

บริษัท ธนพริยะ จำกัด (มหาชน)
THANAPIRIYA PUBLIC COMPANY LIMITED



ANNUAL REPORT 2016

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Message from the Board of Directors

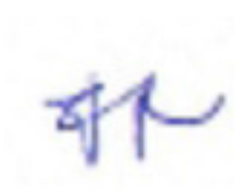
2016 has been the significant commencement of Thanapiriya Public Company Limited in one full year operation after being listed in Market for Alternative Investment (MAI). The Company has operated according to expansion plan of branches as the targeted product distribution channels. In addition, the Company has improved the existing branches to be modern, enhanced competitiveness to increase and build growth in part of revenue of the existing branches, and constructed new product distribution center to help improve the operating efficiency and support the Company's future expansion based on our long-term plan.

The Company has still aimed at the operation based on the plan committee with the shareholders, emphasizing on creation of growth to the Company and stakeholders, and building of stability and sustainability in business operation and branch expansion for more extensive accessibility to the consumers in community zone, and screening of products inside the stores to increase their varieties for increasing satisfaction of consumer demand. The branches have been expanded in Chiang Rai Province and neighboring provinces as well as border around Chiang Rai Province. Moreover, the Company has improved effective work system and has still aimed at development and training of the personnel to possess knowledge and competency in maintaining good service quality of the employees as the Company's strength in building stable and strong business foundation.

On behalf of the Board of Directors, we would like to deliver our gratitude to our customers, business partners, shareholders and relevant agencies as well as business alliances that have consistently supported the Company, and also deliver out our gratitude to all of the Company's executives and employees who have helped carrying forward the Company for consistent growth. The Company hereby commits to operate business by adhering to integrity, honesty and transparency under the principle of good corporate governance so that we can continually further our secure step and maintain our store concept under the name of "real cheap price, pleasant shopping and proximity to your house".



Dr. Pisanu Kantipong
Chairman of the Board of Directors



Mr. Thawatchai Phutthiphiya
Chairman of Executive Committee

Report of the Audit Committee

The Audit Committee of Thanapiriya Public Company Limited consists of Pitsanu Khantipong, MD, as the Chairman of the Audit Committee, Dr. Watthana Yuenyong, and Dr. Chalermchai Khamseen, as the audit committee members. The scope of duties and responsibilities according to the significant Charter of the Audit Committee is to oversee the Company's financial reports according to Generally Accepted Accounting Principles and Standards, review the Company's operation according to the Principle of Good Corporate Governance, effective internal control system, compliance with the relevant requirements and laws, as well as oversee in the event of contingent conflict of interests among the connected parties. In 2016, the Audit Committee held total of 4 meetings under below essential issues.

1. The Audit Committee mutually considered and reviewed quarterly financial statements and annual financial statements for 2016 together with the management and the auditor to ensure that the Company's financial reports were properly and fairly prepared according to Generally Accepted Accounting Standards and disclosed adequate, complete and reliable information, as well as gave observation and acknowledged problem solving guideline for the Company's benefit. The Audit Committee deemed that the Company's annual financial report for 2016 has been fairly proper in the materiality according to Financial Report Standard.
2. To evaluate internal control system according to the determined guideline by Office of the Securities and Exchange Commission that covers organizational control, risk management, control on operation, information system and data communication, as well as monitoring system. The Audit Committee deemed that the Company has had adequate and efficient internal control.
3. To review the compliance with Securities and Exchange Law, or the requirement of Stock Exchange of Thailand and laws relevant to the Company's business operation, as part of the internal audit of the Company. In the year of 2016, the essential issues of non-compliance with the said law and requirement were unfound.
4. To govern internal audit work for independent operation by hiring AVL Audit Company Limited which is the internal audit service providing company from outside to be the Company's internal auditor. The Audit Committee shall consider annual internal audit plan and internal audit result report, continuously monitor internal audit result with the management, and give advice the internal auditor to ensure that the determined internal plan is effectively and efficiently complied. The significant indicator of fraudulent act or fault of internal control was not detected in annual internal audit for 2016.
5. To consider selecting, appointing and determining remuneration of the auditor for 2016, and propose the Board of Directors to appoint Mr. Vichai Rujitanon, the Certified Public Accountant Registration No. 4054; or Mr. Athipong Athipongsakul, the Certified Public Accountant Registration No. 3500; or Mr. Sathien Wongsanan, the Certified Public Accountant Registration No. 3495; or Mr. Yoothapong Cheameuangphan, the Certified Public Accountant Registration No. 9445, from ANS Audit Company Limited as the Company's auditor. The remuneration has been determined for not exceeding 1,210,000 Baht and proposed to the General Meeting of Shareholders for approval.

6. To consider disclosing the information of inter-transactions and connected transactions of the Company and the person that may have conflict of interests. The Audit Committee deemed that the information of inter-transactions and connected transactions of the Company have been accurately, completely and adequately disclosed according to business condition and criteria prescribed by Stock Exchange of Thailand.

The Audit Committee has performed its duties with carefulness, independence and straightforward opinion expression without limitation of information acquisition and emphasis on good corporate governance according to the principle of the Stock Exchange of Thailand for transparency and ethics to cause confidence to shareholders and all relevant parties.

On behalf of the Audit Committee



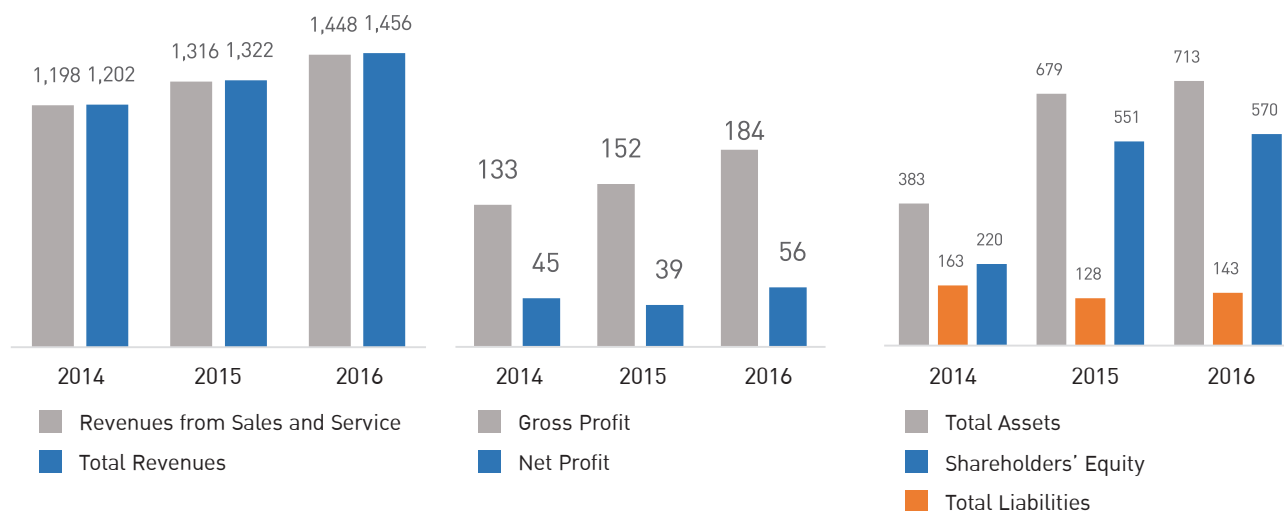
(Pitsanu Khantipong, MD)

Chairman of the Audit Committee

21 February 2017

Financial Prominent Point

	2014	2015	2016
Revenues from Sales and Service	1,198	1,316	1,448
Total Revenues	1,202	1,322	1,456
Gross Profit	133	152	184
Net Profit	45	39	56
Total Assets	383	679	713
Total Liabilities	163	128	143
Shareholders' Equity	220	551	570



1.General Information and Other Significant Information

1.1 General Information

Information of the Company

Security Issuing Company	: Thanapiriya Public Company Limited (“Company” or “Thanapiriya Pcl.”)
Company Registration	: 0107558000172
Type of Business	: Retail and Wholesale Business of Consumer Products
Registered Capital	: 200,000,000 Baht consisting of ordinary shares for 800,000,000 shares at par value of 0.25 Baht per share
Juristic Person Held for Shares by the Company	: Details according to Topic 1.3 Overview of Business Engagement of the Company and its Subsidiary
Location of Head Office	: No. 661 Village No. 24 Rop Wiang Sub-district, Mueang Chiang Rai District, Chiang Rai Province 57000 Telephone: 0-5375-6484 Facsimile: 0-5375-6484
Investor Relations	: Telephone: 0-5375-6484 E-mail: investor@thanapiriya.co.th

Reference Person

Securities Registrar	: Thailand Securities Depository Company Limited
Auditor	No. 93 Ratchadaphisek Road, Din Daeng Sub-district, Din Daeng District, Bangkok 10400 Telephone: 0-2009-9000 Facsimile: 0-2009-9991 : Mr. Vichai Rujitanon, the Certified Public Accountant Registration No. 4054; or Mr. Athipong Athipongsakul, the Certified Public Accountant Registration No. 3500; or Mr. Sathien Wongsanan, the Certified Public Accountant Registration No. 3495; or Mr. Yoothapong Cheameuangphan, the Certified Public Accountant Registration No. 9445 ANS Audit Company Limited No. 100/72,100/2, 16th Floor, Vongvanij B Building, Rama IX Road, Huai Khwang Sub-district, Huai Khwang District, Bangkok 10320 Telephone: 0-2645-0109 Facsimile: 0-2168-1212

2. Policy and Overview of Business Engagement

2.1 Vision, Objective and Target of Business Operation

Overview and Objective of Business Operation

Thanapiriya Public Company Limited (“Company” or “Thanapiriya”) engages in the retail and wholesale business of consumer products excluding fresh foods under the name of “Thanapiriya”. The revenue from sales is derived from two portions consisting of revenue from sales via branch and revenue from sales via head office. At present, total branches of the Company have been 15 branches, being classified into supermarket for 14 branches, wholesale center for 1 branch. Every branch is located in Chiang Rai. The Company focuses on appropriate integrated services between worthwhile price in the way of modern trade and convenience in the way of convenience store. The various products of Thanapiriya for sales both in retail and wholesale consist of over than 15,000 items. The products sold by at Thanapiriya Store can be classified into five main categories as follows.

- 1) Household Products such as detergent, fabric softener, dishwashing liquid, floor cleaner, plate, bowl, fork, joss stick and candle, electric lamp, dry battery, air-conditioned scented spray, etc.
- 2) Personal Care Products such as shampoo, hair conditioner, soap, shower gel, toothpaste, powder, roll-on, cologne, sanitary napkin, tissue, hair dressing product, etc.
- 3) Drinks and Dried Foods such as tea, coffee, milk, drinking water, snack, sauce, vegetable oil, sugar, canned food, canned fruit, instant noodle, and fruit juice, etc.
- 4) Cosmetics and Supplements such as moisturizer, foundation cream, lipstick, conventional household medicine, dietary supplement and vitamin, etc.
- 5) Baby Care Products such as milk bottle, milk powder, baby food, diaper, supersorber, toy, baby bathing and care product, and maternal product, etc.

Vision

The vision of the Company’s business operation is to be the leader of retail business in form of supermarket in Chiang Rai and neighboring province, using long experiences from business operation, development of quality management system and emphasis on training and continuous development of employee skill and knowledge with creation of “Wisdom Organization” or body of knowledge.

Mission

In stepping toward retail business leadership in form of supermarket, the Company gives precedence to standard personnel development and improvement of work system as well as reinforcement of organizational culture so that the employees shall be aware of and proud of being membership of Thanapiriya. In addition, the Company aims at development of international standard management system, managerial flexibility, and being the local store that understands the consumers under “real cheap price, pleasant shopping and proximity to your house” concept.

Target of Business Operation

The Company's target is to be Thai race community store that aims at continuous good service in order to support the consumer demand and aims at effective management, good internal control and maximum effective human resource management as crucial mechanism of sustainable business growth. However, the Company's target is to continuously expand branches in Chiang Rai and neighboring provinces in order to enhance the Company's customer base for more area coverage.

2.2 Background of Significant Change and Development

The Company's business was commenced in 1965 from vending stand grocery in Chiang Rai municipality under the name of "Ngow Thong Chai" which was founded by Phutthipiriya Family. Later in 1991, it was developed into modern minimart under the name of "Piriya Mart". Later in 2000, the Company registered to change its name to be "Thanapiriya Limited Partnership" and used the establishment name of "Thanapiriya". Its head office is located Rop Wiang Sub-district, Mueang District, Chiang Rai Province.

Subsequently, the Company has continuously grown. It therefore has built warehouse in 1997 for delivery of products to various districts in Chiang Rai Province. With vision of the executive in foresight of the retail business opportunity that is likely to generate more profit and liquidity than the wholesale business of the Company, it therefore has opened the second branch in 2007. Since then, branches have been continuously opened particularly in Mueang District and other district in Chiang Rai Province. Later in 2012, the Company registered to change to be "Thanapiriya Limited Company" and in 2013, increased registered and paid-up capital to be 50 million Baht. Later in 2014, the Company increased registered capital to be 145 million Baht and purchased 100% of ordinary shares of Thanaphoom Property 2013 Company Limited for group restructuring.

On 20 April 2015, the Extraordinary Meeting of Shareholders resolved to transform the Company into public limited company in order to be listed in Market for Alternative Investment (MAI) under resolution of approval on increase in registered capital to be 200 million Baht and allocation of ordinary shares for capital increase for 50 million Baht in initial public offering.

Significant Change and Development of the Company

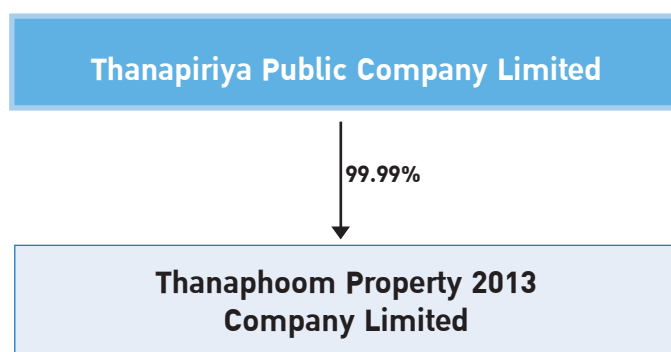
Year	Significant Development
2011	■ Thanapiriya has had supermarket for 4 branches whereas every branch is located in Mueang District, Chiang Rai Province.
2012	■ Opened Den Ha Wholesale Center at Mueang District, Chiang Rai Province. ■ The Company was transformed from Thanapiriya Limited Partnership into Thanapiriya Limited Company. ■ Opened Mae Sai Branch at Mae Sai District, Chiang Rai Province. ■ Opened Pa Ko Branch, at Mueang District, Chiang Rai Province.
2013	■ The Company increased registered and paid-up capital to be 50 million Baht.

Year	Significant Development
2014	■ The Company was awarded for good quality wholesale business in emphasis on personnel development from Department of Business Development for 2014. ■ Opened Huai Khrai Branch, at Mae Chan District, Chiang Rai Province, in October 2014. ■ Opened Wiang Pa Pao Branch, at Wiang Pa Pao District, Chiang Rai Province, in November 2014. ■ Opened Mae Chan Branch at Mae Chan District, Chiang Rai Province, in December 2014. ■ On 18 December 2014, the Annual Extraordinary Meeting of Shareholders No. 1/2014 resolved to approve the increase in the primary registered capital from 50 million Baht to be registered capital for 145 million Baht for proportional offer for sales to the existing shareholders. The Company has registered capital increase with Department of Business Development, Ministry of Commerce, on 22 December 2014. ■ On 3 December 2014, the Board of Directors' Meeting No. 10/2014 resolved to purchase 100% of ordinary shares of Thanaphoom Property 2013 Company Limited for group restructuring.
2015	■ Opened Phan Branch, Phan District, Chiang Rai Province, in April 2015. ■ On 20 April 2015, the Extraordinary Meeting of Shareholders No. 1/2015 resolved the following approval. ■ To transform the limited company into public limited company, and register for transformation into Thanapiriya Public Limited Company on 22 April 2015. ■ To change ordinary share values of the Company from primary par value at 100 Baht per share to be par value of 0.25 Baht per share. ■ To increase in registered capital from 145 million Baht to be 200 million Baht. ■ Allocated 5 million Baht of ordinary shares for capital increase, classified into 20 million ordinary shares at par value of 0.25 Baht per share in offering for sales to the Company's employees and patronizer of the Company. On 28 April 2015, the Company increased paid-up capital for 5 million, resulting in paid-up capital for 150 million Baht. ■ Allocated 50 million Baht of ordinary shares for capital increase, classified into 200 million ordinary shares at par value of 0.25 Baht per share in initial public offering. ■ Opened Mae Fah Luang Branch at Mueang District, Chiang Rai Province in August 2015. ■ 18 November 2015 was the first day trade of the Company's securities in MAI under the abbreviated security name of "TNP".
2016	■ Opened Thoeng Branch at Thoeng District, Chiang Rai Province, in March 2016. ■ Opened Mae Khachan Branch at Wiang Pa Pao District, Chiang Rai Province, in June 2016. ■ Opened Ban Mai Branch at Mueang District, Chiang Rai Province, in October 2016

2.3 Overview of Business Engagement of the Company and its Subsidiary

Retail and wholesale business of consumer products excluding fresh foods is engaged under the name of “Thanapiriya”. The revenue from sales is derived from two portions consisting of revenue from sales via branch and revenue from sales via head office. At present, total branches of the Company have been 15 branches, being classified into supermarket for 14 branches and wholesale center for 1 branch. Every branch is located in Chiang Rai. The Company has currently invested in a subsidiary, Thanaphoom Property 2013 Company Limited, which engages in real estate procurement and development business for use in opening branch and Distribution Center of Thanapiriya.

Structure of the Company and its Subsidiary as at 31 December 2016



3. Nature of Business Engagement

The Company engages retail and wholesale business of consumer products excluding fresh foods under “Thanapiriya”. The main revenue is from revenue from sales of products via branches and head office. Today’s total branches of the Company have been 15 branches, being classified into supermarket for 14 branches and wholesale center for 1 branch. Every branch is located in Chiang Rai Province. The form of Thanapiriya Store is the appropriate integration among variety of products with cheap prices like modern trade but convenience like convenience store. Thanapiriya intends to be Thai nationality community stores which distribute quality products, render warm services and understand the consumers.

The Company well perceives way of life of area people that they prefer fresh to buy fresh foods such as meat, vegetable, fruit from fresh market but they want to buy consumer products in modern supermarket with variety of products, attractive product display, convenience to select for purchase and easy to search for demanded products. The Company has used more than 25 years of its experiences in accompanying with customer demand to develop the style of Thanapiriya Store, select over than 15,000 items of distributed product categories, and aim at good services and appropriate store layout for customer convenience in product shopping. In addition, the store location is easy for travel, resulting in customer’s time saving and travelling convenience. The retail and wholesale distribution for variety of consumer products is executed in all branches for increase in the customer’s alternative.

Revenue Structure

The proportion of revenue structure based on each type of business operation in 2014 to 2016 is as follows.

Revenue Structure	2014		2015		2016	
	Million Baht	Percent	Million Baht	Percent	Million Baht	Percent
Revenue from Branches and Services	789.8	65.9	1,002.3	76.2	1,193.2	82.4
Revenue from Wholesale at Head Office	408.0	34.1	313.9	23.8	255.0	17.6
Total Revenues from Sales and Services	1,197.8	100.0	1,316.2	100.0	1,448.2	100.0

The major revenues of the Company are derived from revenue from sales of products under below details.

1) Revenue from Sales via Branches

The Company engages retail and wholesale business via branches invested and managed by the Company for current number of 15 branches in Chiang Rai, classifying into supermarket for 14 branches with customer group which is general customers in all genders and all ages who reside and travel in the area of store and a branch of wholesale center. The customer group is retail entrepreneurs located in Chiang Rai and nearby provinces.

2) Revenue from Sales via Wholesale at Head Office

The Company engages wholesale business by wholesaling at Head Office as Call Center for delivery of products in Chiang Rai and nearby provinces. The customer group is the retail entrepreneurs located in Chiang Rai and nearby provinces.

3.1 Nature of Services

3.1.1 Nature of Products for Retail and Wholesale Business

The Company selects over than 15,000 items of products to meet the customer demand. The main distributed products are basic group of products such as household products, personal care products, drinks and dried food products, baby care products and cosmetics and supplements, etc.

Thanapiriya distributes products demanded by the consumers and distributed in retail, pack, box and case for customer selection as demanded. The distributed products are classified into five major categories.

Product Categories
1. Household Product such as detergent, fabric softener, dishwashing liquid, floor cleaner, plate, bowl, fork, joss stick and candle, electric lamp, dry battery, car cleaning product, etc.
2. Personal Care Product such as shampoo, hair conditioner, soap, shower gel, toothpaste, powder, roll-on, cologne, sanitary napkin, tissue, hair dressing product, etc.
3. Drinks and Dried Food Product such as tea, coffee, milk, drinking water, snack, sauce, vegetable oil, sugar, canned food, canned fruit, instant noodle, and fruit juice, etc.
4. Cosmetics and Supplements such as moisturizer, foundation cream, lipstick, conventional household medicine, dietary supplement and vitamin, etc.
5. Baby Care Products such as milk bottle, milk powder, baby food, diaper, supersorber, toy, baby bathing and care product, and maternal product, etc.

