086	61,617
Deferred purchase discount	7,878	9,481	7,747	9,380
Unused tax loss	-	149	-	-
Provision	3,020	7,300	-	2,300
Deferred tax assets	218,983	186,036	193,604	162,680

As at 31 December 2019, the Group has deductible temporary differences and unused tax losses totaling Baht 617 million (2018: Baht 584 million) (The Company only: Baht 540 million, 2018: Baht 510 million). No deferred tax assets have been recognised on these amounts as the Group believes that the temporary differences and unused tax losses 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	
	2019	2018	2019	2018
Profit for the year (Thousand Baht)	6,176,590	5,612,624	5,686,990	5,483,177
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)	0.47	0.43	0.43	0.42

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 Group 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, and the provision of services relevant to retail and wholesale business, space rental and services (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 Group which are summarised as follow.

	(Unit: Million Baht)	
	2019	2018
Sales income from external customers		
Thailand	61,358	60,116
Malaysia	1,236	1,465
Total	62,594	61,581
Non-current assets (other than deferred tax assets)		
Thailand	35,869	35,276
Malaysia	265	343
Total	36,134	35,619

Major customers

For the years 2019 and 2018, the Group has no major customer with revenue of 10% or more of an entity's revenues.

29. Provident fund

The Group and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both the Group 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 2019, the Group contributed Baht 92 million (2018: Baht 87 million) to the fund (The Company only: Baht 82 million, 2018: Baht 77 million).

30. Dividend paid

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Final dividends for 2017	Annual General Meeting of the shareholders on 9 April 2018	2,367	0.18
Interim dividends for 2018	Board of Director's Meeting on 29 August 2018	1,973	0.15
Total		4,340	
Final dividends for 2018	Annual General Meeting of the shareholders on 9 April 2019	2,630	0.20
Interim dividends for 2019	Board of Director's Meeting on 27 August 2019	2,235	0.17
Total		4,865	

31. Commitments and contingent liabilities

31.1 Capital commitment

As at 31 December 2019, the Company 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. In addition, the Company has capital commitments relating to expand center warehouse amounting to Baht 25 million (2018: Baht 142 million).

31.2 Operating lease commitments - as a lessee

- a) The Group has 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		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Payable:				
In up to 1 year	180	172	158	152
In over 1 and up to 5 years	627	632	541	546
In over 5 years	3,226	3,231	2,696	2,679

- b) The Group has entered into lease agreements to lease commercial space, rental equipment and service 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 and services contracts were as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Payable:				
In up to 1 year	284	313	246	262
In over 1 and up to 5 years	792	947	779	861
In over 5 years	1,275	1,509	1,275	1,410

31.3 Service commitments and rental 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 agreements to provide administrative services and inventory management services to a subsidiary. Under the conditions of the agreements, the Company receives monthly services fee at a percentage of sales, and a percentage of the actual cost, as stipulated in the agreements.
- c) The Company has entered into land lease agreements with a subsidiary. The terms of the agreements are 3 years. Under the conditions of the agreements, the Company receives monthly rental at rates stipulated in the agreements. The agreements are non-cancelable, except with the consent of the counterparties.

31.4 Long-term lease agreements - as a lessor

As at 31 December 2019 and 2018, the Company has entered into 8 agreements with 4 companies to lease and/or sub-lease parts of its premises in 7 branches for the periods between 18 to 30 years, with a total of rental received in advance amounting Baht 649 million. The terms of the agreements are ended in the year 2033 to the year 2039. The Company recognised this income systematically on a straight-line basis over the lease periods which are the useful lives of the leaseholds.

As at 31 December 2019, the outstanding balance of rental received in advance, net of recognised rental income was Baht 337 million (2018: Baht 359 million).

31.5 Guarantees

- a) As at 31 December 2019, the Group has outstanding bank guarantees of Baht 153 million and MYR 1 million (2018: Baht 147 million and MYR 1 million) (The Company only: Baht 129 million, 2018: Baht 124 million) issued by banks on benefit of the Group in respect of guarantees provided for leasing, purchases of goods or hire of work, as bonds with State Enterprise. Bank guarantee of Baht 23 million and MYR 1 million (2018: Baht 23 million and MYR 1 million) issued in the name of subsidiary was guaranteed by the Company.
- b) As at 31 December 2019, the Company had commitments under letters of credit opened with commercial bank, amounting to USD 1 million and CNY 3 million (2018: USD 3 million and CNY 2 million).

- c) As at 31 December 2019, the Company secured credit facilities of its subsidiaries of Baht 280 million and MYR 114 million (2018: Baht 280 million and MYR 114 million) to financial institutions.