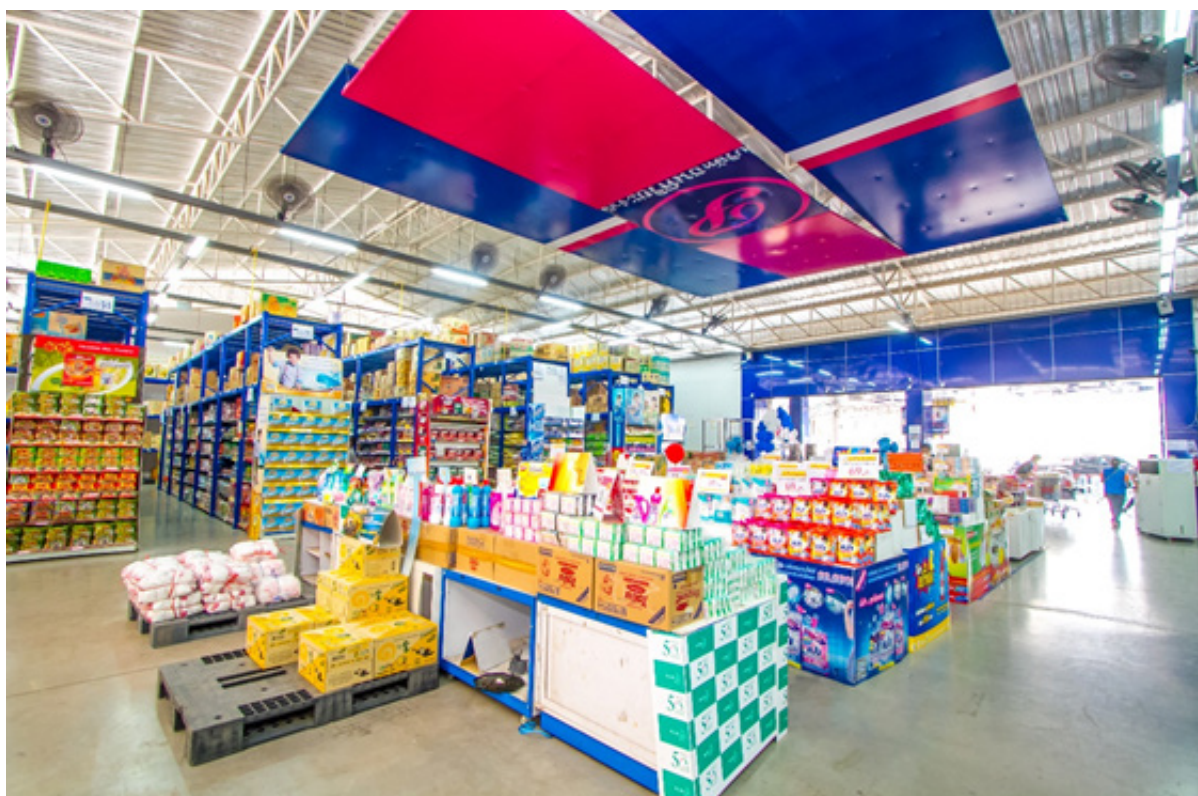
The branch is considered as important branch which is accessible by Thanapiriya directly to its customers. Thanapiriya thus aims for excellent service to impress its customers from walking into the store until walking out of the store. Upon entry to Thanapiriya Store, front store staff says hello for greeting and help customers to pick up shopping basket, and staff stationed at product shelves to help serve customers and introduce products and promotions. Moreover, the Company also concerns on adequate number of checkouts for non-long queuing up by the customers, and arrange staff who renders conveying services to deliver products to the customer cars for facilitation.

Apart from good services, store atmosphere is regarded to be essential. Thanapiriya concerns on cleanliness of the store both in front of the store and inside the store, posting advertising and promotion boards outside the store, interior store decoration in modern style, selection for use of product sorting device to be appropriate with theme and size of the store, light adjustment in the store for adequate luminance for the customer's clear view on products and price tags, product display in categories and regular check on product quantity on shelf for increase in customer convenience and prevention of shortage of products on shelf, attractive decoration and display on shelf and stacking show in categories according to festivals, and turning on advertising media and composite music in creation of atmosphere for the customer's enjoyment in shopping products.

Atmosphere in Supermarket



Atmosphere of Wholesale Center



3.1.2 Distribution Channel

The Company distributes all products via two channels as follows.

1) Thanapiriya Branch

The Company distributes products via its own branches as the main channel. The location is situated at community zone and adjacent to the residences of target customer group, and situated and adjacent to main road, resulting in convenience for both regular and irregular customers in travelling to the store.

Today's total branches of the Company have been 15 branches, being classified into supermarket for 14 branches and wholesale center for 1 branch. The details of Thanapiriya branches as at 31 December 2016 have been as follows.

Branch	Address	Operation Opening Year	Size of Utility Area (sq.m.)	Opening Hours
1. Clock Tower Branch	414/1-2 Buppaprakan Road, Wiang Sub-district, Mueang District, Chiang Rai Province 57000	1991	220	7:00 – 21:00
2. Den Ha Branch	318/3 Village No. 16, Rop Wiang Sub-district, Mueang District, Chiang Rai Province 57000	2007	750	8:00 – 20:30
3. Si Sai Mun Branch	139/6 Village No. 9, Rop Wiang Sub-district, Mueang District, Chiang Rai Province 57000	2009	400	8:00 – 20:00
4. Ban Du Branch	142 Village No. 4, Ban Du Sub-district, Mueang District,	2011	700	8:00 – 21:00
5. Den Ha Wholesale	510/14 Village No. 16, Rop Wiang Sub-district, Mueang District, Chiang Rai Province 57000	2012	900	8:00 – 19:00
6. Mae Sai Branch	888 Village No. 9, Wiang Phang Kham Sub-district, Mae Sai District, Chiang Rai Province 57220	2013	200	8:00 – 20:00
7. Pa Gor Branch	308/2 Moo 13, Rorb Wieng Sub-District, Mueang District, Chiengrai Province 57000	2013	400	8:00 – 21:00

Branch	Address	Operation Opening Year	Size of Utility Area (sq.m.)	Opening Hours
8. Huai Khrai Branch	302 Village No. 2, Mae Rai Sub-district, Mae Chan District, Chiang Rai Province 57110	2014	500	8:00 – 20:00
9. Wing Pa Pao Branch	340 Village No. 2, Wiang Sub-district, Wiang Pa Pao District, Chiang Rai Province 57170	2014	350	8:00 – 20:00
10. Mae Chan Branch	500 Village No. 4, Mae Chan Sub-district, Mae Chan District, Chiang Rai Province 57110	2014	400	8:00 – 20:00
11. Phan Branch	2347 Village No. 1, Phan Sub-district, Phan District, Chiang Rai Province 57120	April 2015	550	8:00 – 20:00
12. Mae Fah Luang Branch	690 Village No. 1, Tha Sut Sub-district, Mueang District, Chiang Rai Province 57000	August 2015	356	8:00 – 20:00
13. Thoeng Branch	294/3 Village No. 1, Wiang Sub-district, Thoeng District, Chiang Rai Province 57160	March 2016	282	8:00 – 20:00
14. Mae Khachan Branch	90 Village No. 1, Mae Chedi Sub-district, Wiang Pa Pao District, Chiang Rai Province 57260	June 2016	300	8:00 – 20:00
15. Ban Mai Branch	531/1-3 Village No. 4, Rim Kok Sub-district, Mueang District, Chiang Rai Province 57100	October 2016	264	8:00 – 20:00

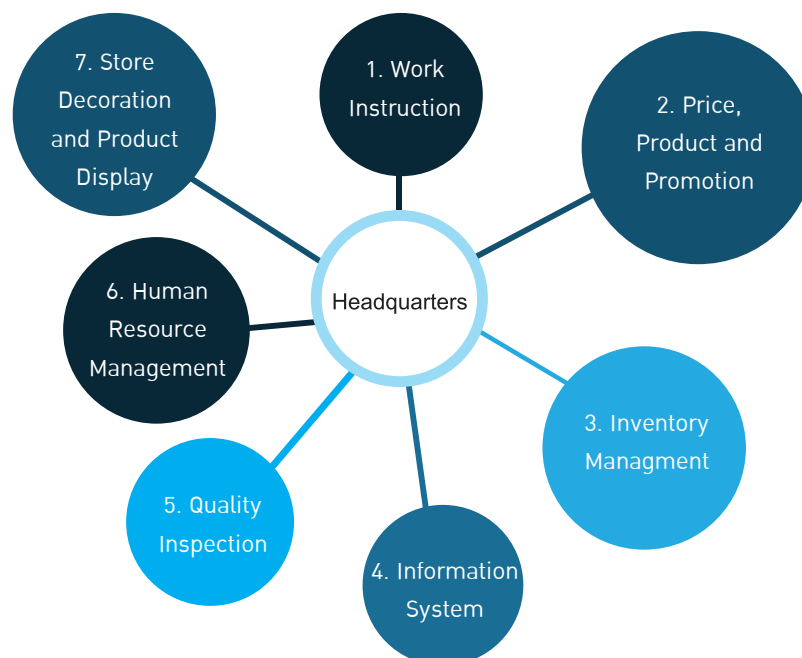
2) Wholesale at Head Office

Thanapiriya renders product ordering services via call to the wholesale customers of Head Office and wholesale customers in different districts for broader coverage of wholesale customer group. This channel is available for wholesale customer or customer who purchases in big volume. Most customers purchase products from Thanapiriya for long time and regularly purchase same types of products, or have stores far from town so they are inconvenient to select for purchase of products by themselves. The customers can call to order products at Head Office and every branch of Thanapiriya Supermarket.

3.1.3 Branch Network Management

As the Company mainly gives precedence to product and service quality, service business policy for each branch shall be formulated to be in the same direction and standard for successful management of large number of branches. Therefore, the Company has selected to apply Centralization method in management in order to forward policy and work instruction of every work section from Head Office to the following branches.

Head Office Control Chart



1) Work Instruction

Head Office shall formulate policy and work manual of work units such as warehouse management, stock count, cash management, product sorting, check of shortage of product on shelf, check of product life, store cleaning, waste product clearance, product return policy and branch operation. Head Office shall schedule daily work calendar for compliance by all branches according to the same standard.

2) Product Price and Promotion

Product price and promotion shall be determined by Head Office using central product price control system. Marketing Division of Head Office shall set reasonable product price, execute according to the determined promotion plan, and prepare data of price tag and promotion for branches in the same format and way. If those branches require organizing special promotion for sales volume stimulation or slow turnover product release, they shall be always approved from Head Office.

3) Inventory Management of the Branch

The policy for procurement, supplier selection, and product, product kind and quantity selection for distribution, shall be formulated by the policy of Head Office. In every offering new products for distribution in the branch or procurement from new supplier, they shall be always given approval by Head Office.

Thanapiriya applies replenishment system in inventory management in the branch. Head Office shall use 3-months retroactive sales volume database of each branch to define inventory quantity which is appropriate and consistent with customer demand in each branch. Such system is an automatic system which is processed from database and order is directly delivered to Distribution Center for delivery of products to branches in the following day. In every time of replenishment, each branch will have adequate inventory for distribution around 3 – 30 days depending on product type and warehouse size of the branch.

4) Information System

Every branch shall apply Point of Sales (POS) System by daily delivery of product distribution data and money receiving and paying data to Head Office so that Head Office is able to know the movement of products and consumer spending behavior for use in appropriate inventory management such as processing of daily sales volume statistics for every branch and every product item for appropriate use in product replenishment and delivery system to the branches. In addition, the product price is also set by the center and updated in POS System whereas every branch shall entirely use the same price. For security system, the branch shall install CCTV for inspection of service standard in the branch and inspection of product stealing.

5) Quality Inspection

Quality inspection can be classified into two main parts as follows.

1) Inventory Stocktaking

Apart from daily stocktaking, Head Office shall deliver Internal Audit Division to perform surprise check by randomizing stocktaking at the branch and warehouse once a month to ensure that the product quantity is identical to the quantity recorded in the system and its staffs strictly comply with procedures related to stocktaking.

2) Branch Management Audit

Head Office shall regularly deliver working team to audit branch management once a week. Audit shall be performed on customer service, product display, promotion tagging, product life check, inventory stocktaking, cash management and product replenishment to ensure that each branch observes the same standard.

6) Human Resource Management

Human Resource Division prepares manpower planning in advance to support branch expansion according to the Company's plans. Upon branch expansion, Human Resource Division shall prepare personnel in advance by organizing training according to the courses determined in each position about duty and responsibility, work procedure, customer service and hospitality so that staffs in every branch can understand and perform in the same direction according to the Company's objective and goal.

7) Store Decoration and Product Display

Head Office sets store layout, theme, store decoration equipment, product display, practice of store climate creation as well as festival-based branch decoration plan so that each branch can communicate with consumers in the same way. However, Head Office gives every staff the opportunity to participate

in opinion exchange and regular meeting to mutually help in creation of maximum working efficiency.

3.2 Marketing and Competition

3.2.1 Chiang Rai Economic Condition and Trend

Chiang Rai province is the northernmost province of Thailand and has borders connected with People's Democratic Republic of Laos and Republic of the Union of Myanmar. The general economic condition of Chiang Rai mostly and mainly depends on agricultural products due to its fertility, weather and rainfall which are advantageous for cultivation. Therefore, it was to say that Chiang Rai is the breadbasket of the North as seen from maximum number of large rice mills in the North and numerous tea and coffee farming. At present, tea and coffee have become the important crops of the province. Apart from agriculture, the area in Phan District has been considered as the largest source of freshwater fish culture of the North.

In service sector business, Chiang Rai has been very famous in tourism and many of both domestic and foreign tourists have travelled to Chiang Rai to appreciate Lan Na art and culture, experience with ethnic food and existence with simple way of life. In addition, Chiang Rai has had leading facilities and services in various areas whether in transportation, hotel, store, restaurant and souvenir shop, causing Chiang Rai become the significant Tourist Destination of the North.

In the border trade with high volume of revolving money, it has been anticipated to be the significant businesses playing key roles toward Chiang Rai's economy due to location in strategic position where is adjacent to the neighboring countries which are People's Democratic Republic of Laos and Republic of the Union of Myanmar, and not far from the People's Republic of China. Total distance along borderline is longer than 310 km. whereas there are three customhouses consisting of Mae Sai Customhouse, Chiang Saen Customhouse and Chiang Khong Customhouse. Moreover, according to the consequence from the Quadrangle Economic Development Project, transportation and public utility systems have been developed to connect with Thailand, People's Democratic Republic of Laos, Republic of the Union of Myanmar, and the People's Republic of China, together by car, train, sea and air to support trade, investment and tourism such as Chiang Saen Port 2 Construction Project, Railway Construction Project for Denchai-Chiang Rai-Chiang Khong Route, and Construction Project for the Fourth Thai-Lao Friendship Bridge (Chiang Khong-Huai Sai). Thus, Chiang Rai has become important gateway in connection with high potential neighboring countries. In addition, step into AEC has been the supporting factor of border trade of Chiang Rai particularly with the Group of CLMV Countries (Kingdom of Cambodia, People's Democratic Republic of Laos, Republic of the Union of Myanmar, and the Socialist Republic of Vietnam), likely resulting in continuous economic growth of Chiang Rai in the future.

According to Chiang Rai economic trend in 2017, the Chiangrai Provincial Office of the Controller General has anticipated for expansion in the rate of 3.0% under motivation both of supply and demand. For supply, service sector has been anticipated to be expanded for 5.4% from supporting factor from the expansion of low cost airline and opening of new airways both in domestic and abroad such as Chiang Rai-Hong Kong, Chiang Rai-Had Yai, and Chiang Rai-Phuket. Industrial sector has been anticipated to be expanded for 6.8 percent from the expanded industrial sector in accompanying with strategy of Chiang Rai province in promotion of agricultural product processing to increase product value to be quality. Agricultural sector has been anticipated for deflation in 4.2% and agricultural output quantity has been anticipated for continuous decline trend.

Chiang Rai Economic Indicators

Indicators	Unit	2014	2015	2016 ⁽¹⁾	2017 ¹
GPP Current Price for the province	Million Baht	95,995	90,350	91,535	92,941
	% Annual Growth	1.2%	-5.9%	1.3%	1.5%
GPP Constant Price on Base Period for 1988	Million Baht	52,210	51,274	52,665	54,264
	% Annual Growth	-0.01	-1.8	2.7	3.0
GDP per capita for the province	Baht per Person per Year	82,889	78,315	79,667	81,259
Agricultural Production Index (API)	% Annual Growth	-5.2%	-12.9%	-2.9%	-4.2%
Industrial Production Index (IPI)	% Annual Growth	4.0%	4.8%	5.6%	6.8%
Service Index (SI)	% Annual Growth	6.0%	2.6%	4.9%	5.4%
Private Consumption Index	% Annual Growth	-5.1%	-3.2%	4.6%	5.1%
Private Investment Index	% Annual Growth	4.2%	1.1%	5.7%	6.9%
Government Expenditure Index	% Annual Growth	3.0%	-1.2%	12.3%	11.1%
Border Trade Index	% Annual Growth	7.8%	8.8%	6.0%	6.5%
Inflation	% per year	2.2%	-1.4%	0.5%	1.0%
Number of Tourists	Thousand Persons	3,395	3,780	4,157	4,656
	% Annual Growth	16.7%	11.3%	10.0%	12.0%
Number of Population	Thousand Persons	1,158	1,154	1,149	1,144
	% Annual Growth	-0.4%	-0.4%	-0.4%	-0.5%

Remark: (1) Forecasted Figure

Source: The Chiangrai Provincial Office of the Controller General 30 September 2016

3.2.2 Retail and Wholesale Industry

Thai Retailers Association has anticipated the slight improvement of retail market in 2017 more than 2016, and approximate 3.0-3.2% of growth rate from 2016 up to 2.97% which is similar to 3.0% figure forecasted at the beginning of the year. This has been considered as increasing growth rate when compared with 2015 with just 2.8% of growth rate, reflecting the effectiveness of government expenditure policy and budget acceleration measure, affecting increase in consumption of people in grassroot level.

However, the positive factor affecting retail business situation for 2017 has been anticipated from increase in budget disbursement efficiency whereas disbursement of investment expense budget and state enterprise investment will not be below 80% and budget for overlapping year will not be below 75%. The investment project for transportation and shipment infrastructure, eastern economic corridor area and exclusive border economic zone development will be executed under increase in additional midyear budget for 1.9 hundred thousand million Baht. The result has been anticipated to be yielded in the second quarter and the third quarter respectively.

In addition, the expansion of the revenue from tourism has been maintained under execution according to strategy of tourism marketing plan for 2017 whereas 35 million inbound foreign tourists, revenue generation up to 2.8 million Baht and over have been forecasted. The adaptation of agriculturist's revenue has been anticipated to be improved from easing up in drought condition and adjustment of agricultural product price level toward improved direction.

However, risk factor toward retail business situation for 2017 from household debt problem whereas the steady signal has still been in the level of 80.2% has been anticipated. This has affected low household purchasing power and resulted in possibility of retardation on consumption of durable product and semi-durable product categories. At the same time, the increasing trend for SME non-performing debts from financial institutions has affected the reduction of credit granting for the whole system, decrease in investment and increase in unemployment, and increase in oil price, resulting in higher inflation and possibility of increase in pressure on Thai household spending to be retardation of spending, and becoming increasing transportation cost burden. The export and investment of private sector has still observed and adapted according to the ongoing fluctuation of world economy.

(Source: Information from the Company and general publicizing information to public)

3.2.3 Competitive Condition in Chiang Rai Province

The competition of retail stores for consumer products has been quite severe particularly in Bangkok Metropolitan Region, and big provinces. However, the competition in Chiang Rai has still been rated in moderate level whereas the entrepreneurs with similar businesses can be classified under below details.

Traditional Trade Store. The characteristic of this store is small store that sells products used for essential consumption in living. It is located in community source using not much investment fund for business doing under family management and simplicity with product purchase and sale and without application of not high modern technology and management. The entry of modern trade retail store has affected the change in consumer behavior with requirement of convenience, modern atmosphere, variety of products for shopping and cheaper product demand, resulting in inability of traditional retail stores to adapt with management and change in consumer behavior and finally closing down their businesses. This

has resulted in rapid decrease in number of traditional retail stores. However, part of the traditional retail stores has been regarded as the Company's alliance and business partner.

Convenient Store. It has increasingly played the role with daily life of Chiang Rai people due to quick accessibility of convenient stores to source of community. Even though some types of products of Thanapiriya are same as the products of convenient stores but positioning is different. It was to say that Thanapiriya has none of Ready to Eat Products but has more variety of products at saver prices, and large size to be appropriate for household use. Most of the customers will buy drinks, ready to eat products and products in type of portable personal products at convenient stores but they will buy products for household use at Thanapiriya due to more variety of productions for selection and cheaper prices in some items. Moreover, proximity of the convenient stores to Thanapiriya Store will cause that area become business quarter and more number of circulating and travelling customers.

Modern Trade Store. Most of the stores are multinational companies with quite high capital and they have considered as the significant competitor group of Thanapiriya. The form of modern trade store has been diverse such as superstore, small hyper store, supermarket, big hyper store, and big wholesale center, etc. Today's modern trade entrepreneurs are going to aiming for expansion of small retail stores in the provinces with high growth potential.

3.2.4 Nature of Customer and Target Customer Group

The customer group of Thanapiriya includes the general customers covering all genders, all ages, all professions whereas their residences or daily life are near to stores; irregular customers that travel at the store area; and customer group which is retail store entrepreneurs for consumer product distribution in Chiang Rai and nearby provinces; as well as government agencies and business customers in various professions such as school, hospital and laundry, etc.

3.2.5 Competitive Strategies

The Company's competitive strategies for business drive are as follows.

1) Customer Way of Life Understanding Strategy

From retail and wholesale business doing in Chiang Rai area for over than 25 years, Thanapiriya has well perceived the demand of the people in the area and perceived the way of living of the people in the area that they prefer to buy foods and fresh foods from fresh market but prefer to buy consumer products in modern trade stores which are modern, convenient and able to rapidly buy complete stuffs. Therefore, the form of Thanapiriya Store has been originated from integration of direct learning from the experiences of the executives and working teams, resulting in perfect elements. It was to say that the store location must be in the community with fresh market and adjacent to main road under selection of variety of products and excellent and friendly service.

The crucial principle of excellent service creation is recognition and understanding of customer demand, and ability to select appropriate products and services for people in the area. Excellent service is regarded as the prominent point of Thanapiriya. The Company focuses on development of personnel, training of staffs of all related work units from customer hospitality, product introduction to customer, problem solving and good customer service for customer impression since the customer enters into the store until leaving the store, from giving precedence to adequate number of checkouts and rapidity to avoid long queuing up by the customers, staff attention in response of query response or search of

product, until service of product carriage assistance to load in the customer's car. Moreover, the Company also emphasizes on selection of staffs that are residing in locality, well understand consumer behavior and able to render friendly service in the style of community store.

2) Effective Inventory Management Strategy

Over than 15,000 items of the Company's products for shopping by customers are distributed both in retail and wholesale so that customers can select products as demanded. However, due to distinguished product consumption behavior of customer in each area, the Company therefore has prepared database by analysis on sales volume, inventory turnover and return on investment. That information has been applied for selection of appropriate products for consumers in each area to maintain turnover and profitability. According to tendency of increase in new products as days have went by from more number of large and small manufacturers, the Company has been flexible in adjusting marketing strategy and able to support new products to meet the demands of the consumers in each area.

Thanapiriya systematically sorts its products for effective selling area management under main customer concern for convenience to product shopping of the customer, product display in clear category for easy remembrance of the customer on which placement zone for which kind of product. The Company has analyzed sales volume and inventory turnover for analysis on area size allocation and layout planning for product display in category. Good sold products shall be displayed in the eyesight level and the related products shall be placed next to each other. Advertising media shall be used at point of sale such as hanging signboard, banner and flag for stimulation of customer purchase.

3) Competitive Advantage Creation Strategy

In creation of competitiveness with foreign modern trade entrepreneurs and convenient stores that have had capitals and nationwide extensions of branches, the Company has planned its strategy by analyzing its competitors' strengths and weaknesses. The perceived outstanding points of modern trade for customer attractive are cheap price and promotion, discount, change, giveaway and premium but its convenience may be unequal to convenient store of which its branches are extensive to all areas. The outstanding point of the convenient store is availability of quite variety of ready to eat foods for service but somewhat limitation of consumer products for household use at more expensive average selling price than the one of modern trade. Therefore, Thanapiriya has appropriately integrated the outstanding points of modern trade and convenient store into variety of consumer products, product size for household use, promotion, location in community, convenient travel and parking lot service. In addition, the Company can also adjust its strategies which are more flexible and rapid. Thanapiriya therefore has become the stores that distribute products in worthwhile price in form of modern trade and convenience in form of convenient store.

4) Branch Expansion Strategy

Branch expansion is the important factor of access to target customer group and customer base expansion to increase growth of revenue and acquisition of potential location before its competitors. The Company shall strictly prepare study plan for branch expansion by selecting area in community zone where is adjacent to main roads in Chiang Rai and nearby provinces and well expert by the Company in the said area; and also entering to survey the studying areas, density and purchasing power of population, competition level of the same business, and behavior of consumer in that area. Moreover, feasibility study of the project shall be prepared and the forecast of Turnover, Payback Period, Internal Rate of Return

shall be calculated to be not below the determined criteria for use in investment analysis so that the proper area can be selected for maximum benefit in utility area management to be adequate for product display, product storage, and equipment installation and decoration to have store atmosphere which is attractive for spending. According to feasibility study on branch expansion, there shall be between 3-4 years for Payback Period depending on branch size, and not below 20% for IRR. The Company's goal is to continuously and mainly expand branches in Chiang Rai to create customer base and brand of "Thanapiriya" to be strong prior to broad expansion into outer areas of districts, neighboring provinces, and borderline of Chiang Rai where is adjacent to Myanmar and Laos's borders which are significant economic zone.

Moreover, the Company concerns on preparation of personnel as the crucial factor in branch expansion. It mutually plans with Human Resource Division at least one year in advance prior to branch opening for preparation of manpower and preparedness of branch manager. The branch manager shall be passed for on the job training in various positions such as Sorting Division, Cashier Division and Warehouse Division for six (6) months to one (1) year.

5) Brand Awareness Building Strategy

The Company mainly realizes on building brand awareness to be alternative that wins the consumer's heart. Therefore, it has studied to find the information about target group customers and customer demand for selection of communication channels and statements that will be properly communicated under the Company's requirement for communication and building awareness of Thanapiriya's brand in the heart of its customer that "real cheap price, pleasant shopping and next to your house". The Company continuously publicizes and focuses on access to target customer group using various advertising channels which are well accessible to target customers such as radio media, printed matter, social network such as Facebook and the Company's website at www.thanapiriya.co.th in publicity of news and promotions. However, the most important thing is the experience perceived by customer upon entry to use service of Thanapiriya. That is why Thanapiriya aims for cheap price of product when compared with its competitor, maintenance of excellent service standard, various product offers, product display which is convenient for shopping, and continuous branch expansion for target group customers, to be consistent with such statements required for communication. In addition, the Company also participates in activities and seminars for social benefit creation and brand awareness building.

6) Marketing Strategy

In competitiveness creation, the Company regularly conducts survey of product price and compares price and promotion with other entrepreneurs in order to ensure that Thanapiriya Store distributes products in cheap and fair price to its customers and enable to compete with its competitors. From good relationship with its suppliers, product ordering in large quantity and logistics cost saving due to the store location in the area where it can conveniently deliver products, result in the Company's ability to effectively manage cost and competitive with other entrepreneurs.

Moreover, the Company prepares membership system for profit return as discount to its customers. The member shall gain privileges such as discount on purchase of different types of products, receiving souvenir upon purchase for complete value as specified, drawing sweepstake prize, and point accumulation for receiving discount coupon upon completion of one year period. At present, Thanapiriya's number of members has been over than 80,000 members. In addition, membership systemization is also storage of customer database so that the Company can use it as promotion organizing channel for num-

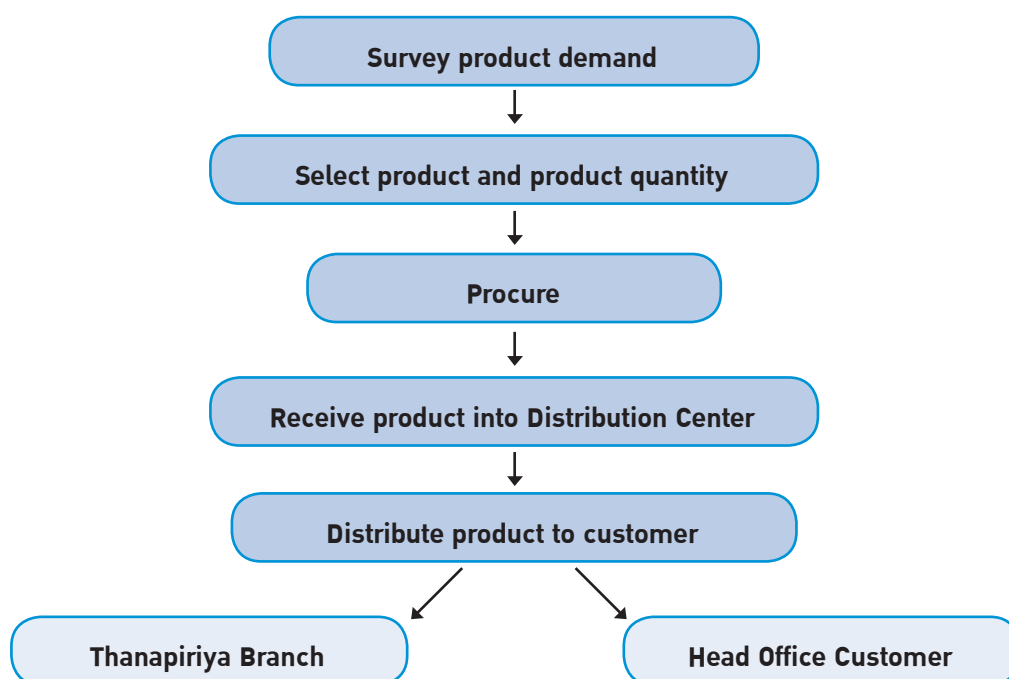
ber of customers and amount of money in each spending, and as instrument for monitoring the change in consumer behavior to be used in adjustment of the marketing strategies without delay.

7) Personnel Development and Retention Strategy

Human resource is the crucial factor of retail and wholesale business. Therefore, the Company aims for being knowledge organization, creation of corporate culture and cultivation so that its staffs shall be intellect with morality. The Company prepares courses and manual of staff training for each position, regularly trains staffs and reinforces staffs the necessary skill and competency such as excellent sale and service and professional management. It also arranges training room to be used for staff training and collection of manuals, and supports its staffs for course training with external institutions such as accounting standard and oil saving driving. Moreover, the Company always conducts the survey of market rate of salary and welfare for staff fairness.

3.3 Supply of Products and Services

The Company directly orders products from suppliers that are mostly manufacturers of those products and emphasizes on products that satisfy customer demands, variety and standard quality of products. It has currently supplied products from 300 suppliers and over for total of 15,000 items which have been the domestic purchased products. The Company concerns on creation of good relationship with suppliers whereas the past mutual executions have been always performed whether being organizing of sales promotion activity and advertising and publicity, etc. The Company's product supply procedure to distribution to the consumer is shown in below diagram.



1) Survey of Product Demand

The Company conducts market survey using external and internal data of the organization for analysis whether which type of product is likely interesting for customer in the area or whether which type of product is going to be out of date. The external market survey is conducted through conducting field survey at modern trade and retail store, inquiring supplier, observing the behavior of the consumer

in the area, and following up advertising media. In addition, the Company prepares sales volume database of their branches and total ordering of the wholesale entrepreneurs for analysis whether which product has good sale or not. Moreover, the opinion of the customer who uses services shall be adopted to perceive the type of product desired by him or her for addition in the branch.

2) Product Selection

The selection of products for distribution is classified into two types consisting of new product and existing product under distribution.

Selection of New Product

The Company's selection process of new product for distribution shall consider product attractiveness, product price, marketing policy, product quality as well as packaging box that attracts consumer. For new products from the manufacturer and distributor that have never worked together with the Company before, the Company shall try to display product for distribution or give out product for trial. If there is good feedback, the Company shall procure products from the said supplier for distribution in branches.

Selection of Existing Product

As the customer of Thanapiriya in each branch has different product demand on existing product currently sold by the store, Thanapiriya therefore applies the prepared database such as sales volume, inventory turnover, and return on investment for analysis whether which type of product has good sale or not. Such information then will be analyzed to select type and quantity of product to be proper for that branch. In addition, the membership system of Thanapiriya can contribute to recognition on the information of frequency and purchasing quantity of the customers for inventory analysis in each branch.

Selection of Supplier

The Company's criteria for selection of each supplier are as follows.

- 1) Market demanded product
- 2) Standard product quality
- 3) Product delivery punctuality
- 4) Efficient marketing strategy
- 5) Supplier reliability

The Company always contacts its suppliers to ensure that the ordered products are delivered in consistency with specified quantity, time and quality. In each year, each supplier shall propose products and annual plan at the Company for meeting and exchanging on the information of product attractiveness, sales volume target setting, adaptation to keep abreast with product innovation and change in customer behavior, as well as sales promotion organizing plan. The Company has formulated the policy for procurement distribution with over than 300 suppliers without ordering products over than 30 percent with any supplier to prevent risk from dependency on any supplier.

3) Procurement

The Company effective controls product procurement to ensure that every branch has properly adequate products for distribution since they are too few, the products will be inadequate for distribution, resulting in loss of business opportunity by Thanapiriya. However, if excessive products are procured, it will result in excessive expenses and the life for some types of products is limited. In the event of normal ordering, the Company will apply calculation formula from the past database of each branch in forecasting ordering of that type of product. Prior to every time of product ordering, Procurement Division shall check that inventory is not excessive than the policy formulated by the Company. If the quantity is excessive than the specified quantity, the Procurement Division shall discuss with that supplier to prepare sales promotion plan for release of such product first or take slow turnover product back prior to re-ordering products.

4) Distribution Center Management

Over 15,000 items of products from suppliers are delivered to be collected at Distribution Center before delivery to Thanapiriya Store and wholesale customers located in different districts. At present, the Company has had one Distribution Center located at Head Office with more than 7,600 sq.m. area in product storage and product delivery to every branches of Thanapiriya Store and wholesale customers of Head Office in Chiang Rai and nearby provinces. In 2017, the Company has opened new Distribution to increase warehouse management efficiency and enable to support product delivery to around 50 branches.

3.3.1 Distribution Center

Distribution Center	Address	Opening Year	Area Size
Rop Wiang Distribution Center	661 Village No. 24, Rop Wiang Sub-district, Mueang District, Chiang Rai Province 57000	1997	7600

1) Procedure of Product Receiving from Supplier

The Company's procurement division shall make advance appointment with supplier for product delivery so that area and manpower shall be prepared in receiving products. Upon arrival of product transport truck to warehouse, Product Receiving Department shall receive products under detailed procedure of product receiving and inspection in comparison with Purchase Order, Invoice or Delivery Note. The products shall be inspected in accuracy, quantity, size and price, etc. The products shall be unloaded to be placed in product receiving warehouse along the specified shelves, and data are recorded into storage system. After that, products shall be requisitioned from product receiving warehouse to product supplying warehouse with forklift device for placement in defined category and shelf.

2) Product Storage in Distribution Center

The Company applies the principle of product group management in categorization and product shelf division such as household products, personal care products, drinks and dried foods, cosmetics and supplements, child care products, etc. In each category, sales volume and turnover rate are analyzed for additional classification to be easy for inventory management in each branch.

The products are stored in shelf using different types of forklift devices in carriage and storage along the specified shelf with First In First Out (FIFO) Method. The Company shall also concern on requisition and supply of products to help planning product layout to be easy for selection to pick up or convenient for carriage.

The Company well keeps warehouse environment clean and also concerns on safety, fire protection and product robbery protection. For products in warehouse, they shall be stored in just short period of time around 7-30 days since they are the products entered for temporary stop in Distribution Center in order to be prepared for distribution out to branches of Thanapiriya and customers who are store entrepreneurs.

3) Product Distribution

The products from Distribution Center shall be delivered to branches of Thanapiriya and the customers who are store entrepreneurs in different districts. Products are checked before loading on transport truck every time to be consistent with product type and quantity in Purchase Order or Product Transfer Order. The Company plans product transportation route and set regulation which shall be strictly complied by driver. The safe and oil saving driving is trained, resulting in maximum effective, and time and expense saving production distribution from Distribution Center. At present, total of the Company's product transport trucks have been over than 27 trucks for product distribution to branches of Thanapiriya and the customers who are store entrepreneurs located in different districts and nearby provinces. Every truck shall be installed with GPS Tracking System to prevent the truck out of the way and the Company can monitor and check if product delivery is delayed.

3.3.2 Thanapiriya Branch

1) Cash Management in Branch

Head of Cashier shall submit daily sales volume of the branch to Head Office via online system that has database of product type, product quantity and sold amount. Head Office shall audit list of sold products and sales volume gained from cash and credit card whether it is identical. Thanapiriya's work manual of cash management defines maximum cash level and cashier shall always strictly oversee such cash level. In the event that cash exceeds the defined level, Head of Cashier shall bring such money into safe and deposit it at bank for at least two rounds per day to abate risk from loss and robbery. Moreover, Thanapiriya shall insure the insurance for cash robbery prevention both in the period of working hours and out of working hours.

2) Inventory Management in the Branch with Replenishment System

Thanapiriya applies replenishment system in inventory management in branch. Head Office shall use 3-month retroactive sales volume database of each branch to define inventory quantity which is proper and consistent with customer demand in each branch. Such system is an automatic system which is processed from database and order is directly transmitted to Distribution Center for delivery of products to branches in the following day. In every time of replenishment, each branch will have adequate inventory for distribution around 3 – 30 days depending on type of product and size of warehouse of the branch.

3) Product Stocktaking at the Branch

Thanapiriya regularly perform product stocktaking at branch by branch officer and audit team from Head Office. The annual stocktaking plan is prepared to ensure that product quantity is correct according to balance item and use of inventory stock in effective procurement and sale management.

4) Inventory Storage of the Branch

Type and product quantity which will be daily delivered to branches are defined in replenishment system of Head Office. Product transport truck from Distribution Center will deliver products at branches every day except some branches where are located in suburb and have big warehouse such as Wiang Pa Pao Branch. Product transport truck will deliver for 3 – 4 times per week. Upon arrival of the product transport truck, the staff in the branch will check whether product type and quantity are identical to Product Transfer Order acquired from replenishment system. If the products are not identical to Product Transfer Order, the branch shall return them together with transport truck for return to Distribution Center. After that, the branch will sort the products which are checked on the specified shelf in categories.

Due to limited area of branch warehouse, Thanapiriya therefore plans warehouse layout for maximum efficient storage under product storage in obvious category. The frequent turnover products shall be stored in shelf which is convenient for pickup. Most of products stored in warehouse are the good sold and frequent turnover products. In addition, Thanapiriya branch always checks product life whereas slow turnover or nearly expired product shall be transferred to Head Office for storage in waste product warehouse and then return to suppliers respectively.

5) Branch Service Standard Maintenance

The Company has clearly determined work procedure for each division. Every staff of Thanapiriya store must be trained for parlance, act, manners, customer hospitality, and problem solving for customers and also drilled to be enthusiasm, have product knowledge and enable to assist and give advice to customers. Moreover, Thanapiriya also regularly randomizes to audit and assess operating standard of each branch in service, branch cleanliness, price tag, promotion tag, product display, shortage of product on shelf, product expiry date and staff dressing, etc. to maintain quality and standard in each branch. CCTV has also been installed in the store for service inspection and reduction of product loss problem.

3.4 Environmental Impact

- None -

4. Risk Factors

Risk factors specified in this document have been referred from the current and identifiable information. Some of these risk factors have been significant and may negatively affect the Company. However, the risk factors specified herein have not just been all of the existing risk factors. There may be other risks which have not yet been unknown at this moment or there may be some factors which have already been considered and deemed to have had insignificant impact toward the Company at this moment but it may be the risk factors affecting the Company's overall operation in the future.

4.1 Business Engagement Risk

4.1.1 Severe Competition Risk

As Chiang Rai is one of the economic provinces with continuous growth both in tourism and service business, as well as urbanization expansion, resulting in the interest of modern trade stores which have been the Company's competitors, to open more branches in Chiang Rai and then affecting the commencement on severe competition of retail market in Chiang Rai. Modern trade stores have increasingly expanded their branches to various areas in the forms of superstore, hypermarket and small supermarket in Chiang Rai. The promotion and sales promotion have been performed so that the customers have visited to use more services at modern trade stores. If the Company fails to adjust its strategy to keep abreast with competition or change in consumer behavior, it may result in decrease in the customer's product buying at Thanapiriya and may significantly affect the Company's revenue and overall operation.

However, the Company has concerned on product and service quality for differentiation of Thanapiriya Store from its competitors, resulting in competitiveness with other entrepreneurs. The major competitors in the industry have been analyzed for improvement of business doing strategy to be flexible and rapid in adaptation in order to cope with severe competition in the industry. These have caused Thanapiriya become Thai nationality supermarket that renders services to its customers in Chiang Rai and nearby provinces long time for 25 years and over. As being the community store located at the area for long time, this has made Thanapiriya understand its consumers, enable to allocate more than 15,000 items of products for distribution to both of its retail and whole customers, and flexible in promotion arrangement for competitiveness with other modern trade stores. Thanapiriya's membership system can make the Company use such database to publicize correspondingly to target customer group. Moreover, the Company's market survey procedure is to survey modern trade stores and retail stores, supplier inquiry, behavior observation of customers in the area, follow-up on advertising media, opening for opinion hearing from customers of every branch whether which types of products are demanded. The Company has prepared sales volume database for each type of products in each branch for analysis on demand of each type of products in each branch so that the executives can consider alter marketing strategy in time. The Company therefore ensures that from the vision of the experienced executive and work team of Thanapiriya, it can maintain good level of turnover and compete with other entrepreneurs in Chiang Rai and nearby provinces.

4.1.2 Inventory Management Risk

Inventory management is considered as the significant factor for retail and wholesale business. The ineffective management may affect higher cost and expense of the Company such as availability of excessive quantity of products, product loss, product damage, product expiration, etc. All of these things are cost of Thanapiriya. If the Company is unable to effectively manage inventory, cost and expenses

may be higher, resulting in decrease in operating profit. Moreover, in the event that Thanapiriya has inadequate products for distribution, the Company may lose business opportunity or lose customers to its competitors.

The Company's procurement policy and procedure that helps in effective inventory management prior to every time of product procurement, Procurement Division shall check whether inventory is not exceeded the policy determined by the Company. The staff of Procurement Division shall strictly comply starting from checking inventory quantity, use of calculation formula in product ordering to be adequate for product distribution to Thanapiriya branch and sale of products to customers in different districts, and promotion planning for release of slow rotating products. Moreover, the staff of Warehouse Division of Head Office shall store products with FIFO System and shall be able to identify product storage position in order to ensure that the products are in and out based on FIFO and damaged or nearly expired products are clearly separated at waste product warehouse.