31.6 Litigation

- a) As at 31 December 2019, the Company has legal cases for a total claimed amount of Baht 2 million (2018: Baht 5 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.
- b) 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 2019 and 2018, the Group had the assets and liabilities that were disclosed at fair value using different levels of inputs as follows:

(Unit: Million Baht)				
Consolidated Financial Statements				
As at 31 December 2019				
	Level 1	Level 2	Level 3	Total
Asset for which fair value are disclosed				
Investment properties	-	-	5,847	5,847
Liabilities for which fair value are disclosed				
Long-term loans	-	84	-	84
Debentures	-	13,120	-	13,120

(Unit: Million Baht)

Consolidated Financial Statements				
As at 31 December 2018				
	Level 1	Level 2	Level 3	Total
Asset for which fair value are disclosed				
Investment properties	-	-	5,847	5,847
Liabilities for which fair value are disclosed				
Long-term loans	-	208	-	208
Debentures	-	16,741	-	16,741

(Unit: Million Baht)

Separate Financial Statements				
As at 31 December 2019				
	Level 1	Level 2	Level 3	Total
Asset for which fair value are disclosed				
Investment properties	-	-	6,690	6,690
Liability for which fair value are disclosed				
Debentures	-	13,120	-	13,120

(Unit: Million Baht)

Separate Financial Statements				
As at 31 December 2018				
	Level 1	Level 2	Level 3	Total
Asset for which fair value are disclosed				
Investment properties	-	-	6,690	6,690
Liabilities for which fair value are disclosed				
Long-term loans	-	100	-	100
Debentures	-	16,741	-	16,741

33. Financial instruments

33.1 Financial risk management

The Group'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 Group is exposed to credit risk primarily with respect to trade and other receivables and loans. The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Group does 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 and loans, as stated in the statements of financial position.

Interest rate risk

The Group's exposure to interest rate risk relate primarily to its deposits with financial institutions, loans and debentures. However, since the Group's financial assets bear floating interest rates or bear fixed interest rates which are close to the market rate, 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 2019						
	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	2,160	-	204	496	2,860	0.125 - 1.65
Trade and other receivables	-	-	-	1,912	1,912	-
	<u>2,160</u>	<u>-</u>	<u>204</u>	<u>2,408</u>	<u>4,772</u>	
Financial liabilities						
Short-term loans from financial institutions	281	-	-	-	281	COF + 1.10
Trade and other payables	-	-	-	14,069	14,069	-
Liabilities under finance lease agreements	4	12	-	-	16	4.85 - 7.21
Long-term loans	20	64	-	-	84	COF + 1.10
Debentures	6,000	7,008	-	-	13,008	1.85 - 3.00
	<u>6,305</u>	<u>7,084</u>	<u>-</u>	<u>14,069</u>	<u>27,458</u>	

Consolidated financial statements

As at 31 December 2018

	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	4,380	-	1,206	652	6,238	0.125 - 1.40
Trade and other receivables	-	-	-	1,999	1,999	-
	<u>4,380</u>	<u>-</u>	<u>1,206</u>	<u>2,651</u>	<u>8,237</u>	
Financial liabilities						
Short-term loans from financial institutions	340	-	-	-	340	4.20 - 5.06
Trade and other payables	-	-	-	14,371	14,371	-
Liabilities under finance lease agreements	4	10	-	-	14	4.85 - 7.21
Long-term loans	100	-	108	-	208	3.59 and COF+1.10
Debentures	6,700	10,000	-	-	16,700	2.00 - 3.47
	<u>7,144</u>	<u>10,010</u>	<u>108</u>	<u>14,371</u>	<u>31,633</u>	

Separate financial statements

As at 31 December 2019

	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	2,160	-	38	408	2,606	0.125 - 1.65
Trade and other receivables	-	-	-	1,785	1,785	-
Short-term loans to related party	2,530	-	-	-	2,530	3.00
	<u>4,680</u>	<u>-</u>	<u>38</u>	<u>2,193</u>	<u>6,921</u>	
Financial liabilities						
Trade and other payables	-	-	-	12,474	12,474	-
Liabilities under finance lease agreements	4	12	-	-	16	4.85 - 7.21
Debentures	6,000	7,008	-	-	13,008	1.85 - 3.00
	<u>6,004</u>	<u>7,020</u>	<u>-</u>	<u>12,474</u>	<u>25,498</u>	