For inventory management at branch, the Company has determined its staffs to sort products based on FIFO and always check product life. The products which are nearly expired will be returned to Head Office's warehouse in order to forward to suppliers. Moreover, the Company has also applied information system for inventory management both at distribution center and branch using product replenishment system that defines maximum and minimum quantity for replenishment of each type of products in each branch under consideration from retroactive database and regular update of database. According to such reason, the Company ensures that its inventory management is adequately effective. The Company has also formulated product loss protective measure such as installation of CCTV at warehouse and branches, check by Internal Audit Division in counting products at warehouse and branch to ensure that the related staffs comply with work procedure and policy determined by the Company in order to reduce product loss to be lowered.

4.1.3 Distribution Center Failure Risk

At present, the Company has had single distribution center where is located at Rop Wiang Sub-district, Mueang District, Chiang Rai Province. All products are delivered from suppliers to Distribution Center prior to delivery to the branches of Thanapiriya. Distribution Center is important for supermarket business in proper, complete and timely distributing products according to types and quantity on schedule. If Distribution Center is unable to perform such transaction as the result of accident, natural disaster, failure of information technology system or other force majeure, it may result in the Company's inability to receive products from suppliers and inability to distribute products. The Company may expose to risk in the event that Thanapiriya Store has inadequate products for distribution or is unable to deliver products to customers in different districts. The said risk may significantly affect the Company's overall operation.

However, the Company's application of information system in purchasing products can determine average quantity for each type of products stored in warehouse at 7 – 30 days and average product storage at branch at 3 – 30 days. Therefore, the Company is assured that every branch of Thanapiriya has adequate products for distribution and is able to deliver them to customers in different districts in the event of failure of Distribution Center. Moreover, the Company has also formulated the prevention and countermeasure plan for such risk such as emergency operation planning so that the staffs can properly and timely cope with the situation, collaboration with the key suppliers, and preparation of Business Continuity Plan (BCP) for preparation in move of product storage in crisis. In addition, fire protection device shall be always checked and insurance shall be insured for damage compensation.

In 2017, the Company will start using new Distribution Center to enhance efficiency of product distribution and support branch growth in the future.

4.1.4 Information Technology System Failure Risk

The Company has applied information technology system in sales management at branch, inventory management, procurement, product distribution, accounting and finance, and data storage and processing to develop the competitiveness. In the event of failure of information technology system, it may affect the Company's operation such as inability of Head Office to process the product replenishment system results in possible failure of product distribution in the following day, and affect other managements, such as procurement, accounting and finance, etc. In the event of failure circumstance of information technology system, Thanapiriya Store may have to be temporarily closed until completion of the system correction. Such risk may result in adverse effect on operating capability and the Company's turnover.

However, the Company realizes on the significance of the aforesaid system, backup data protection system has been arranged according to the general acceptable standard. Server has been backed up for separate storage out of Head Office under daily data backup and regular test of backup data. If information technology system is failed, the Company is able to correct for recovery into normal condition within 1-3 hours.

The information system of each branch shall be individually and separately processed but it shall be linked with database of head office. Therefore, if failure occurs at any branch, it will not affect other branches. Uninterruptible Power Supply is available for payment system of each branch. In the event of power failure, every set of POS can immediately deliver sales volume to Head Office. In addition, the Company has emergency support plan for regular practice of its staffs to abate such risk abatement. Throughout the year of 2016, there was none of circumstance of information technology system failure that affected the Company's overall operation.

4.1.5 Branch Expansion Risk

The Company's goal is continuous growth and new branch opening is a strategy that Thanapiriya can access target customer group, access to the potential area before other entrepreneurs, and expand customer base for increase in the Company's revenue growth as targeted. At present, the industrial competition has been increasingly very severe and new entrepreneurs have continually entered into the industry. Therefore, the Company has exposed to risk in the event that the new branch may be unable to yield worthwhile return on investment or may yield low lower return than the determined criteria. If the overall operation of the new branch gets continuous loss, that branch may be closed and demolition expense, asset transfer expense and staff dismissal/transfer expense, etc. will incur. In addition, opening of new branch in the nearby area may affect decrease in sales volume and overall operation of the existing branch. From the said impact, it may generally affect the Company's overall operation. However, the Company shall strictly determine the criteria for new branch opening and prepare study plan for branch expansion of Thanapiriya Store in order to abate risk in branch expansion. The area in the community region where is adjacent to main road and is the area which is well expert by the Company is selected. The Company will enter to survey the said area and study the number of populations and consumer behavior in that area, and prepare feasibility study of the project, calculate turnover, forecast of Payback Period of investment and Internal Rate of Return (IRR) not to be below the determined criteria. From feasibility study of the branch expansion, Payback Period will be between 3-4 years, depending on branch size, IRR is not below 20%. In addition, the Company also considers sales volume

and customer density of the nearby branches to ensure that the opening of new branch in that area will not much affect sales volume of the branch located nearby but it is the addition of more customer alternatives and increase in distribution channel of Thanapiriya for more area coverage.

4.1.6 Risk from Inability to Find Leased Area and Inability to Renew Area Lease

The Company has currently entered Lease of Land and Building with the outsider for six (6) branches in total by classifying into long-term lease for seven (7) branches for 10-20 years of lease period, and short-term lease for one (1) branch for three (3) years of lease period under right of lease renewal. If the Company is unable to renew lease term, it may result in closure of the said branch and cause significant loss of revenue and incurrence of the related expenses with the closed branch such as building demolition expense, asset transfer expense, staff dismissal expense, etc.

Nevertheless, the Company and the lessor have strictly complied with the lease without problem at all. In addition, most of land leases have been long-term lease whereas the rights have been granted to the Company for lease renewal before other persons. At present, the Company has entered short-term land lease with the outsider for just one branch which is Mae Chan Branch. In the lease, it specifies that the Company is entitled to renew the lease for another four (4) times and three (3) years per time. The Company deemed that the risk from inability to renew lease term is unlikely the obstacle of business operation at all and it was expected that lease term renewal can be negotiated and agreed in the future. Moreover, the Company has also planned to open new branches in advance and comply with the criteria of new branch opening. Thanapiriya Store has none of unique identity that must find location and building with special characteristic or must be the special large area. From the said reason, the Company is assured that it can find lease area in good location to support future branch expansion.

4.1.7 Risk from Branch Operation Division Personnel Shortage

The Company's continuous branch expansion plan is to access maximum target customer group. Therefore, the personnel of Branch Operation Division are regarded as important mechanism in business drive. The new branch opening requires around 10-20 persons of personnel for Sales Division, Cashier Division and Warehouse Division. If the Company is unable to find adequate personnel in time, it may affect branch expansion plan to be delayed or not on schedule. The poor standard service quality may affect business growth and the Company's overall operation in the future.

However, the Company foresees the significance of personnel recruitment and development in time for branch expansion. The Management shall notify new branch expansion plan to every division head for acknowledgement and mutually plan with Human Resource Division to select personnel to be stationed at new branch. Particularly the selection of branch manager, he or she shall be passed on the job training in the positions such as Sales Division, Cashier Division and Warehouse Division, to perceive the overview and understand duties in each position for effective management. Every staff who is newly entrant for working in the branch shall be trained both for theory and practice according to the determined course so that the staffs can understand corporate culture and function according to the Company's standard. The necessary skill and competency training is also regularly arranged to the branch staffs. Moreover, the Company's policy is to properly and fairly take care of every staff so that the staffs shall have sense of the same family membership, always conduct survey on market rate of salary and welfare to be equivalent to the competitors, aim at being learning organization, have training center to build professional progress for its staffs. Therefore, the Company is assured that it can recruit and develop the qualified staffs to work together and support branch expansion in the future.

4.1.8 Natural Disaster Risk

Earthquake circumstance at Chiang Rai on May 2014 was deemed as most severe in the past 40 years period whereas several consequent aftershocks took place. Even though all of the Company's branches are located in Chiang Rai Province, but the Company was not affected and damaged from the said earthquake.

The general Thanapiriya branches are economic buildings which are high up to 1 to 3 stories and not adjacent to fault occurred from earthquake. However, the Company has realized on the aforesaid natural disaster risk that may affect future business operation, as well as other natural disasters such as flood and fire that may harm to its staffs and causes damage to assets and inability to normally operate business. The Company therefore has planned to prevent and cope with such risks such as close supervision on new branch construction, new distribution center and new information center construction, purchase of contingent indemnity insurance, emergency operating plan, employee training in coping with natural disaster, and communication with every party for news thorough information recognition, preparedness of the Management for increase in confidence for shareholder, staff, business partner and customer in preparedness in the event of occurred natural disaster.

4.1.9 Corruption-Derived Risk

The Company realizes on the organizational corruption prevention as the significance of the business operation. The Company also relies on the staff honesty in supervision of assets of the branches located in various areas. The Company therefore has formulated the following measures.

- Culture of organizational honesty by preparing Ethics and Code of Business Conduct Manual, Anti-Corruption Policy and Guideline, and communication for employee acknowledgement
- Creation of concise internal control system under authority delegation, determination of financial limit of the authorized approver and inter-check.
- Maximum limit of cash management in the store is defined and at least two rounds of money deposits at bank per day are defined. The head office's officer shall audit to ensure that money deposited at the bank is identical to sales volume in the system.
- Random check of the internal branch management for once a week
- Arrangement of lockers outside the building area so that the staffs can clearly separate the storage of their bags and luggage from the selling area and product storage area
- Frisking staff and his or her bag prior to every time of clocking in and clocking out.
- Daily random count of stocks for comparison with balance in the system
- Delivery of Internal Audit Division to perform surprise check of stocks at the branches once a month.
- Checking via CCTV at every branch and regular improvement and maintenance of equipment
- Imposing the staff for fine in the amount of 50 times of product value corrupted by the staff

4.1.10 Risk from Mae Sai Branch where is adjacent to border of Republic of the Union of Myanmar

The Company has had a branch, Mae Sai Branch, where is adjacent to the border of the Republic of the Union of Myanmar (“Myanmar”) and far from border around 6 km. In the event of dispute between Thailand and Myanmar, or unrest in the said area, it may affect the temporary closure of Mae Sai Checkpoint, resulting in inability of Myanmar customers to visit and purchase goods at Mae Sai Branch. In addition, the closure of Mae Sai Checkpoint may affect economy in that area that has mainly depended on border trade, resulting in significant decrease in purchasing power of the customer and possible impact on sales volume of Mae Sai.

However, from analysis on customer database of Mae Sai Branch, the Company evaluated that in the event that Myanmar customers have not purchased goods at Thanapiriya, there would be quite low impact on overall operation since most of customers visiting to use service at Mae Sai Branch have been mainly Thai customers. If the border is temporarily closed, it will unlikely and significantly affect the Company’s overall operation since the products distributed by the Company are consumer products which are daily life commodities.

4.1.11 Legal and Public Sector Policy Risk

The Company always manages convenience store business under strict adherence to the transparent business operation under law and public sector policy such as Retail Act, Consumer Protection Act, Price Control Act, Food and Drug Act, Labor Law, as well as requirements of the municipal laws prescribed by each locality. If the government or government agencies newly revises laws, rules and regulations to support more benefits for the competitors or stakeholders, it may significantly affect business operation strategy, target and plan, resulting in impossibility to meet the defined turnover target.

Nevertheless, the Company has prepared to cope with contingent changes in laws, rules and regulations, followed news information, plan advance problem solving with flexibility in the organizational adjustment and the practiced risk management guideline. The Company has believed that strategy can be changed to cope with change in time, and control the impact to be in acceptable level.

4.1.12 City Planning Organization Risk

According to the announcement of Ministry of Interior on 13 March 2015 on determination of prohibited area for retail and wholesale commercial construction with more than 300 square meter of utility area within 1 km. distance in the zone of historical site in some areas of Chiang Rai. The product storage area, office area and other areas of the building are except in the size of utility area. Today’s utility area of Thanapiriya Branch is more than 300 sq.m. If the construction of the branch in the said zone is required, the Company shall reduce the size of the branch area into 300 sq.m. The size reduction of the said area will make Piriya branch have fewer product display area and may generate lower return on investment than the determined criteria, possibly affecting the Company’s overall operation.

However, the Company has currently had five branches with utility area between 350 – 400 sq.m. The Company is skilled in management of product display in the limited area, it therefore is assured that it can be prepared to cope with the said change. The product display area is planned for maximum utilization, and replenishment system is applied in analysis on type and quantity of products distributed in those branches. From the said reason, the Company ensures that it can effectively manage selling area.

4.2 Management Risk

4.2.1 Executive Dependency Risk

The Company was founded by Mr. Tawatchai Phutthipiriya and Mrs. Amorn Phutthipiriya, who have taken part in management of Thanapiriya Store to be accepted in Chiang Rai and neighboring provinces. From the vision of both persons, it has resulted in the Company's continuous stable financial position and good overall operation. The Company therefore has exposed dependency risk from both persons. In the event of loss of the said executives, it can affect the Company's management and overall operation.

According to the current management structure of the Company, management power and scope of duties and responsibilities are decentralized to the executives in various lines according to knowledge, competency and past working experiences. The executives of each work unit can express opinions and participate in preparing work plans and estimates to be properly consistent with strategic plans in the Company's business operation for authoritarian prevention. The Company has clearly defined the scope of authorities in Table of Operating Power of the Company from the emphasis on the organizational structure and management power decentralization to work units for decrease in executive dependency by the Company.

4.2.2 Over than 50% of Major Shareholding Risk

At present, Phutthipiriya family has been the major shareholders of the Company in holding 577,080,000 shares or 72.14%. In the event of resolution in the Shareholders' Meeting, Phutthipiriya family can control the majority votes. Therefore, other shareholders of the Company may have vote collection risk for checks and balances and audit on the issue proposed by the major shareholders in the Meeting.

However, upon consideration on the Company's management structure consisting of the Board of Directors, Audit Committee, Executive Board and Nomination and Remuneration Committee, the finding indicated that the management structure defines clear and transparent scope of powers, duties and responsibilities of the boards/committees, and defines standard of connected transaction performing with the director, major shareholder, business regulator as well as the person with conflict of interests. The said person has no right to vote in approving that transaction. The independent audit Committee shall mutually consider and make decision for transparency and confidence creation to the shareholders that there are checks and balances and effective management in the Company's management structure.

5. Information of Securities and Shareholders

5.1 Ordinary Shares

As at 30 December 2016, the Company's paid-up registered capital has been 200,000,000 Baht, classified into 800,000,000 ordinary shares at par value of 0.25 Baht per share.

5.2 Structure of Shareholders

As at 30 December 2016, the details for the name list of the major shareholders of top ten companies have been as follows.

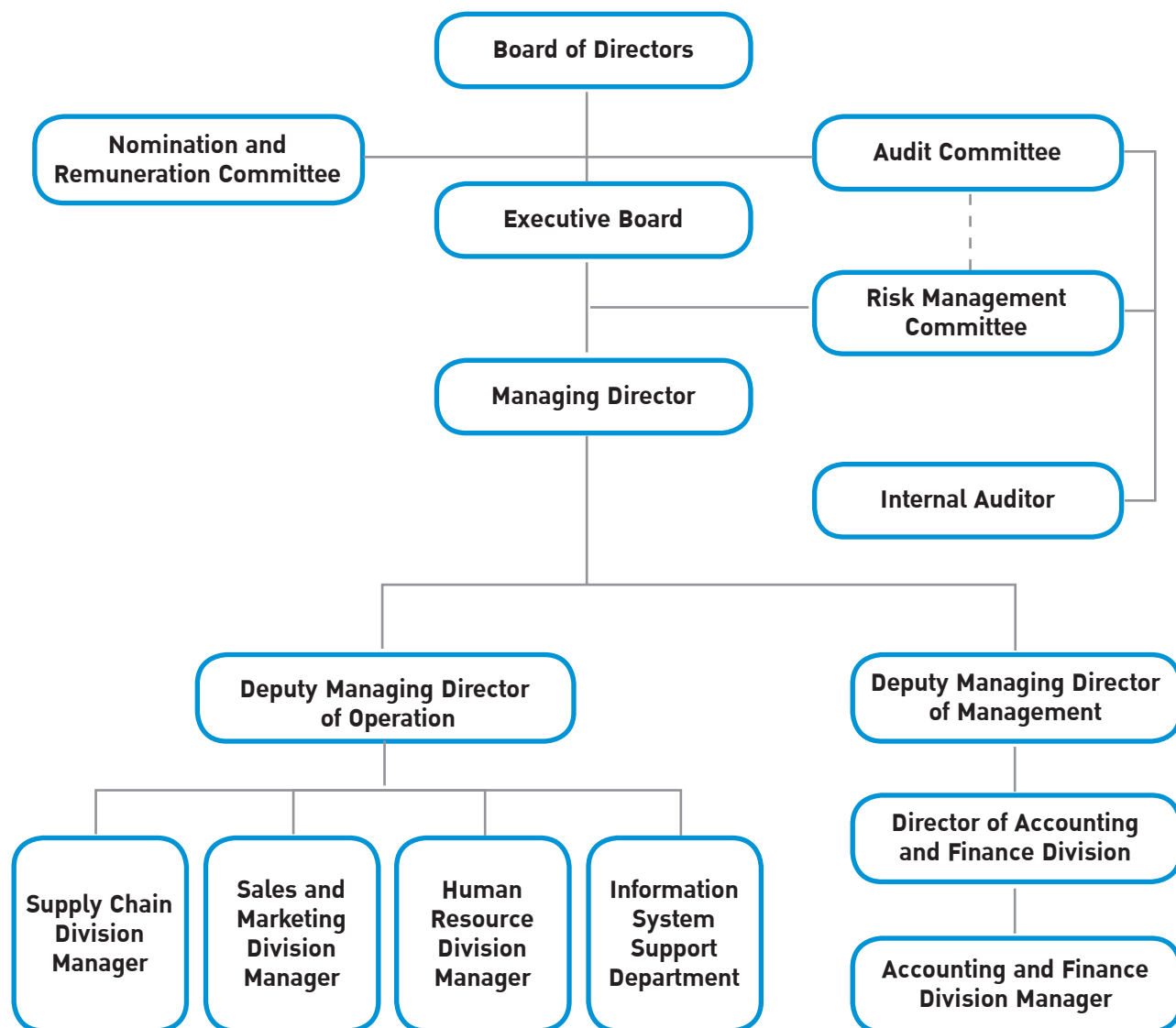
Name List of Shareholders		Number of Shares	Shareholding Proportion
1.	Phutthipiriya Group		
	1.1 Mr. Thawatchai Phutthipiriya	245,800,000	30.73
	1.2 Mrs. Amorn Phutthipiriya	245,000,000	30.63
	1.3 Mr. Thanaphoom Phutthipiriya	30,080,000	3.76
	1.4 Master Thanapat Phutthipiriya	30,000,000	3.75
	1.5 Mr. Thanapong Phutthipiriya	26,200,000	3.28
	Total of Phutthipiriya Group	577,080,000	72.14
2.	Mr. Wanan Sirisuwat	13,000,000	1.63
3.	Mr. Supharoj Rojveera	12,000,000	1.50
4.	Mr. Somchai Vijitsaengrat	11,100,000	1.39
5.	Mr. Phandanai Sathavoramane	10,000,000	1.25
6.	Mr. Mesan Piyaareetham	7,759,500	0.97
7.	Mr. Somkriet Vassanavatheekij	5,947,400	0.74
8.	Sirikraiwatthanawong Group		
	8.1 Mr. Suwitchaya Sirikraiwatthanawong	5,731,900	0.72
	8.2 Mr. Chanon Sirikraiwatthanawong	129,000	0.02
	8.3 Miss Narin Sirikraiwatthanawong	10,000	0.00
	Total of Sirikraiwatthanawong Group	5,870,900	0.73
9.	Mr. Piraya Laohanan	5,177,000	0.65
10.	Miss Kanokporn Pairojthavornvatthana	5,000,000	0.63
	Other Shareholders	147,065,200	18.38
	Total	800,000,000	100.00

6. Dividend Payment Policy

The Company's dividend payment policy for its shareholders is not below 40% of net profit balance of the separate financial statements after deduction of corporate income tax and legal reserves. However, the Company shall consider dividend payment under factor concern for maximum benefit of the shareholders. The said dividend payout ratio may be changed depending on the financial position, liquidity and investment plan in each period of time, including management-related factors, necessity, and other appropriateness in the future as deemed as proper or appropriate by the Board of Directors. The resolution of the Board of Directors for approval on dividend payment shall be proposed to request for approval from the Shareholders' Meeting unless the event of interim dividend payment, the Board of Directors has power to approve for execution upon deemed that the Company has reasonable profit for payment of dividend without impact on the Company's operation, and then report the Shareholders' Meeting for acknowledgement in the following meeting.

7. Management Structure

7.1 Management Structure



7.2 Board of Directors

As at 31 December 2016, the Board of Directors consists of seven committee members as follows.

Name List	Position
1. Pitsanu Khantipong, MD	Chairman of the Board/ Independent Director/ Chairman of the Audit Committee
2. Dr. Watthana Yuenyong	Independent Director / Audit Committee Member
3. Dr. Chalermchai Khamsaen	Independent Director / Audit Committee Member
4. Mr. Tawatchai Phutthipiriya	Director
5. Mrs. Amorn Phutthipiriya	Director
6. Mrs. Jularat Ngamlerdlee	Director
7. Miss Bussakorn Thadthapong	Director

Authorized Binding Signatory Director on Behalf of the Company

Mr. Tawatchai Phutthipiriya, Mrs. Amorn Phutthipiriya, Mrs. Jularat Ngamlerdlee, and Miss Bussakorn Thadthapong, two of them shall affix their signatures and the Company's seal.

The Board of Directors' Meeting

Name List	Number of Meeting Attendances / Total Meetings
	2016
1. Pitsanu Khantipong, MD	7/7
2. Dr. Watthana Yuenyong	7/7
3. Dr. Chalermchai Khamsaen	7/7
4. Mr. Tawatchai Phutthipiriya	7/7
5. Mrs. Amorn Phutthipiriya	7/7
6. Mrs. Jularat Ngamlerdlee	7/7
7. Miss Bussakorn Thadthapong	7/7

7.3 Audit Committee

The Audit Committee consists of three committee members as follows.

Name List	Position
1. Pitsanu Khantipong, MD	Chairman of the Audit Committee
2. Dr. Watthana Yuenyong	Audit Committee Member
3. Dr. Chalermchai Khamsaen	Audit Committee Member

Remark: Dr. Watthana Yuenyong is the audit committee member who is knowledgeable and experienced in accounting or finance.

The Audit Committee's Meeting

Name List	Number of Meeting Attendances / Total Meetings
	2016
1. Pitsanu Khantipong, MD	4/4
2. Dr. Watthana Yuenyong	4/4
3. Dr. Chalermchai Khamsaen	4/4

The Audit Committee's Meeting No. 1/2015 on 26 January 2015 approved the appointment of Miss Valdee Siboonrueang as the Secretary of the Audit Committee.

7.4 Nomination and Remuneration Committee

Nomination and Remuneration Committee consists of three committee members as follows.

Name List	Position
1. Dr. Watthana Yuenyong	Chairman of the Nomination and Remuneration Committee
2. Dr. Chalermchai Khamsaen	Nomination and Remuneration Committee Member
3. Mrs. Jularat Ngamlerdlee	Nomination and Remuneration Committee Member

Nomination and Remuneration Committee's Meeting

Name List	Number of Meeting Attendances / Total Meetings
	2016
1. Dr. Watthana Yuenyong	1/1
2. Dr. Chalermchai Khamsaen	1/1
3. Mrs. Jularat Ngamlerdlee	1/1

7.5 Risk Management Committee

Risk Management Committee consists of seven committee members as follows.

Name List	Position
1. Mr. Tawatchai Phutthipiriya	Chairman of the Risk Management Committee
2. Mrs. Amorn Phutthipiriya	Risk Management Committee Member
3. Mr. Pitthaya Jitmase	Risk Management Committee Member
1. Miss Chanya Charoensuk	Risk Management Committee Member
2. Mr. Thanit Yoddee	Risk Management Committee Member
3. Miss Pitchakorn Ngermkao	Risk Management Committee Member
4. Mrs. Duangjai Yuinth	Risk Management Committee Member and Secretary of the Risk Management Committee

The Risk Management Committee's Meeting

Name List	Number of Meeting Attendances / Total Meetings
	2016
1. Mr. Tawatchai Phutthipiriya	3/3
2. Mrs. Amorn Phutthipiriya	3/3
3. Mr. Pitthaya Jitmase	3/3
1. Miss Chanya Charoensuk	3/3
2. Mr. Thanit Yoddee	3/3
3. Miss Pitchakorn Ngermkao *	2/3
4. Mrs. Duangjai Yuinth	3/3

*The resignation was effective on 31 October 2016.

7.6 Executive Board

Executive Board consists of five members as follows.

Name List	Position
1. Mr. Tawatchai Phutthipiriya	Chief Executive Officer
2. Mrs. Amorn Phutthipiriya	Executive Director
3. Mr. Pitthaya Jitmase	Executive Director
4. Mrs. Rungnapa Piboonsri	Executive Director
5. Mrs. Bongkot Chanthajit	Executive Director

Meeting of Executive Board

Name List	Number of Meeting Attendances / Total Meetings
	2016
1. Mr. Tawatchai Phutthipiriya	18/18
2. Mrs. Amorn Phutthipiriya	18/18
3. Mr. Pitthaya Jitmase	18/18
4. Mrs. Rungnapa Piboonsri	16/18
5. Mrs. Bongkot Chanthajit	18/18

7.7 Company Secretary

The Board of Director's Meeting No. 1/2015 on 26 January 2015 approved the appointment of Mr. Pitthaya Jitmase as the Company Secretary according to the requirement of Securities and Exchange Act B.E. 2535 (1992) (including amendment). Mr. Pitthaya Jitmase attended the training of Continuous Development for Company Secretary Program (CSP) of Thai Institute of Directors (IOD), Class CSP 68/2015.

Scope of Authority for the Company Secretary

The Board of Directors' Meeting No. 1/2015 on 26 January 2015 resolved the determination of the scope of the authority for the Company Secretary as follows.

1. Prepare and store the following documents.
 - (a) Director Registration
 - (b) Appointment Letter for the Board of Director's Meeting, Minutes of the Board of Directors' Meeting, and Annual Report of the Company
 - (c) Appointment Letter for the Shareholders' Meeting and Minutes of the Shareholders' Meeting

2. Retain the Stakeholding Report which is reported by the director or executive.
3. Prepare the Copy of the Stakeholding Report according to Section 89/14 for the Chairman of the Board of the Directors and Chairman of the Audit Committee within seven working days from the received date of the said Report by the Company. The Company shall prepare storage system of the documents or evidences related to information presentation, and supervise the proper and complete storage for accountability within not less than ten (10) years from the preparation date of the said documents or information.
4. Execute any other acts according to the requirement in the announcement of Capital Market Supervisory Board.

7.8 Executive

Total executives of the Company are seven persons under below name list and position.

Name List	Position
1. Mr. Tawatchai Phutthipiriya	Managing Director/ Acting for Deputy Managing Director of Management
2. Mrs. Amorn Phutthipiriya	Deputy Managing Director of Operation
3. Mr. Pitthaya Jitmase	Director of Accounting and Finance Division
4. Mrs. Duangjai Yuint	Accounting and Finance Division Manager
5. Miss Chanya Charoensuk	Supply Chain Division Manager
6. Mr. Thanit Yoddee	Sales and Marketing Division Manager

7.9 Remuneration of Director and Executive

The Company clearly and transparently determines remuneration for the director to be consistent with his or her role, duty and responsibility in governing the Company's works under appropriateness consideration through the concern on maximum benefit toward the Company and its shareholders in below details.

7.9.1 Director's Remuneration

Monetary Remuneration

Remuneration Rate for the Board of Directors

Annual General Meeting of Shareholders for 2016 on Monday 25 April 2016 considered determination of remuneration for the Board of Directors, Audit Committee, Executive Board, and Nomination and Remuneration Committee under below details.

Name List	Committee Meeting Allowance (Baht/Time)
Chairman of the Board of Directors	20,000
Director	15,000
Chairman of the Audit Committee	15,000
Audit Committee Member	10,000
Chairman of the Nomination and Remuneration Committee	15,000
Nomination and Remuneration Committee Member	10,000

Remark:

- 1) The committee member who is the executive or earns remuneration in form of salary shall not receive meeting allowance for individual meeting attendance.
- 2) The Company shall consider special remuneration or bonus from overall operation not exceeding 2.5 million Baht of total financial limit.

Table of the Committee Member's Remuneration between 1 January 2016 – 31 December 2016

Name List	Remuneration (Baht/Time)				
	Director	Audit Committee Member	Nomination and Remuneration Committee	Special Remuneration	Total
1. Pitsanu Khantipong, MD	140,000	60,000	-	35,000	235,000
2. Dr. Watthana Yuenyong	105,000	40,000	15,000	25,000	185,000
3. Dr. Chalermchai Khamsaen	105,000	40,000	10,000	25,000	180,000
4. Mr. Tawatchai Phutthipiriya	-	-	-	-	-
5. Mrs. Amorn Phutthipiriya	-	-	-	-	-
6. Mrs. Jularat Ngamlerdlee	105,000	-	10,000	15,000	130,000
7. Miss Bussakorn Thadthapong	105,000	-	-	15,000	120,000
Total	560,000	140,000	35,000	115,000	850,000

Remark:

- 3) The committee member who is executive or earns remuneration in form of salary shall not receive meeting allowance for individual meeting attendance.

Other Remunerations

- None -

7.9.2 Executive's Remuneration

The Company has given the remuneration for the executive in form of salary, bonus, contribution of social security fund, and other remunerations such as position allowance, active payment, vehicle expense, etc. under below details.

Type	2015	2016
	Remuneration (Baht)	Remuneration (Baht)
Salary and Bonus	8,853,000	10,127,600
Other Remunerations	810,979	746,955
Contribution of Social Security Fund	44,145	42,720
Total	9,708,124	10,917,275

7.9.3 Reporting of Shareholdings by directors and executives

The Company requires Directors and Executives to report change in shareholding pursuant to Section 59 of the Securities and Exchange Act BE 2535 within 3 business days from the date of purchase, sale or transfer to the office of Securities and Exchange Commission.

The shareholding of the Company's directors including spouse and management as at 31 December 2016, are detailed below.

Name List	Number of Shares on 25 April 2016	Number of Shares on 31 December 2016	Decrease(Increase)
1. Dr. Pisanu Kantipong	-	-	-
Ms. Patcharee Kantipong	1,000,000	500,000	(500,000)
2. Dr. Watthana Yuenyong	-	-	-
3. Dr. Chalermchai Khamsaen	-	-	-
4. Mrs. Jularat Ngamlerdlee	-	-	-
5. Miss Bussakorn Thadthapong	150,000	-	(150,000)
6. Mr. Tawatchai Phutthipiriya	245,000,000	245,000,000	-
7. Mrs. Amorn Phutthipiriya	245,800,000	245,800,000	-
8. Mr. Pitthaya Jitmase	-	-	-
9. Mrs. Duangjai Yuinth	183,100	183,100	-
10. Miss Chanya Charoensuk	134,800	134,800	-
11. Mr. Thanit Yoddee	187,000	187,000	-

8. Details of Director, Executive and Company Secretary of Thanapiriya Public Company Limited

Name-Surname Position	Age (Years)	Educational Qualification/ Training History	Proportion of Shareholding in the Company (Percent)	Family Relationship between Director and Executive	Work Experience		
					Period of Time	Position	Name of Agency/Company Type of Business
1. Pitsanu Khantipong, MD Chairman of the Board Chairman of the Audit Committee Independent Director	61	- Director Accreditation Program (DAP) Course, Class 112/2014, Thai Institute of Directors (IOD) - SASIN In-Depth Hospital Management Program, Kellogg School of Management, Northwestern University, Chicago, USA - SASIN In-Depth Hospital Management Program 5, KAIST College of Business, South Korea , - CHA Medical Center and Asan Medical Center in Seoul - SASIN In-Depth Hospital Management Program 4, INSEAD, Fontainebleau, France - Certificate of Family Practice Know-How in Obstetrics and Gynecology, Rajavithi Hospital, Department of Medical Services - Bachelor of Medicine, Faculty of Medicine, Chiang Mai University - Bachelor of Science in Medical Science, Chiang Mai University	None	None	2015 – Present 2014 – Present 2013 – Present 2014 – 2015 2012 – 2014 2010 – 2012 2010 – 2012	Chairman of the Board Chairman of the Audit Committee And Independent Director Chairman of Development Committee First Vice Chairman of Maternal and Child Health Subcommittee Advisory Board of Public Health Minister Director Ethics Subcommittee Deputy Director of Medical Subdivision	Thanapiriya Ptd. Nan Hospital The Royal Thai College of the Obstetricians and Gynaecologists Ministry of Public Health Nan Hospital The Royal Thai College of the Obstetricians and Gynaecologists Chiangrai Prachanukroh Hospital Retail/Wholesale Hospital Hospital Public Health Hospital Hospital Hospital

Name-Surname Position	Age (Years)	Educational Qualification/ Training History	Proportion of Shareholding in the Company (Percent)	Family Relationship between Director and Executive	Work Experience			
					Period of Time	Position	Name of Agency/Company	Type of Business
2. Dr. Watthana Yuenyong Independent Director Audit Committee Member Chairman of the Nomination and Remuneration Committee	54	- Director Accreditation Program (DAP) Course, Class 117/2015, Thai Institute of Directors (IOD) - Doctor of Accountancy, Mahasarakham University - Master of Managerial Accountancy, Chulalongkorn University - Bachelor of Business Administration and Accountancy, Ramkhamhaeng University	None	None	2015 – Present 2013 – Present 2010 – 2012	Independent Director Audit Committee Member Chairman of Nomination and Remuneration Committee Vice Rector Assistant Rector	Thanapiriya Pcl. Chiang Rai Rajabhat University Chiang Rai Rajabhat University	Retail/Wholesale Educational Institution Educational Institution
3. Dr. Chalermchai Khamsaen Independent Director Audit Committee Member Nomination and Remuneration Committee Member	50	- Director Accreditation Program (DAP) Course, Class 117/2015, Thai Institute of Directors (IOD) - Doctor of Regional Development Strategy, Chiang Rai Rajabhat University - Master of Business Administration, Chiang Mai University - Bachelor of Marketing, Payap University	None	None	2015 – Present 1993 – Present	Independent Director Audit Committee Member Nomination and Remuneration Committee Member Deputy Dean of Faculty of Management Sciences	Thanapiriya Pcl. Chiang Rai Rajabhat University	Retail/Wholesale Educational Institution
4. Mr. Tawatchai Phuthipiriya Director Chief Executive Officer Chairman of the Risk Management Committee Managing Director	50	- Director Accreditation Program (DAP) Course, Class 111/2014, Thai Institute of Directors (IOD) - Bachelor of Biotechnology, Kasetsart University	30.63	Husband of Mrs. Amorn Phuthipiriya	2015 – Present 2012 – Present 2013 – Present	Chief Executive Officer Chairman of the Risk Management Committee Managing Director Director Director	Thanapiriya Pcl. Thanapiriya Pcl. Thanaphoom Property 2013 Co., Ltd.	Retail/Wholesale Retail/Wholesale Real Estate

Name-Surname Position	Age (Years)	Educational Qualification/ Training History	Proportion of Shareholding in the Company (Percent)	Family Relationship between Director and Executive	Work Experience			
					Period of Time	Position	Name of Agency/Company	Type of Business
5. Mrs. Amorn Phutthipriya Director Executive Director Risk Management Committee Member Deputy Managing Director of Operation	49	- Director Accreditation Program (DAP) Course, Class 111/2014, Thai Institute of Directors (IOD) - Bachelor of Pharmacy, Mahidol University - Chief Executive Course, Capital Market Academy (CMA, Class 21)	30.73	Wife of Mr. Tawatchai Phutthipriya	2015 – Present 2012 – Present 2013 – Present	Risk Management Member Deputy Managing Director of Operation Director Director	Thanapiriya Pcl. Thanapiriya Pcl. Thanaphoom Property 2013 Co., Ltd.	Retail/Wholesale Retail/Wholesale Real Estate
6. Mrs. Jularat Ngamlerlee Director Nomination and Remuneration Committee Member	55	- Director Accreditation Program (DAP) Course, Class SEC/2015, Thai Institute of Directors (IOD) - Bachelor of Business Administration, University of the Thai Chamber of Commerce	None	Elder Sister of Mrs. Amorn Phutthipriya	2015 – Present 2004 – Present 2002 – 2003	Director Nomination and Remuneration Committee Member Business Owner Branch Manager	Thanapiriya Pcl. Poj Electric Appliance Store Bangkok Bank Pcl.	Retail/Wholesale Retail Bank
7. Miss Bussakorn Thadthapong Director	47	- Director Accreditation Program (DAP) Course, Class SEC/2015, Thai Institute of Directors (IOD) - Bachelor of Business Administration, Pibulsongkram Rajabhat University	None	Younger Sister of Mrs. Amorn Phutthipriya	2015 – Present 2000 – Present 1990 – 2000	Director Business Owner Cashier	Thanapiriya Pcl. Bussakorn Agriculture Store TMB Bank Pcl.	Retail/Wholesale Retail Bank
8. Mr. Pitthaya Jitmas Executive Director Risk Management Committee Member Company Secretary Director of Accounting and Finance Division	37	- Master of Business Administration, Accounting Major, Ramkhamhaeng University - Bachelor of Business Administration, Accounting Major, Ramkhamhaeng University - Certified Public Accountant (CPA)	None	None	2015 – Present 2014 – Present 2013 – 2014	Risk Management Committee Member Company Secretary Director of Accounting and Finance Division Risk Management Committee Member	Thanapiriya Pcl. Thanapiriya Pcl. Thiensurat Pcl.	Retail/Wholesale Retail/Wholesale Distribution of Household Goods

Name-Surname Position	Age (Years)	Educational Qualification/ Training History	Proportion of Shareholding in the Company (Percent)	Family Relationship between Director and Executive	Work Experience			
					Period of Time	Position	Name of Agency/Company	Type of Business
		- Continuous Development for Company Secretary Program (CSP), Thai Institute of Directors (IOD), Class CSP 68/2015			2011 – 2014 2002 – 2011	Accounting and Finance Division Manager Audit Division Manager	Thiensurat Pcl. IVL Audit Co., Ltd.	Distribution of Household Goods Accounting Audit and Internal Audit
9. Mrs. Duangjai Yuinth Accounting and Finance Division Manager Risk Management Committee Member and Secretary of Risk Management Committee	42	- High Vocational Certificate of Accountancy	0.02	None	2015 – Present 2015 – Present 2014 – Present 2012 – 2014 2008 – 2012	Risk Management Committee Member and Secretary of Risk Management Committee Director Accounting and Finance Division Manager Accounting Department Head Bookkeeper	Thanapiriya Pcl. Thanaphoom Property 2013 Co., Ltd. Thanapiriya Pcl. Thanapiriya Pcl. Thanapiriya Pcl.	Retail/Wholesale Real Estate Retail/Wholesale Retail/Wholesale Retail/Wholesale
10. Miss Chanya Charoensuk Supply Chain Division Manager Risk Management Committee Member	33	- Bachelor of General Management Chiang Rai Rajabhat University	0.02	None	2015 – Present 2014 – Present 2011 – 2013 2010 – 2010 2009 – 2009	Risk Management Committee Member Supply Chain Division Manager Staff of Personnel Development Department Staff of Branch Promotion/Activity Purchasing Staff	Thanapiriya Pcl. Thanapiriya Pcl. Thanapiriya Pcl. Thanapiriya Pcl. Thanapiriya Pcl.	Retail/Wholesale Retail/Wholesale Retail/Wholesale Retail/Wholesale Retail/Wholesale
11. Mr.Thanit Yosdee Sales and Marketing Division Manager Risk Management Committee Member	32	- Bachelor of Agronomy Chiang Rai Rajabhat University	0.02	None	2015 – Present 2014 – Present 2014 – 2014	Risk Management Committee Member Sales and Marketing Division Manager Staff of Personnel Development Department	Thanapiriya Pcl. Thanapiriya Pcl. Thanapiriya Pcl.	Retail/Wholesale Retail/Wholesale Retail/Wholesale

Name-Surname Position	Age (Years)	Educational Qualification/ Training History	Proportion of Shareholding in the Company (Percent)	Family Relationship between Director and Executive	Work Experience			
					Period of Time	Position	Name of Agency/Company	Type of Business
12. Miss Pitchakorn Ngermgao Human Resource Division Manager Risk Management Committee Member * Resignation was effective on 31 October 2016	38	- High School Education	None	None	2013 – 2013	Mae Sai Branch Manager	Thanapiya Pcl.	Retail/Wholesale
					2011 – 2012	Ban Du Branch Manager	Thanapiya Pcl.	Retail/Wholesale
					2011 – 2011	Den Ha Wholesale Branch Manager	Thanapiya Pcl.	Retail/Wholesale
					2010 – 2010	Clock Tower Branch Manager	Thanapiya Pcl.	Retail/Wholesale
					2009 – 2009	Sales Division Head of Den Ha Branch	Thanapiya Pcl.	Retail/Wholesale
13. Mrs. Rungnapa Piboonsri Executive Director Finance Department Head	35	- Bachelor of Business Administration Chiang Rai Rajabhat University	None	None	2015 – 2016	Risk Management Committee Member	Thanapiya Pcl.	Retail/Wholesale
					2014 – 2016	Human Resource Division Manager	Thanapiya Pcl.	Retail/Wholesale
					2012 – 2013	Staff of Personnel Development Department	Thanapiya Pcl.	Retail/Wholesale
					2011 – 2010	Den Ha Branch Manager	Thanapiya Pcl.	Retail/Wholesale
					2009 – 2009	Head of Cashier	Thanapiya Pcl.	Retail/Wholesale
14. Miss Bongkot Chanthajit Executive Director Head of Personnel Development Division	39	- Bachelor of Banking and Finance, Payap University	None	None	2015 – Present	Executive Director	Thanapiya Pcl.	Retail/Wholesale
					2014 – Present	Finance Department Head	Thanapiya Pcl.	Retail/Wholesale
					2008 – 2014	Cashier	Thanapiya Pcl.	Retail/Wholesale
					2015 – Present	Executive Director	Thanapiya Pcl.	Retail/Wholesale
					2014 – Present	Personnel Development Department Head	Thanapiya Pcl.	Retail/Wholesale
					2013 – 2014	Wholesale Branch Manager	Thanapiya Pcl.	Retail/Wholesale
					2010 – 2013	Den Ha Retail Branch Manager	Thanapiya Pcl.	Retail/Wholesale

9. Corporate Governance

9.1 Corporate Governance Policy

The Company gives precedence to good corporate governance according to the principle prescribed by Stock Exchange of Thailand (“Stock Exchange”) due to the indication of international standard operation, reinforcement of transparency and effective management, and confidence creation for the shareholders, investors and all parties of stakeholders, leading to stability and progress as the instrument for value addition and reinforcement of sustainable growth. The Company has formulated the practical rule according to Guideline of the Principles of Good Corporate Governance for Listed Companies for 2012 given by Stock Exchange of Thailand as guideline. It covers the principle of five sections of corporate governance as follows.