	Separate financial statements					
	As at 31 December 2018					
	Fixed interest rates		Floating interest rate (Million Baht)	Non- interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	Over 1 - 5 years				
Financial assets						
Cash and cash equivalents	4,380	-	1,073	550	6,003	0.125 - 1.40
Trade and other receivables	-	-	-	2,174	2,174	-
Short-term loans to related party	2,870	-	-	-	2,870	3.00
	<u>7,250</u>	<u>-</u>	<u>1,073</u>	<u>2,724</u>	<u>11,047</u>	
Financial liabilities						
Trade and other payables	-	-	-	12,585	12,585	-
Short-term loan from related party	139	-	-	-	139	1.75
Liabilities under finance lease agreements	4	10	-	-	14	4.85 - 7.21
Long-term loan	100	-	-	-	100	3.59
Debentures	6,700	10,000	-	-	16,700	2.00 - 3.47
	<u>6,943</u>	<u>10,010</u>	<u>-</u>	<u>12,585</u>	<u>29,538</u>	

Foreign currency risk

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

The balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Consolidated and separate financial statements						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
CNY	-	-	4	8	4.30	4.71
USD	-	-	-	-	30.11	32.40

As at 31 December 2019 and 2018, foreign exchange contracts outstanding are summarised below.

Consolidated and separate financial statements					
As at 31 December 2019					
Foreign currency	Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date
	(Million)	(Million)	Bought	Sold	
			(Baht per 1 foreign currency unit)		
USD	2	-	30.05 - 30.62	-	Within July 2020

Consolidated and separate financial statements					
As at 31 December 2018					
Foreign currency	Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date
	(Million)	(Million)	Bought	Sold	
			(Baht per 1 foreign currency unit)		
USD	4	-	32.14 - 32.72	-	Within July 2019

33.2 Fair values of financial instruments

As at 31 December 2019 and 2018, 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 2019			
	Consolidated financial statements		Separate financial statements	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	2,860	2,860	2,606	2,606
Trade and other receivables	1,912	1,912	1,785	1,785
Short-term loans to related party	-	-	2,530	2,530
Financial liabilities				
Short-term loans from financial institutions	281	281	-	-
Trade and other payables	14,069	14,069	12,474	12,474
Liabilities under finance lease agreements	16	16	16	16
Long-term loans	84	84	-	-
Debentures	13,008	13,120	13,008	13,120

(Unit: Million Baht)

	As at 31 December 2018			
	Consolidated financial statements		Separate financial statements	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	6,238	6,238	6,003	6,003
Trade and other receivables	1,999	1,999	2,174	2,174
Short-term loans to related party	-	-	2,870	2,870
Financial liabilities				
Short-term loans from financial institutions	340	340	-	-
Trade and other payables	14,371	14,371	12,585	12,585
Short-term loan from related party	-	-	139	139
Liabilities under finance lease agreements	14	14	14	14
Long-term loans	208	208	100	100
Debentures	16,700	16,741	16,700	16,741

The methods and assumptions used by the Group 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 2.50:1.