1. Rights of Shareholders
2. Equitable Shareholder Treatment
3. Role of Stakeholders
4. Disclosure and Transparency
5. Responsibilities of the Board

Section 1 Rights of Shareholders

The Company’s policy is to equitably treat all shareholders according to criteria prescribed by laws and relevant agencies. The process of the shareholders’ meeting shall be openly, transparently and fairly carried out whereas all shareholders have right and equality as follows.

Rights of Shareholders

1. Right to own by controlling the Company to approve the appointment of the Board of Directors to perform the duties on behalf of the Company.
2. Right to trade or transfer shares
3. Right to attend the Shareholders’ Meeting and vote, as well as express the opinion and mutually consider making decision on significant changes.
4. Right to authorize other person to attend the meeting and vote in lieu of the shareholder.
5. Right to appoint and remove the directors.
6. Right to vote for election, appointment and determination of the auditor’s remuneration.
7. Right to regularly and timely acknowledge the information, overall operation, and management policy.
8. Right to equally gain profit sharing.
9. Right to acknowledge information of the connected transaction performing.

The Shareholders’ Meeting

1. Determination of Appointment Date, Time and Place for the Shareholders’ Meeting

The Board of Directors shall determine the Shareholders’ Meeting in date, time and place that the shareholders can conveniently attend the Meeting.

2. Meeting Appointment Notice

The Company shall deliver Meeting Appointment Notice, Meeting Agenda, opinion of the Board of

Directors, as well as complete and adequate documents and information as decision making support in each meeting agenda for prior-acknowledgement of the Shareholders' Meeting before meeting date so as to be properly and completely line with the criteria prescribed by laws and relevant agencies.

3. Pre-Meeting Proposal of Additional Agenda

All shareholders are able to propose additional agenda in advance before meeting by sending written agenda and details to the Company before meeting date for at least three (3) days so that the Board of Directors shall consider whether it will be added to be an agenda in the meeting.

4. Meeting Attendance and Registration

All shareholders have right to attend the meeting and vote or authorize other person to attend the meeting and vote in lieu of them. The Company opens for prior-registration by the shareholders before meeting time and systemizes to facilitate the shareholders so that all of them can completely and rapidly register.

5. Inquiry, Opinion Expression, Resolution and Taking Minutes of Meeting

The Board of Directors gives the opportunity to every shareholder for equitable right in auditing the Company's operation in the Shareholders' Meeting every time. The shareholder can fully and independently inquire, express opinion and suggest on consideration and resolution on every issue. In voting, one share is equitably counted as one vote for every shareholder. The Company shall take minutes of meeting and inquiry, suggestion, resolution of the meeting and votes in agreement, disagreement or voting abstention in each agenda in writing so that the shareholders and related parties can verify. In addition, the minutes of meeting shall be publicized in the Company's website after completion of the meeting.

6. Meeting Attendance of the Board of Directors

The Board of Directors considerably gives precedence to attendance of the Shareholders' Meeting. It deems as duty that every director shall attend every Meeting of Shareholder Meeting and completely propose the information to the shareholders, listen to opinion and suggestion of the shareholder, give the shareholder the opportunity to inquire and answer the said inquiry with accurate information.

Section 2 Equitable Shareholder Treatment

The Company determines the equitable and fair treatment guideline for all shareholders whether the executive shareholder and non-executive shareholder of the Company, major shareholder or minor shareholder as well as foreign shareholder. Therefore, the Company has determined the good practical guideline as follows.

1. Information Provision before Shareholders' Meeting

- 1) The Company shall deliver meeting appointment notice, meeting agenda, opinion of the Board of Directors, and complete and adequate documents and information as decision making support in each meeting agenda for prior-acknowledgement by the shareholders according to Public Limited Companies Act. After registration of the Company into listed company in Stock Exchange, the Company shall deliver appointment letter of the shareholders' meeting to the shareholders in advance in the period defined by the Office of the Securities and Exchange Commission ("SEC") or Stock Exchange for prior-study by the shareholders before meeting. In addition, the shareholders shall acquire news information via electronic media of the Stock Exchange, the Company's website and release of news in newspaper according to Public Limited Companies Act.

- 2) The Company shall notify the shareholders for acknowledgement on the regulation used in the meeting, resolution voting procedure, and voting right according to each type of share.

2. Protection of the Minor Shareholder's Right

- 1) The Company shall clearly determine the criteria for the minor shareholder to propose additional meeting agenda in advance before the date of the Shareholders' Meeting in order to indicate fairness and transparency in consideration whether the agenda proposed by the minor shareholder can be added.
- 2) The Chairman of the Meeting shall not add the meeting agenda which are not informed in advance without necessity particularly the important agenda which require studying time by the shareholder prior to decision making.
- 3) The Company shall determine the method for the minor shareholder to nominate the person to hold the director office, such as nominate via Nomination and Remuneration Committee prior to the date of the Shareholders' Meeting and supporting information for qualification consideration and consent of the nominated person.

3. Protection on Use of Inside Information

The Company has determined the guideline of storage and protection for use of inside information in writing and notified the said guideline to everyone in the organization for observance. It should determine that every director and executive shall have duty to regularly report the security holding according to laws and deliver the said report to the Board of Directors, as well as disclose in Annual Report.

4. Stake Holding of the Director

- 1) The director is determined to report his or her stake holding at least prior to consideration on the said agenda, and record it in the minutes of the Board of Directors' Meeting.
- 2) The director with significant stake holding in the nature that may cause the said director unable to independently give the opinion shall refrain from participation in the meeting to consider the said agenda.

Section 3 Role of Stakeholders

The Company realizes and perceives the importance of governance on the internal stakeholders of the Company such as shareholders and employees, and external stakeholders such as customers, business partners, creditors, competitors and other agencies as well as related nearby community. The stakeholders shall be taken care by the Company according to the right entitled by law or by agreement entered with the Company. The Company shall not perform any act which violates the right of those stakeholders. The Company has formulated the treatment policy and guideline for all groups of stakeholders as follows.

1. Executive Practice

The executive means the employee who has subordinates. Apart from the executive's practice of every clause of code of conduct on behalf of being an employee of the Company, the executive shall have good practical guideline to reinforce good executive being. On behalf of the employee's superior, the executive shall be the leader and model of good conduct for general employees as well. Therefore, the practical guideline for executive has been determined as follows.

1) Shareholder Treatment by the Executive

The executive shall perform his or her duty with honesty, carefulness, prudence and care with broad vision, non-exploitation for oneself and friends from the organizational information which is remained not publicly disclosed. The executive shall not disclose the secret organizational information to the outsider, and not perform any act which is the nature that may cause conflict of interests.

2) Employee Treatment by the Executive

The executive shall fairly treat the employee, impartially manage, support the creation of progress potential, and increase work efficiency of the employees, as well as promote the employee to understand about code of conduct which should be practiced by the employees, arrange proper welfare to the employees, and truthfully treat the employees, reasonably listen to opinion and suggestion.

3) Customer Treatment by the Executive

The executive shall strictly treat the customer according to business ethics practice defined by the Company.

4) Business Partner Treatment by the Executive

The executive shall fairly treat business partner without clam or demand for any unjust benefit from business partner. If any clause of condition is failed in compliance, the executive shall notify the business partner for prior-acknowledgement to mutually find corrective guideline.

5) Creditor Treatment by the Executive

The executive shall adhere to and comply with the trade agreement and condition with honesty to build mutual confidence and trust. In the event that the creditor which is the financial institution, the Company has complied with the condition of loan contract or credit contract all the time to build confidence to the financial institution by strictly complying with the conditions specified in the contract and agreement. However, the condition observed and adhered as regulation for creditor treatment is as follows.

- Equitably and fairly comply with the agreement entered with every business partner and creditor based on receiving fair return by both parties.
- Omit to demand, receive and not to give any dishonest trade benefit.
- In the event of borrowing, the Company shall not use money derived from borrowing in the way which is in conflict with the borrowing objective/condition.

6) Business Competitor Treatment by the Executive

The executive shall treat business competitor under the framework for rule of good competition and non-search of secret information of the business competitor with dishonest method.

7) Social and Environmental Treatment by the Executive

The executive shall practice or control the compliance with the relevant laws and rules and regulations, and shall be responsible for society and provide collaboration, assistance and support, and volunteer to do the useful activities for community and society.

Company Contact Channel of the Stakeholder

The Board of Directors emphasizes on participation of the stakeholders in reinforcement of the Company's overall operation to build the sustainable stability for the Company. The channel is arranged for stakeholders, shareholders, investors and employees to enable to deliver useful opinion, complaint or suggestion. The Company opens the channel for the external stakeholders to contact the Board of Directors or the chief executive by addressing the letter by post to the following.

- Chairman of the Board of Directors; or
- Chairman of the Audit Committee; or
- Managing Director

at below address.

Thanapiriya Public Limited Company

661 Village No. 24, Rop Wiang Sub-district, Mueang District, Chiang Rai Province 57000; or

E-mail Address: director@thanapiriya.co.th

The aforesaid person shall gather information to propose the director for consideration. The Company's policy for protection of the opinion or suggestion sender is to keep the information of the opinion or suggestion sender as secret.

Intellectual Property Policy

The Board of Directors of Thanapiriya Public Company Limited has clear policy not to perform any act which is the infringement of the intellectual property whether in copyright, patent or trademark. The Company has clear action guideline such as copyright and determines the policy for application of information technology system of the Company and its subsidiary by auditing the application of software program systems in working of the employees to prevent the application of software that infringes copyright or irrelevant to working, etc.

Human Right Policy

The Board of Directors of Thanapiriya Public Company Limited has clear human right policy whereas it is determined in written code of business conduct for fair treatment to all employees of the Company, its subsidiary and business partner companies without discrimination due to race, religion, nationality, gender, age, educational background, equitable right granting to the disable person, and non-violation against right and individual liberty both directly and indirectly. However, the employees of the Company and its subsidiary shall treat one other and treat other persons with mutual respect and honor and also behave themselves to be proper for jobs according to rules and regulations of the Company, and good tradition without impact on the Company's image.

2. Employee Practice

For reinforcement of good and effective working, the employee should have the following practical guideline.

- 1) The employee should work with honest, effort and diligence, and improve more work efficiency for self and the Company's benefit.
- 2) The employee should strictly behave and comply with work rules and regulations of the Company.

- 3) The employee should respect and listen to the superior who rightfully commands according to policy and rules and regulations of the Company.
- 4) The employee should be mutually united and generous to mutually assist without cause of conflict, leading to damage to other person and the Company.
- 5) The employee should mutually respect the right and honor, and avoid disclosure or criticism of other person's information or story both in the matter related to working and personal matter in the way that will cause damage to the employee and the Company.
- 6) The employee should avoid receiving any gift that may make him or her discomfort in future function. If it is unavoidable, the said employee should notify his or her superior for immediate acknowledgment.
- 7) The employee should not use position or job benefit to exploit self or his or her friend's benefit, or do business to compete with the Company.
- 8) The employee should treat his or her employee and business partner with honesty and equality.
- 9) The employee should strictly keep the secret of the customer, business partner and organization.
- 10) The employee should report the superior for acknowledgment of the issue without delay when the acknowledged issue may affect the Company's operation or reputation.
- 11) The employee should maintain the privileges and assets of the Company to be in good condition for full and saving utilization without waste, loss, damage or decay prior to reasonable time.

Penalty

In the event that the management and employees behave oneself in the way that causes conflict of interests with the Company, the Company's organization structure and work rules and regulations shall be considered. Each work section shall primarily consider and summarize and forward the issue to the top superior and relevant line accordingly to make decision and further specify punishment as appropriate. If the occurred conflict of interests is severe and causes huge damage, and it may not be in diagnosis of the original affiliation, the issue shall be raised to the Company's management for consideration on finding summary and imposing the punishment accordingly.

Penalty Provision

- 1) Verbal Warning
- 2) Written Warning
- 3) Wage Reduction
- 4) Job Suspension
- 5) Dismissal without compensation payment under Labor Protection Law.
- 6) Legal Proceedings

Section 4 Disclosure and Transparency

The Company determines that the duty of the Board of Directors is to disclose complete, adequate, reliable, and timely information data both being financial information and other information for equal acquisition of information by the Company's shareholders, and to carefully, obviously, concisely, understandably and transparently prepare. Both positive and negative information shall be regularly disclosed under carefulness of non-confusion on fact.

The Board of Directors aims for supervision on strict compliance with laws, regulations and rules related to disclosure and transparency, publication of data in the Company's website both in Thai and English language via the publicity channels of mass media and publicity media of the Stock Exchange of Thailand, for thorough acknowledgment of the shareholders and other related persons on the Company's data. It shall also update and revise those data to be consistent with the guideline promulgated for enforcement by the Stock Exchange of Thailand and Office of the Securities and Exchange Commission.

The Company shall arrange Investor Relations officer to perform the duty in communication with the investors or shareholders as well as institutional investor and minor shareholder, and regularly hold the meeting for analysis on overall operation and publicize the organizational data both of financial data and general data to the shareholders and security analyst. The Company shall rate reliability and the relevant government agencies via various channels such as reporting to Stock Exchange of Thailand, Office of the Securities and Exchange Commission, and the Company's website. The Company shall also emphasize on regular disclosure of the data both in Thai and English language for the shareholder's regular acknowledgement of news information via the channel of the Company's website. The data appeared on website whether being vision, mission, financial statements, public relations news, annual report, structure of the Company and executive, shareholding and major shareholder structure, shall be always updated.

In addition, the Company also gives precedence to financial report to indicate actual financial status and turnover of the Company based on the accurate, complete and adequate accounting data according to Generally Accepted Accounting Principles. The Company shall disclose the data about each director and roles and duties of the Board of Directors and sub-committees of the Company in Annual Report of the Company (Form 56-2), and Annual Registration Statement (Form 56-1), and shall disclose remuneration of the director and chief executive in Annual Report of the Company (and Annual Registration Statement).

Section 5 Responsibilities of the Board

1. Element of the Board of Directors

The Board of Directors shall consist of the following element.

1. According to the Company's Articles of Association, the Board of Directors shall consist of at least five members and not less than half of number of total directors shall have domiciles in the kingdom of Thailand. The directors shall be qualified as prescribed by laws, and may be the Company's shareholders or may not.
2. The Board of Directors consists of the executive director, non-executive director and independent director. There shall be at least one-third of independent directors and not less than three persons. The qualification of the independent director is in line with what is prescribed by the Stock Exchange of Thailand.
3. The Board of Directors shall select one director from non-executive director as the Chairman of the Board.
4. The Board of Directors shall select one person to perform the duty as the Secretary of the Board of Directors. The Secretary of the Board of Directors may be the director or may not.
5. The Board of Directors shall select one person to perform the duty as the Company Secretary.

2. Nomination and Remuneration Committee

Apart from establishment of the Audit Committee according to the requirement of the Stock Exchange, the Board of Directors shall consider the establishment of Nomination and Remuneration Committee for good corporate governance under below elements.

1. It shall consist of at least three (3) committee members and not less than three (3) persons. Most of the Committee should consist of independent directors and non-executive directors.
2. The Board of Directors shall appoint the independent directors as the member of the Nomination and Remuneration Committee as the Chairman of the Nomination and Remuneration Committee.

The Nomination and Remuneration Committee shall define number of meeting attendances as appropriate for function as entrusted, but not less than once a year. Its duty is to regularly report functional result to the Board of Directors. The significant issue and resolution of the Board of Directors' Meeting may be reported for acknowledgement every time of the Nomination and Remuneration Committee's Meeting. The functional result in previous year shall be reported in the Company's Annual Report and in the Shareholders' Meeting.

3. Roles, Duties and Responsibilities of the Board

1. The duties and responsibilities of the Board of Directors cover the following issues.
 - a) Consideration and consent on the important issue about the Company's operation such as vision and mission, strategy, financial target, risk, plan and budget, etc.
 - b) Monitoring and supervision for effective and efficient operation by the Management according to the prescribed policy and plan
 - c) Internal control, risk management and mechanism of complaint issue receiving, and action in event of whistleblowing
 - d) Supervision on long-term continuous business operation as well as employee development plan and executive succession plan
2. The Board of Directors has formulated the policy for good corporate governance of the Company in writing upon consent on the said policy by the Board of Directors' Meeting No. 1/2015 on 26 January 2015. The Board of Directors shall regularly review the policy and compliance with the said policy at least once a year.
3. The Board of Directors encourages every director, executive and employee to understand the ethical standard applied by the Company in business operation. The Company has prepared written code of business conduct and monitored the serious compliance with the said code of business conduct, and also formulated the corporate governance policy of the Company.
4. The duties of the Board of Directors are to carefully consider the conflict of interests and prepare the policy for conflict of interests under the guideline for consideration on performing the transaction that may have clear conflict of interests for main benefit of the Company and shareholders on the whole. The stakeholders shall not participate in decision making. The duty of the Board of Directors is to govern the compliance with the requirement related to the procedure for operation and disclosure of proper and complete information of the transaction which may have conflict of interests.
5. The direct duty and responsibility of the Board of Directors is to establish and maintain internal control system and regularly review the efficiency of internal control system to protect the shareholder's investment fund and the Company's assets. Internal control shall cover financial control, operation, governance on working according to the relevant laws and rules and risk management. The purpose of the internal control system established by the Company is to help the Company reasonably ensure that it can achieve setting objective and goal in the issue of proper and reliable data system and financial report.

6. The Board of Directors has formulated the policy for systematic companywide risk management. The Risk Management Committee has been established to perform the duties in preparing policy, systemizing, assessing risks which are caused from external factors, management and internal working, and determining guideline for risk management to be in acceptable level. There shall be communication, and workshop training and seminar organizing for the employees so that they can be aware of the significance of risk management and risk management process of the Company.

4. The Board of Directors' Meeting

The Company has formulated the Criteria of the Board of Directors' Meeting as follows.

1. The Board of Directors shall hold the meeting for acknowledgement of the Company's operating result at least every three (3) months. In the meeting, the directors shall freely express their opinions and exercise their discretion and should attend the meeting every time. Apart from force majeure, they shall notify the Secretary of the Board of Directors in advance. The Company shall report number of meeting attendances of the directors in Annual Report. In each time of the Board of Directors' Meeting, the Secretary of the Board shall deliver Meeting Invitation Letter to every director for prior-acknowledgement of every director on meeting date, time and place at least seven (7) days in advance; and gather the meeting documentation from the directors and the management for delivery to the Board in advance. The said documents shall provide adequate information for decision making and exercise of independent discretion of the Board. The Secretary of the Board shall record the issues in the meeting to complete the preparation as the minutes of meeting that shall consist of the complete essence within 15 days from the completion of meeting date in order to propose for signing by the Chairman of the Board of the Directors. The good storage system shall be prepared to be convenient for effective search and confidentiality.
2. The director with stake in any issue is entitled to vote to resolve the said issue.
3. In voting in the Board of Directors' Meeting, the opinion of the majority shall be mainly considered. In the event of equal votes, the Chairman of the Meeting shall vote an additional vote as casting vote. However, the opinion of other directors who do not resolve for agreement shall be specified in the minutes of the meeting.

In the Board of Directors' Meeting No. 7/2016 on 29 November 2016, timetable of Annual Meeting of the Board of Directors for 2016 has been scheduled in advance. The defined meeting agenda shall be always notified to the Board of Directors for acknowledgement.

5. Remuneration

The Board of Directors has resolved to appoint the Nomination and Remuneration Committee to perform the duties in selection of qualified person to hold the director and chief executive positions and consider the payment form and criteria for the remuneration of the director and chief executive as follows.

1. Consider the payment criteria for remuneration of the director and chief executive to be appropriate under review on the appropriateness of the currently applied criteria in comparison with the available information of remuneration payment of other companies in the same industry of the Company; and determine the appropriate criteria for creation of the achievement as expected to be fair as compensation of the person who helps the Company's work to be successful.
2. Review the payment form for every type of remuneration such as fixed remuneration, overall operation-based remuneration and meeting allowance, under consideration on practical guideline

currently applied by the same industry, turnover and business size of the Company and responsibility, knowledge, competency and experience of the director and chief executive required by the Company.

3. Consider the criteria for assessment of the performance of the managing director, line executive director, and chief executive as entrusted by the Board of Directors.
4. Determine annual remuneration of the director, managing director, line executive director and chief executive according to the payment criteria already considered and proposed to the Board of Directors for approval on the remuneration of the managing director, line executive director and chief executive. In part of the director, the Board of Directors shall propose for resolution of the Shareholders' Meeting.
5. Consider the appropriateness and give consent in the event of new security offering for sale to the director and employee adhering to the principle of fairness to shareholder and creation of motivation to the director and employee for function in long-term value addition for shareholder and ability to actually retain quality personnel.
6. Development of Director and Executive

For increase in working efficiency of various sets of committees, the Company supports the Board of Directors and chief executives to always participate in seminar in the course useful for function, and meet and exchange the opinion with the Board of Directors and chief executives of the organizations whether it is the course arranged by the work unit that supervises the training of the Company's employees and the course arranged by the government supervisory authority or independent organization such as director course of Thai Institute of Directors at Office of the Securities and Exchange Commission. The director of the listed company shall determine to be trained for at least one course such as Directors Certification Program (DCP), Directors Accreditation Program (DAP), and Audit Committee Program (ACP), so as to apply knowledge and experience for the Company's development accordingly.

9.2 Structure of the Board/Committee of the Company

The structure of the Board/Committee of the Company consists of the Board of Directors and total of three sets of sub-committees such as Audit Committee, Nomination and Remuneration Committee, Executive Board and Risk Management Committee. The Board of Directors' Meeting No. 1/2015 on 26 January 2015 resolved to define the scope of duties as follows.

9.2.1 Board of Directors

Scope of Authority of the Board of Directors

The scope of duties and responsibilities of the Board of Directors is as follows.

1. Function according to laws, objectives and articles of association of the Company, as well as resolution of the Shareholders' Meeting.
2. Consider the approval on appointment of the qualified person without prohibited characteristic as prescribed in Public Limited Companies Act B.E. 2535 (1992), and Securities and Exchange Law as well as announcements, regulations and/or rules related to the director position in the event that the director position is vacant due to other reason apart from retirement by rotation.
3. Consider the appointment of the Executive Board by selecting from the Company's director and define the scope of authorities and responsibilities of the executive director.

4. Consider the appointment of the independent director and audit committee member under consideration from qualification and prohibited characteristic of the independent director and audit committee member according to Securities and Exchange Law as well as announcement, regulations and/or rules related to the Stock Exchange, or propose to the Shareholders' Meeting for consideration on the appointment to be the independent director and audit committee member of the Company accordingly.
5. Consider determination and revision of the name of the authorized director in binding the Company.
6. Appoint any other person to operate the Company's business under control of the Board or may authorize the said person to have power and/or within the time deemed as appropriate by the Board. The Board is able to cancel, revoke, alter or revise that power.
7. Consider the approval on performing the acquisition or disposal transaction of the Company's asset unless in the event that the said transaction must be approved by the Shareholders' Meeting. In considering the said approval, it shall be according to the relevant announcements, regulations and/or rules of the Stock Exchange.
8. Consider the approval on performing the connected transactions unless in the event that the said transaction must be approved from the Shareholders' Meeting. In considering the said approval, it shall be according to the relevant announcements, regulations and/or rules of the Stock Exchange.
9. Consider the approval on interim dividend payment to the shareholders when it is deemed that the Company is reasonably profitable to do so, and report such dividend payment to the Shareholders' Meeting for acknowledgement in the following Shareholders' Meeting.
10. Have duty to define vision, policy and direction of the Company's operation, business strategy and annual budget; and control the Management to effectively and efficiently implement according to the formulated policy for maximum economic value addition to shareholders and sustainable growth.
11. Regularly responsible for shareholders, operate by maintaining the shareholders' benefit, and properly and completely disclose the standard and transparent material information to shareholders.
12. Assess the performance and determine remuneration of the director and chief executive.
13. Govern the Management to have appropriate and effective risk management system.
14. Consider and make decision on the material issues such as business policy and plan, large scale investment project, managerial power, acquisition or disposal of asset and any other transaction prescribed by law.
15. Determine power and approval level of transaction performing and execution related to the Company's works for the team or person as appropriate according to the relevant legal provisions, and prepare into Operating Power Manual and review at least once a year.
16. Arrange the reliable accounting system, and financial and accounting audit reporting, and supervise to have internal control appropriateness assessment process.
17. Give consent in proposing the appointment of the auditor and consider annual audit fee to propose to the shareholders for consideration and approval on the appointment.
18. Report the Board's responsibilities in preparing financial report for presentation together with the Auditor's Report in Annual Report, covering the important issues according to the policy of good practice for the directors of the listed companies of the Stock Exchange of Thailand.

19. Govern the function of sub-committees as prescribed by the Charter.
20. The Board shall perform self-assessment and overall performance assessment.

9.2.2 Audit Committee

Scope of Authorities of the Audit Committee

The scope of authorities and responsibilities of the Audit Committee is as follows.

1. Review the financial report to ensure that it is accurate and reliable, and disclose adequate information by coordinating with the external auditor and executive who is responsible for preparation of both quarterly and annually financial reports.
2. Review the Company to have appropriate and efficient internal control system and internal audit system, and consider independency of the internal audit unit as well as give consent in consideration the appointment, removal and dismissal of the Head of Internal Audit Unit or any other unit which is responsible for internal audit and may suggest to review or audit any transaction deemed as necessary and important, and suggest about the significant and necessary improvement of internal control system to propose to the Board of Directors under mutual review with the external auditor and the Manager of Internal Work System Audit Department.
3. Review the compliance with Securities and Exchange Law or requirement of the Stock Exchange, other policies, rules and regulations and laws related to the Company's business operation.
4. Consider the election and propose the appointment of the independent person to perform the auditor's duty, as well as consider the proposal of remuneration of the Company's auditor to the Board of Directors. The Audit Committee shall attend the meeting with the auditor without meeting attendance by the Management at least once a year. ၁
5. Review internal audit plan of the Company according to the generally accepted method and standard.
6. Consider connected transaction or transaction that may have conflict of interests according to laws and requirements of the Stock Exchange, as well as proper and complete disclosure of the Company's information in the said issue in order to ensure that the said transaction is reasonable and maximally useful for the Company.
7. Review the Company to have appropriate and effective risk management system.
8. Report the performance of the Audit Committee to the Board of Directors for acknowledgement at least once four times a year.
9. Prepare the Audit Committee's Report by disclosing in Annual Report of the Company. The said report shall be affixed by the Chairman of the Audit Committee and shall at least contain the following information.
 - (1) Opinion on accuracy, completeness and reliability of the Company's financial report
 - (2) Opinion on adequacy of the Company's internal control system
 - (3) Opinion on compliance with Securities and Exchange Law, requirement of the Stock Exchange, or laws related to the Company's business.
 - (4) Opinion on the appropriateness of the auditor.

- (5) Opinion on the connected transaction or transaction that may have conflict of interests.
 - (6) Number of the Audit Committee Meetings and Meeting Attendances of each committee member.
 - (7) Overall opinion or observation acquired by the Audit Committee from function according to Charter.
 - (8) Other transaction which is deemed that the shareholder and general investor should acknowledge under the scope of duties and responsibilities entrusted by the Board of Directors.
10. Mutually give opinion on considering appointment, removal and assessment of the performance of Internal Audit Unit's officers.
 11. In function based on the scope of duties, the Audit Committee shall have power to invite the Management and executives or the Company's related staffs to attend the meeting or deliver documents deemed to be related or necessary.
 12. Have power to hire consultant or outsider according to the Company's rule to advise or give counsel in the necessary event.
 13. The Audit Committee shall assess the performance by self-assessment and report assessment result as well as problem and obstacle in function that may cause function not attain the objective of establishment of the Audit Committee for acknowledgement of the Board of Directors every year.
 14. Consider review and update of the Charter of the Audit Committee at least once a year.
 15. Perform other tasks as entrusted by the Board of Directors within the scope of duties and responsibilities of the Audit Committee.

9.2.3 Nomination and Remuneration Committee

Scope of Authorities of the Nomination and Remuneration Committee

The scope of authorizes and responsibilities of the Nomination and Remuneration Committee is as follows.

• Nomination

1. Determine the nomination method for qualified person to hold the director office to be proper for the corporate nature and business operation under determination of qualification and knowledge and skill in each area required to be available.
2. Nominate the director when the term is reached and required for nomination of the director to the Board of Directors for consideration. The nomination may be considered from the existing director to further hold the office or the nomination may be opened from the shareholder or outsource of the external company to help in nomination or consideration on the person from professional director directory, or nomination of the qualified person by each director, etc.
3. Consider name list of the nominated and elected persons who are qualified in consistency with the determined criteria and qualification.
4. Verify whether the nominated person is qualified according to laws and requirements of the relevant agencies.
5. Approach the qualified person in consistency with the determined criteria and qualification to ensure that such person is glad to assume the office of the Company's director if he or she is appointed by the shareholder.

6. Nominate the name for the Board's consideration and filling the name in the Shareholders' Meeting Appointment Letter for consider and appointment by the Shareholders' Meeting.
7. Consider nominate the Chief Executive Officer and Managing Director as entrusted by the Board of Directors.

• **Determination of Remuneration**

1. Consider the payment criteria for remuneration of the director, Chief Executive Officer, and Managing Director for appropriateness under review on the appropriateness of the currently applied criteria in comparison with the remuneration payment information of other companies in the same industry of the Company; and determine the appropriate criteria for creation of achievement as expected for fairness and return to the person who helps in working for the Company's success.
2. Review the payment form for every type of remuneration such as fixed remuneration, overall operation-based remuneration and meeting allowance under concern on practical guideline currently applied by the same industry, turnover and business size of the Company and responsibility, knowledge, competency and experience of the director, Chief Executive Officer, and Managing Director required by the Company.
3. Consider the performance assessment criteria for the Chief Executive Officer and Managing Director as entrusted by the Board of Directors.
4. Determine annual remuneration of the director, Chief Executive Officer and Managing Director according to the payment criteria considered and proposed to the Board of Directors for approval on remuneration of the Chief Executive Officer and Managing Director. In part of director, the Board of Directors shall propose for approval of the Shareholders' Meeting.
5. Consider the appropriateness and give consent in the event of new security offering for sale to the directors and staffs, adhering to the principle of fairness to shareholder and creation of motivation to director and staff to function for long-term value addition to shareholders and ability to actually retain the quality personnel.

9.2.4 Executive Board

Scope of Authorities of the Executive Board

The scope of authorizes and responsibilities of the Executive Board is as follows.

1. The Executive Board shall be appointed from the Board of Directors, and consist of the executive directors and executive staffs for not less than five persons in total as the Executive Board.
2. Perform the duties in controlling the Company's management according to the policy formulated by the Board of Directors and report the overall operation to the Board of Directors. In carrying out the Executive Board's Meeting, the members for not less half of the executive directors shall attend the meeting. There shall be majority votes from the Executive Board's Meeting in resolution and the said counted votes shall be at least half of total votes of the Executive Board.
3. Properly consider the determination of power and approval level of each person to be appropriate and separate duty that may support corruption out, as well as determination of procedure and method of transaction performing with the major shareholder, executive director or related person of the said person to prevent transfer of benefit and propose to the Board of Directors for approval on the principle, and control the observance of the approved principle and requirement.

4. Consider annual budget and procedure of budget spending to propose to the Board of Directors, and control and supervise spending based on budget approved by the Board of Directors.
5. Consider improvement of the Company's business operation plan to be appropriate for the Company's benefit.
6. Consider approval on investment and determination of investment budget according to the power in Operating Power Manual.
7. Consider entering the contracts that bind the Company according to power in Operating Power Manual.
8. Take responsibility for having the adequate important information of the Company for use as support in decision making of the Board of Directors and shareholder, and prepare reliable financial report according to good and transparent standard.
9. Consider profit and loss of the Company and propose to pay annual dividend to the Board of Directors.
10. Consider new business operation or business winding up and propose to the Board of Directors.
11. Govern to determine the procedure for the operator to report abnormal circumstance or legal offence to the Executive Board without delay. In the event that such circumstance has material impact, the Board of Directors shall be reported for acknowledgement to consider the correction within appropriate period.
12. Perform any acts to support the aforesaid operation or according to the opinion of the Board of Directors or as authorized by the Board of Directors.
13. The execution of any issue which is proposed to the Executive Board's Meeting and resolved and/or approved by the Executive Board's Meeting shall be reported to the Board of Directors for acknowledgement in the following Board of Directors' Meeting.
14. The executive director is unable to approve the transaction that he or she or the person who may have conflict of interests has stake or may have conflict of interests in other nature with the Company or its subsidiary.

9.2.5 Risk Management Committee

Scope of Authorities of the Risk Management Committee

The scope of authorities and responsibilities of the Risk Management Committee is as follows.

1. Determine risk management policy and structure to propose to the Executive Board to be consistent and according to the risk management guideline of the Stock Exchange of Thailand and the Institute of Internal Auditors of Thailand.
2. Set strategy to be consistent with risk management policy so that each type of risk can be assessed, monitored and controlled to be in acceptable level under participation of work units in risk management and control.
3. Assess corporate level risks and define method of risk management to be in acceptable level, and supervise and control risk management according to the determined method.
4. Review risk management policy and improve it to be adequately effective and efficient for risk control.

5. Have power to call the related person to clarify or appoint and determine roles for every level of the operator to have duty in managing risk as appropriate and report to Risk Management Committee so that risk management can attain the objective.
6. Regularly report risk management result to the Executive Board and the Audit Committee in order to propose to the Board of Directors every quarter.
7. Prepare Risk Management Manual.
8. Specify various areas of risks and analyze and assess the contingent risk and trend that affects the Company.
9. Prepare work plan for risk prevention and abatement.
10. Assess and prepare risk management report.
11. Systemize integrated risk management system by linking with information system.
12. Perform other works as deemed as appropriate by the Board of Directors.

9.2.6 Managing Director

Scope of Authorities of the Managing Director

The scope of authorities and responsibilities of the Managing Director is as follows.

1. Control business operation, plan operating strategy and daily manage the Company.
2. Make decision in the important issue of the Company, define mission, objective, guideline and policy of the Company as well as line management control.
3. Be the powerful person in command, contact, order and affix the signature in the juristic act, contract, order document and any notice as defined in Operating Power Manual.
4. Have power to employ, appoint and remove the person as deemed as proper, as well as define scope of appropriate authorities and return, and have power to discharge and dismiss as appropriate for every level of staffs as defined in Operating Power Manual.
5. Have power to determine trade condition for the Company's benefit.
6. Consider investing in new business or business winding up, and propose to the Executive Board and/or the Board of Directors.
7. Approve and appoint the consultants in various areas as necessary for operation.
8. Perform any acts as entrusted by the Executive Board and/or the Board of Directors.

The delegation of duties and responsibilities of the said managing director shall not have the nature of authorization or sub-authorization that makes the managing director and/or the authorized person from the managing director can approve the transaction that he or she or the person with conflict of interest (as defined in the Announcement of the Securities and Exchange Commission or Announcement of Capital Market Supervisory Board) may have stake or may gain benefit in any nature or may have any other conflict of interests with the Company or its subsidiary except it is the approval of the transaction according to normal business and condition of normal business.

9.2.7 Approval Power for Significant Transactions

(Unit: Baht)

Position	Purchase of Asset for Sales	Investment in New Branch	Purchase of Fixed Asset	Office Purchase-Procurement	Other Expenses
Managing Director	Not exceeding 15,000,000	-	Not exceeding 2,000,000	Not exceeding 2,000,000	Not exceeding 2,000,000
Executive Board	Not exceeding 20,000,000	Not exceeding 50,000,000	Not exceeding 5,000,000	Not exceeding 5,000,000	Not exceeding 5,000,000
Board of Directors	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited

Remark:

1. Approval power for such transaction is the approval on the request for use of budget per time.
2. The authorized approver of such transaction is unable to approve his or her stakeholding transaction.
3. The approval on every transaction shall be the spending of money in the Company's business operation and under the normal position-based responsibility and observance according to the relevant rules.
4. Transactions with the person who may have conflict of interests shall be performed according to the procedure of the Stock Exchange of Thailand and Office of the Securities and Exchange Commission, as well as other relevant laws.

9.3 Nomination and Appointment of Director and Chief Executive

9.3.1 Nomination of Independent Director

In selection of the person who assumes the independent director office, the Nomination and Remuneration Committee shall mutually consider and determine the criteria and policy for consideration on nomination of the person who assumes the independent director office by considering from the qualification pursuant to Public Limited Companies Act B.E. 2535 (1992), Securities and Exchange Law, Announcement of the Securities and Exchange Commission, Announcement of the Capital Market Supervisory Board, as well as other relevant announcements, regulations, and/or rules and regulations. However, the Company's policy is to appoint the independent directors for at least one-third (1/3) of total number of directors and not less than 3 persons.

Qualification of Independent Director

The Board of Directors determines the qualification of the independent director according to the requirement of the Stock Exchange of Thailand as follows.

1. Hold shares for not more than one (1) percent of total number of shares with voting rights of the Company, holding company, subsidiary, associated company, major shareholder, or regulator of the Company. The shareholding of the related person of the said independent director shall be also counted.
2. Never or ever been the director who participates in the management, employee, staff, consultant who earns fixed salary, or the regulator of the Company, holding company, subsidiary, associated company, subsidiary in the same sequence, major shareholder or of the regulator of the Company, unless it is free from such nature for not less than two (2) years prior to submission date of the permission application to the Office of the Securities and Exchange Commission. However, such prohibited nature

excludes the event that the independent director has ever been the government officer or consultant of the administrative agency which is the major shareholder or regulator of the Company.

3. Not be the person having relationship by blood or by legal registration in the nature of being parent, spouse, brother and sister and child as well as spouse of the child of the executive, major shareholder, regulator, or person who is nominated to be the executive or regulator of the Company or its subsidiary.
4. Never or ever had the business relationship with the Company, holding company, subsidiary, associated company, major shareholder, or regulator of the company in the nature that may obstruct the exercise of his or her independent discretion; and also never or ever been the significant shareholder or regulator of the person having business relationship with the Company, holding company, subsidiary, associated company, major shareholder, or regulator of the Company, unless such nature is free for not less than two (2) years prior to appointment to assume the independent director office.
5. Never or ever been the auditor of the Company, holding company, subsidiary, associated company, major shareholder or regulator of the Company; and not be the significant shareholder, regulator or partner of the audit firm where the auditor of the Company, holding company, subsidiary, associated company, major shareholder or regulator of the Company, is the member, unless the said auditor is free from such nature for not less than two (2) years prior to appointment to assume the independent director office.
6. Never or ever been any provider of professional service, legal consulting or financial consulting service, who is paid for service charge exceeding two million Baht per year from the Company, holding company, subsidiary, associated company, major shareholder or regulator of the Company; and not be the significant shareholder, regulator or shareholder of the said professional service provider, unless the said service provider is free from such nature for not less than two (2) years prior to appointed date to assume the independent director office.
7. Not be the appointed director as the representative of the Company's director, shareholder, major shareholder or shareholder who is the related person of the major shareholder.
8. Not engage in the business that has the same condition and significantly compete with the business of the Company or its subsidiary; or not be the director who participates in management, employee, staff, consultant who earns fixed salary or holds shares of other company for more than one (1) percent of total shares with voting rights that engages in the same condition of the business as the significant competition with the business of the Company or its subsidiary.
9. Not possess any other characteristic that causes inability to express independent opinion about the Company's operation.

9.3.2 Nomination of the Board of Directors

In selection of the person who will assume the Company's director position, the Nomination and Remuneration Committee shall mutually determine criteria and policy for consideration on nomination of the Company's director to propose to the Board and/or the Shareholders' Meeting. However, the person who is appointed to hold the director position shall have complete qualification according to Public Limited Companies Act B.E. 2535 (1992), Securities and Exchange Law, Announcement of the Securities and Exchange Commission, Announcement of the Capital Market Supervisory Board, as well as the relevant announcements, regulations and/or other rules and regulations. The Company's Articles of Association determines that the Board of Directors shall consist of at least five members and the directors for not less half of total number of directors shall have their domiciles in the Kingdom. The

Shareholders' Meeting shall elect the directors under below criteria.

1. A shareholder shall have one vote per one share.
2. In election of the director, voting method may be used to elect an individual director per time or several directors per time as deemed as appropriate by the Shareholders' Meeting. However, in each time of resolution, the shareholders shall vote with all votes available in Clause 1 whereas more or less votes are unable to be shared to anyone. Thus, the shareholder is unable to share his or her votes in election of the director to anyone more or less pursuant to Section 70 paragraph one of Public Limited Companies Act (NON-CUMULATIVE VOTING only).

The persons who earn highest votes in order shall be elected as the directors equaling to the number of directors that should have or should be elected in that time. In the event that the elected person in the following order has equal vote more than number of directors that should have or should be elected in that time so that the Chairman of the Meeting shall perform vote casting.

3. The office term for the directors of the Company with duty in managing the Company's business operation shall be according to the Company's Articles of Association. It is to say that in every Annual General Meeting of Shareholders, one-third (1/3) directors of the current number of directors shall vacate from the office. If the number of directors is unable to be divided into three portions, they shall vacate in the number nearest to one-third (1/3) portion. The retired director may be selected to resume the office again. The Committee in specific issue, such as the Audit Committee and Nomination and Remuneration Committee, shall have the office term for three (3) years per term. One (1) year herein means the period of time between the date of the General Meeting of the Shareholders in the appointed year until the date of the General Meeting of the Shareholders in the following year. The director who is retired by rotation is able to be nominated and appointed to resume the office.
4. Apart from retirement by rotation, the director shall vacate his or her office upon:
 - (a) Death;
 - (b) Resignation;
 - (c) Disqualification or possession of the prohibited characteristic according to Public Limited Companies Law or Securities and Exchange Law;
 - (d) Resolution of the Shareholders' Meeting for resignation prior to retirement by rotation with votes for not less than one-third (3/4) of number of shareholders who attend the meeting with voting rights. Total shares are counted to be not less than half of the number of shares held by the shareholders who attend the meeting with voting rights.
 - (d) Order of the Court for retirement
5. Any director who resigns from the office shall submit resignation form to the Company. The said resignation shall be effective from resignation date to the Company. The resigned director in the content of the first paragraph may also notify his or her resignation to the registrar for acknowledgement.
6. In the event that the director position is vacant due to other reason apart from retirement by rotation, the Board shall select the qualified person without prohibited characteristic according to Public Limited Companies Law or Securities and Exchange Law, to assume as the director in replacement in the following Board of Director's Meeting except the remaining term of the replaced director is less than two (2) months. The person who assumes as the director in replacement of the said director shall be in the director office for just equaling to the remaining term of the replaced director. The resolution of the Board of Directors according to the content in the first paragraph shall consist of votes for not

less than one-fourth (3/4) of the remaining number of directors.