35. Events after the reporting period

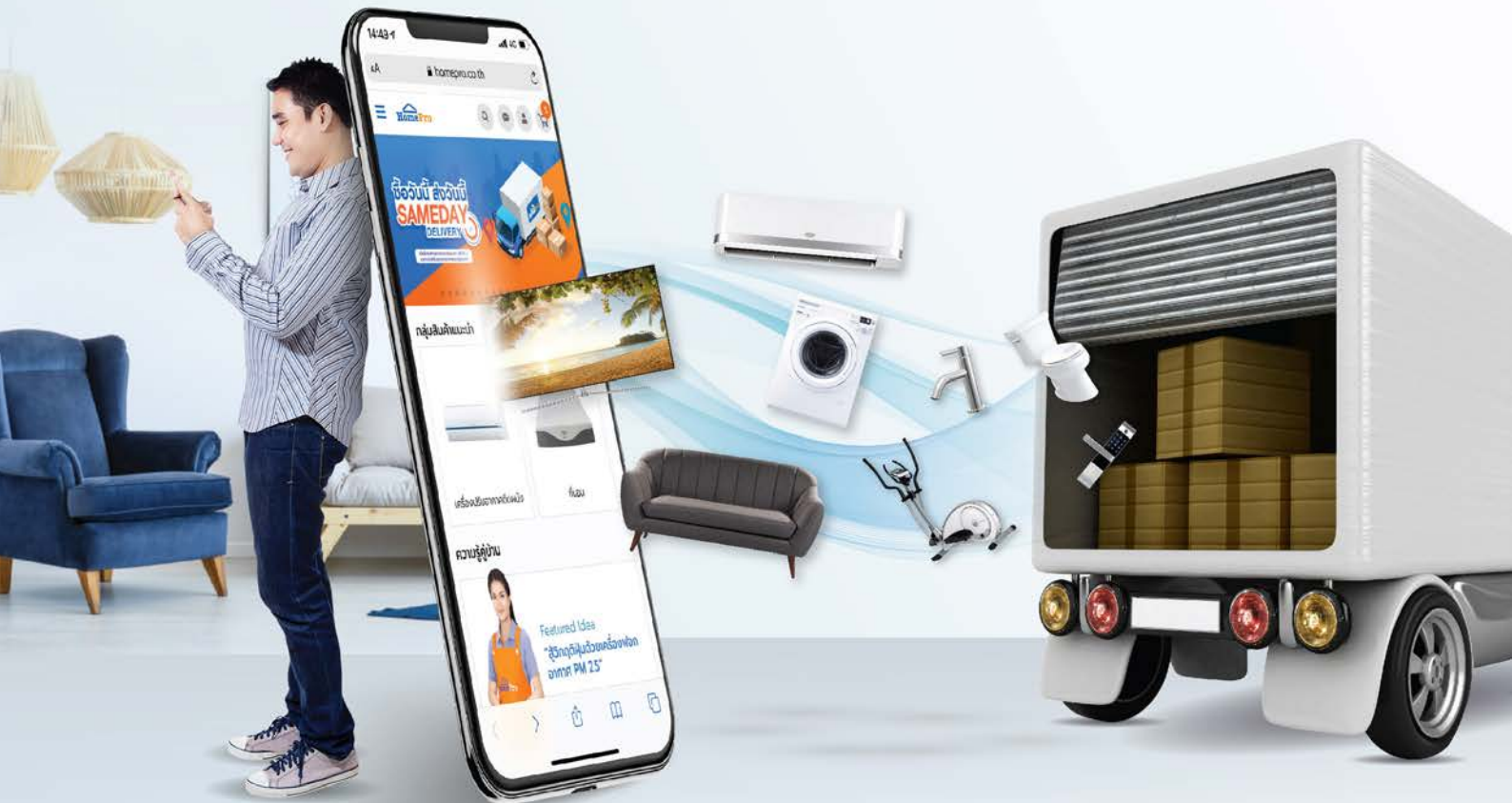
On 25 February 2020, the meeting of the Company's Board of Directors passed the resolution to propose to Annual General Meeting of the Company's shareholders for approval of dividend payment from operating results of July 2019 to December 2019. The dividend will be paid by cash at the rate of Baht 0.21 per share or in the total amount not exceeding Baht 2,762 million. The payment of cash dividend shall be made within 8 May 2020. As the Company's Board of Directors Meeting held on 27 August 2019 has the resolution to approve interim dividend payment for the operating result for the period as from January 2019 to June 2019 to the shareholders as cash dividend of Baht 0.17 per share. The interim dividend was paid on 25 September 2019. As a result, total dividend per share for the year 2019 is Baht 0.38 per share.

36. Approval of financial statements






These financial statements were authorised for issue by the Company's Board of Directors on 25 February 2020.

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Kanlapapruuek	+662 029 7660
Ladprao	+662 983 7444
Lotus Bangkai	+662 413 5670
Lumluaka	+662 997 4800
Mega Bangna	+662 186 8811
Paradise Park	+662 047 0377
Petchkasem	+662 029 7272
Phleon Chit	+662 655 3400
Phutthamonthon	+662 444 5566
Prachachun	+662 955 5888
Rama 3	+662 029 7500
Rama 9	+662 029 7600
Rama2	+662 895 6555
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Rangsit	+662 958 5699
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Ratchapruk	+662 423 3222
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Khonkaen	+664 300 2100
Korat - Hua Thale	+664 492 0500
Loei	+664 284 5800
Mukdahan	+664 204 4011
Nakhonratchasima	+664 400 3570
Roiet	+664 303 2170
Sakonkakhon	+664 209 1070
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Udonthani	+664 211 3100

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Bang Sare	+663 304 5100
Chachoengsao	+663 305 1100
Chanthaburi	+663 960 2100
Chonburi	+663 304 5050
Chonburi - Amata	+663 304 5800
North Pattaya	+663 819 0300
Pattaya	+663 314 1033
Prachinburi	+663 748 2222
Rayong	+663 306 0100
Sriracha	+663 811 0111

North :

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Chiang Mai - San Sai	+665 335 2456
Chiangmai - Hangdong	+665 344 7939
Chiangrai	+665 360 4444
Lampang	+665 481 1499
Nakhonsawan	+665 637 1300
Phare	+665 453 2222
Phetchabun	+665 671 9555
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Hadyai	+667 480 3131
Hat Yai Kamjanavani	+667 421 0999
Krabi	+667 581 0499
Nakhonsithammarat	+667 580 1070
Phatthalung	+667 482 2100
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Phuket Thalang	+667 639 0400
Phuket(Chalong)	+667 660 2399
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