7. The Board of Director shall give consent for the director of the Company who will assume the director position in other company.

9.4 Self-Assessment of the Directors and the Sub-Committee Members

The Company gives precedence to performance assessment of the Board of Directors, and Sub-Committees under the objective of utilization of the assessment result in the functional improvement of the Board of Director and the Sub-Committees in various areas. In the meeting, the directors and the sub-committee members shall assess the performance of the Board/Sub-Committee in the previous year. The performance of the Board of Directors and the Sub-Committees for 2016 was assessed on 21 February 2017 using assessment form according to the sample issued by Capital Market Governance Development Division, Stock Exchange of Thailand, under below procedure and detail.

Self-Assessment of the Board of Directors

- 1) The Company Secretary hands out assessment form to the Board using self-assessment form of the individual Board (abbreviated form).
- 2) The Board shall perform self-assessment in received assessment form which is divided into the following topics.
 - The structure and qualification of the Board in the following issues shall be appropriate for effective working of the Board.
 - The Board of Directors' Meeting executes the following issues for the Board's effective function in the meeting.
 - The consideration, review and compliance with the following issues are emphasized in sufficient time spending in roles, duties and responsibilities of the sub-committee.
 - Other issues
- 3) The Company Secretary gathers and summarizes assessment result.

Self-Assessment of the Sub-Committee

- 1) The Company Secretary hands out assessment form to the sub-committee using self-assessment form of the individual sub-committee.
- 2) The Audit Committee, the Nomination and Remuneration Committee, and the Risk Management Committee perform self-assessment in the received assessment form which is divided into the following topics.
 - Structure and qualification of the committee members in the following issues shall be appropriate for effective working of the committee members.
 - The Sub-Committee's Meeting shall be carried out in the following issues for effective function of the committee members in the meeting.
 - The consideration, review and compliance with the following issues are emphasized in sufficient time spending in roles, duties and responsibilities of the sub-committee.
- 3) Company Secretary gathers and summarizes assessment result.

9.5 Governance on the Sub-Committee's Operation

The Company has formulated the management structure of its subsidiary so that it can control and supervise the management and take responsibility of the operation of its subsidiary as if it is a work unit of the Company. In addition, it also monitors the management of its subsidiary to retain the benefit of the Company's investment fund under below details.

1. The Company delivers the person with knowledge and competency in the field or profession related to its subsidiary to assume the director or executive position in the proportion of the Company's shareholding in its subsidiary. The delivery of the said person to assume the director or executive position of its subsidiary shall be resolved for consent from the Board of Directors' Meeting.

Moreover, the Company has clearly determined the scope of duties and responsibilities of the person whom is delivered by the Company to assume the director or executive position in its subsidiary.

2. The Company has clearly determined the framework of discretion power of the person whom is delivered to assume the director or executive position in its subsidiary. In voting of the said person in the Board of Directors' Meeting of its subsidiary in important issue, it shall be firstly given consent by the Board of Directors' Meeting.
3. The Company monitors and supervises its subsidiary to completely and properly disclose the information related to the financial position and overall operation, related transaction performing, and acquisition or disposal of the significant asset.
4. The Company monitors and supervises the director and executive of its subsidiary to practice according to duties and responsibilities prescribed by law.
5. The Company's mechanism for governance on performing the following transactions shall be firstly resolved from the Board of Directors' Meeting or the Shareholders' Meeting.
 - a) Performing transactions between its subsidiary and the connected person
 - b) Acquisition or disposal of the asset
 - c) Performing any other transaction of its subsidiary

9.6 Supervision on Use of Inside Information

The Company has formulated the policy for prevention on use of the inside information and governance of the director, executive and employee (including spouse and underage child) whom the following data of the Company are informed.

1. Educate the knowledge to the director, executive and holder of executive position in accounting or finance line who is in the level of division manager and over or equivalent, about the duties in preparing and submitting the report of security holding by oneself, spouse and underage child to the Office of the Securities and Exchange Commission pursuant to Section 59 and penalty pursuant to Section 275 of Securities and Exchange Act B.E. 2535 (1992).
2. Define the director, executive as well as holder of executive person, in accounting or finance line who is in the level of division manager and over or equivalent; always prepare and submit the report of security holding by oneself, spouse, and underage child through the Company Secretary prior to submission to the Office of the Securities and Exchange Commission, within thirty (30) days from the appointed date for holding the director and executive position; or report the change in security holding within three (3) working days from the date of purchase, sale, transfer or transfer acceptance for the said securities.

3. Determine that the director, executive and the holder of the executive position in accounting or finance line who is in the level of division manager and over or equivalent, and the relevant operator whom the inside information which is essential and affects the change of the security price is informed, shall suspend the trading of the Company's securities in the period of time before publicity of financial statements or publicity of financial position and status of the Company until the Company has already publicly disclosed those information. The Company will notify in writing the director and executive as well as the holder of executive level position in accounting or finance line which is the level of the manager and over or equivalent to suspend trading of the Company's securities at least thirty (30) days in advance prior to public disclosure of data and they should wait for at least twenty-four (24) hours after public disclosure of data. They are also prohibited not to disclose the material data to other person.
4. Define disciplinary penalty if violating to use inside information for exploitation of self-benefit. The disciplinary penalty is started from written warning, wage reduction, temporary job suspension without wage receiving or dismissal. The intent of act and gravity of the offence shall be considered in punishment.

9.7 Auditor's Remuneration

The Company paid auditing remuneration for financial statements for the accounting year period of 2014 – 2016 to ANS Audit Company Limited as follows.

Detail of Auditing Remuneration	2014	2015	2016
Remuneration (Baht)	1,200,000	1,295,000	1,365,000

Remark: Audit fee of the Company and its subsidiary

Other service charge : none

10. Social Responsibility

The Company gives precedence to good corporate governance according to the principle prescribed by St8. Social Responsibility

10.1 Social Responsibility Policy and Anti-Corruption Policy

The Company operates its business under awareness of responsibilities on society, environment and stakeholders from shareholder, customer, business partner, contractual party, employee and community. It also aims for development of stable and sustainable business growth. The Company has determined Corporate Social Responsibility (CSR) Policy, Anti-Corruption Policy, and Anti-corruption Guidance for participation by all of the management and employees in practice and responsibility according to the said policies to achieve business operation guideline with morals and principle of good corporate governance under guidance that covers the following topics.

Social Responsibility Policy

- 1) Engage the business with honesty and operate business with social responsibility in law and code of conduct, and aim for benefaction toward person, group of community, society and environment.
- 2) Fairly treat customers on the issue of products and services without discrimination.
- 3) Engage the business under standard operation system and good control by fully using knowledge and competency with carefulness and adequate information and evidence which is referable, and strictly observance according to relevant legal provisions and requirements.
- 4) Not to disclose the customer's information perceived by oneself due to business operation as the information which should be retained without disclosure unless it is the disclosure by legal duty.
- 5) Give the customer the opportunity to complain about incompleteness of product and service.
- 6) Disclose proper and complete news and information of product and service.
- 7) Fairly comply with agreements and conditions entered with the customer. If the agreement or condition is failed to comply, the customer shall be notified for acknowledgement to mutually find the solution.

Anti-Corruption Policy

The director, executive and employee of the Company shall not perform any act as claim or acceptance on every form of corruption either direct or indirect for benefit to oneself, family or acquaintance, or for business benefit. The compliance with this Anti-Corruption Policy, operating guidance and requirement shall be regularly reviewed to be consistent with the change in business, rule, regulation and requirement of law.

Anti-Corruption Guidance

- 1) The Company determines that every director, executive and employee shall carefully perform on the form of corruption as follows.

• Giving or Receiving Bribe

Prohibit giving or receiving every form of bribe either by oneself or entrusted other person to perform on behalf of oneself.

- **Giving or Receiving Gift, Entertainment and Other Benefits**

Manual of the Company's Code of Conduct shall be complied in giving or receiving gift, entertainment and other benefits from customer business partner or other related parties.

- **Donation for Charity, Public Benefit and Subsidy**

The Company shall determine the donation for charity, public benefit and subsidy as follows.

- a. Be transparent and lawful without conflict with morality and without public damage.
 - b. Comply with the procedure for donation transaction performing prescribed by the Company.
- 2) The Company aims for creation and maintenance of corporate culture in adhering that corruption is unacceptable thing whether the transaction performing with public sector and private sector.
 - 3) Every director, executive and employee shall not ignore or neglect upon detection of act within the scope of corruption related to the Company. They shall notify their superior or the person in charge for acknowledgement and collaborate in investigation of facts. The Company shall be fair and protect its employee who rejects the corruption or notifies clue of corruption related to the Company without punishment or adverse impact toward the employee who rejects corruption even though the said act may cause the Company lose the business opportunity.
 - 4) This Anti-Corruption Policy shall cover personnel management process from personnel selection, promotion, training and appraisal of the employee's performance. Every level of superior is defined to communicate and endeavor to grasp with the employees so that they can effectively comply with the said policy.

10.2 Operation

The Company shall perform according to the policy of the business operation overview with social responsibility as follows.

- 1) Policy-Based Operation

The Company aims at cultivating the employees to understand the corporate target and work with awareness on social responsibility. The Company shall communicate Corporate Social Responsibility Policy for understanding of every employee through personnel training and development plan of the Company so that every employee can properly observe in the same direction and also promote the employee to attend the training for enhancement of work skill and participate in activities for social and environmental benefit regularly.

10.3 Social and Environmental Benefit Activity (After Process)

The business operation together with participation in social and environmental care is a part of the Company's sustainable development target under awareness of benefit utilization for social return and requirement of cultivation for everyone in the organization to give precedence on the membership of the society. For this reason, the Company therefore has regularly organized project and activity for development of the community surrounding the organization every year. The details for the sample of the past utilization of social and environmental benefits have been as follows.

- The Company donated money for education to the educational establishment in total amount of 69,500 Baht.
- The Company donated money for charity in total amount of 101,000 Baht.

- The Company donated money for public benefit in the amount of 33,500 Baht.

10.4 Social Responsibility Impact from Business Operation

The Company has never been audited or accused from any agency for the negative social and environmental impact from the Company's business operation, or non-compliance with the social responsibility policy prescribed by the Company.

11. Internal Control and Risk Management

11.1 Opinion of the Board of Directors toward the Company's Internal Control

The Company realizes on the significance of the proper and effective internal control system management that will contribute to the transparent operation and prevention on use of the Company's inside information which has not yet been publicly disclosed in wrong way. The Audit Committee of the Company shall perform its duty is to review internal control system and internal audit system, and may suggest the review or audit of any transactions which are deemed as necessary or important, and also audit the operation of Divisions by coordinating with the auditor and the executive about review of the financial report for adequate and reliable information disclosure.

In the Board of Directors' Meeting No. 1/2017 on 21 February 2017, all of three audit committee members attended the Meeting. The Board of the Directors evaluated the internal control system by interview and inquiry of the information from the management and the related persons according to Evaluation Form for Internal Control System Adequacy of the Securities and Exchange Commission in all of five areas as follows.

1. Organizational Environment
2. Risk Assessment
3. Control of the Management's Operation
4. Information and Data Communication System
5. Reporting and Monitoring System

The Board of Directors remarked its opinion that the Company's internal control system has been appropriate and adequate for the Company's business operation. All of five parts of internal control system have been effective for prevention on transaction performing with the major shareholder, director, executive or related party of the said person. Moreover, the Company has arranged the adequate personnel for execution according to the Company's internal control system and for monitoring and supervising the operation of the Group of the Companies in order that the wrongful or powerless use of the assets of the Group of the Companies by the director or executive, as well as the transactions performing with the person with conflict of interest and the connected person are adequately prevented. In addition, for good checks and balances, the Company has hired IVL Audit Company Limited to perform reviewing and giving additional advices for more complete internal control systemization. The internal auditor shall continuously and regularly prepare quarterly internal control evaluation result report and propose to the Audit Committee's Meeting so that the Company can improve and develop the Company's internal control system, leading to Good Corporate Governance for the Company in long term.

11.2 Opinion of the Audit Committee toward the Company's Internal Control System

In consideration on Evaluation Form for the Company's Internal Control System Adequacy, all of three audit committee members of the Company attended the Meeting. The Audit Committee had comment indifferent from the opinion of the Board of Directors at all.

11.3. Details of Head of Internal Audit

The Company uses the outsource service, IVL Audit Company Limited (“IVL”) as the internal service providing company, and IVL has entrusted Miss Valdee Siboonrueang as the Head of Internal Audit. The details of the internal auditor have been as follows.

Name-Surname Position	Age (Years)	Educational Qualification/ Training History / Certificate	Shareholding Proportion in the Company (Percent)	Family Relationship between Director and Executive	Retroactive Work Experience			
					Period of Time	Position	Name of the Agency/Company	Type of Business
Miss Valdee Siboonrueang Head of Internal Audit Position: Audit Partner	51	Bachelor’s Degree, Faculty of Commerce and Accountancy, Chulalongkorn University Certified Public Accountant (CPA) Registration No. 3829 Director Accreditation Program (DAP) Course, Class 32/2005 Audit Committee Program (ACP) Course, Class 4/2005	None	None	2537 – Present	Managing Partner	IVL Audit Company Limited	Accounting Audit Service – Internal Audit
					2533 – 2537	Accounting and Finance Division Manager	Mandom Corporation (Thailand) Company Limited	Manufacture and Distributor of Cosmetics
					2529 - 2533	Audit Senior	Deloitte Touche Tohmatsu Jaiyos Company Limited	Accounting Audit Service

The Audit Committee considered the qualification of IVL Audit Company Limited and deemed that it has been appropriate and adequate for performing duty of the Company's internal auditor due to its interdependence and internal audit experiences for various companies in the Stock Exchange of Thailand.

12.Related Transactions

12.1 Person that may have conflict of interests and Nature of Relationship

The Company and its subsidiary performed related transactions with person/juristic person that may have conflict of interests in the year of 2016 and 2015 as follows.

Person / Juristic Person that may have conflict of interests	Nature of Relationship
Mr. Tawatchai Phutthipiriya (“Mr. Tawatchai”)	Director and Major Shareholder of the Company
Mrs. Amorn Phutthipiriya (“Mrs. Amorn”)	Director and Major Shareholder of the Company
Thanaphoom Land 2013 Company Limited (“Thanaphoom”) which engages in real estate procurement and development business.	Subsidiary of the Company

12.2 Details of Related Transactions

11.2.1 Details of the related transactions that the Company and its subsidiary entered to perform the transactions with person/juristic person that may have conflict of interests in the year of 2016 and 2015 have been as follows.

Person/Juristic Person that might have conflict of interests	Nature of Transactions	Transaction Value (Million Baht)		Necessity and Reasonability of the Transaction
		2016	2015	
Mr. Tawatchai Phutthipiriya	The Company has leased land and building for the location of Clock Tower Branch	0.90	0.90	Lease transaction of land and building for the location of Clock Tower Branch is 75,000 Baht per month. The said lease fee excludes water bill and electricity bill. The reference lease fee has been determined by independent appraiser upon consent from SEC.
Mrs. Amorn Phutthipiriya	The Company has leased land for the location of Wholesale Center of Den Ha Wholesale	0.41	0.40	Lease transaction of land for the location of Wholesale Center of Den Ha Wholesale is 33,000 Baht per month in January 2015 - October 2016, and 38,500 Baht/month in November 2016 – December 2016 due to increase in lease space in November 2016. The said lease excludes water bill and electricity bill. The reference lease fee has been determined by independent appraiser upon consent from SEC.

Person/Juristic Person that might have conflict of interests	Nature of Transactions	Transaction Value (Million Baht)		Necessity and Reasonability of the Transaction
		2016	2015	
	The Company has leased land and building for the location of Rop Wiang Distribution Center	0.77	0.77	Lease transaction of land and building for location of Rop Wiang Distribution Center is 64,000 Baht per month. The said lease fee excludes water bill and electricity bill. The reference lease fee has been determined by independent appraiser upon consent from SEC.
	The Company has leased land for the location of Warehouse 2.	0.17	0.17	Lease transaction of land for location of Warehouse 2 is 14,000 Baht per month. The said lease fee excludes water bill and electricity bill. The reference lease fee has been determined by independent appraiser upon consent from SEC.
	The Company has leased land for the location of Warehouse 3.	0.23	0.23	Lease transaction of land for location of Warehouse 3 is 18,800 Baht per month. The said lease fee excludes water bill and electricity bill. The reference lease fee has been determined by independent appraiser upon consent from SEC.
	The Company has leased land where is the location of Warehouse 4	0.12	0.12	Lease transaction of land for location of Warehouse 4 is 10,000 Baht. The said lease fee excludes water bill and electricity bill. The reference lease fee has been determined by independent appraiser upon consent from SEC.

12.2.2 Transactions of guarantee and mortgage between the Company and the person that may have conflict of interests as at 31 December 2016 could be summarized as follows.

Nature of Related Transactions	Detail of Credit Line	Loan Limit (Million Baht)	Necessity and Reasonability of the Transaction
The Group of the Companies has had credit lines with two financial institutions for use in business operation under collateral consisting of land and structure under the ownership of the director and major shareholder, and personal guarantee such as Mr. Tawatchai and Mrs. Amorn. The said guarantee has been in line with the condition prescribed by the financial institution whereas the full line of the financial institution has been guaranteed. Return has not been charged from all of the said guarantees at all.	Overdraft Limit	40.00	Guarantee of the credit line with financial institution that has supported credit for use in business operation of the Company according to the condition of the financial institution.
	Loan Contract	30.00	
	Promissory Note	35.00	
	Total	105.00	

12.3 Necessity and Reasonability of the Related Transactions

The Audit Committee's Meeting No. 1/2560 on 21 February 2016 considered the information of related transactions of the Company in the year of 2016 and 2015 accompanied with inquiry of information from the Management of the Company, as well as review of the information as specified in Notes to Financial Statements of the Company's auditor, and deemed that the Company's related transactions in the accounting year ended 31 December 2016 and 2015 were the reasonable transactions according to the general trade condition or according to the appropriate and fair condition in the same nature as the reasonable man should act with the general contractual party in the same situation with the trade bargaining power without influence of the status of the other contractual party as the person who may have conflict of interests (Arm's Length Basis) and without benefit transfer between the Company and the person or juristic person that may have conflict of interests.

12.4 Measure or Procedure of the Related Transaction Performing Approval

The Board of Director's Meeting No. 10/2014 on 3 December 2014 considered and approved the policy and procedure of the related transaction performing of the Company and the person or juristic person that may have conflict of interests for transparent transaction performing and benefit maintenance of the Company. The following could be summarized as follows.

12.4.1 Performing transaction which is the trade agreement with general trade condition

In performing normal business transactions and normal business supporting transactions such as lease of land and building, and public utility service acceptance, the general trade condition and fair price are comparable with performing the transaction between the Company and the general person or performing the transaction between the person that may have conflict of interests and the general person, or performing the transaction in the same nature as the nature of other entrepreneur in the business, the Management of the Company can usually execute under the principle considered and approved by the Board of Directors. The report of transaction performing report shall be prepared to quarterly propose in the Audit Committee's Meeting. The Company shall comply with Securities and Exchange Law and regulation, announcement, order or requirement of the Stock Exchange of Thailand, and also comply with the requirement of disclosure for the connected transaction performing information.

12.4.2 Performing transaction which is the trade agreement and is not the general trade condition

In performing transaction which is the trade transaction and is not the general trade condition, the Company determines that the Audit Committee shall consider and comment about the necessity in participating in performing transaction and price appropriateness of the said transaction before proposing to the Board of Directors and/or the Shareholders' Meeting as the case may be for further consideration and approval. In the event that the Audit Committee is not expert in considering the contingent related transaction, the Company shall assign the independent appraiser, independent specialist or the Company's auditor to comment about performing the said related transaction so that the Audit Committee can use it as decision making support, and to give opinion to the Board of Directors and/or the shareholders as the case may be for approval on the said transaction before entering to perform the transaction. However, the Company shall disclose related transactions in Notes to Financial Statements which are audited by the Company's auditor, Annual Registration Statement (Form 56-1), and Annual Report of the Company (Form 56-2) according to the Criteria and Law of Securities and Exchange. The consideration and approval on the said related transaction performing shall be complied with Securities and Exchange Law, regulation, announcement, order or requirement of the Stock Exchange of Thailand. The person who may have conflict of interests or gain and loss in performing related transaction has no right to vote for resolution in performing the said related transaction.

12.5 Policy or Trend of Future Related Transaction Performing

The Company has expected that related transactions will occur again in the future. These transactions have been audited and approved by the Board of Directors and/or the Audit Committee and/or the Shareholders' Meeting under below transactions.

Lease of land, and land and building from the group of major shareholders have been the normal business transactions with necessity and reasonability. Every increase in lease fee shall not exceed 10% of the existing lease fee rate according to the previous contract. However, the increase in lease fee shall not exceed the comparable market price at that time. The details of the said transactions have been as follows.

<u>Clock Tower Branch</u> Lease of Land and Building	Lessor: Mr. Tawatchai Phutthipiriya Lessee: The Company Lease Fee Rate: 75,000 Baht per Month Lease Period: Three (3) years from 1 Jan 2015 to 31 Dec 2017 The Company reserves its right to renew Lease for another four times and three (3) years per time.
<u>Wholesale Center</u> <u>Den Ha Wholesale</u> Lease of Land	Lessor: Mrs. Amorn Phutthipiriya Lessee: The Company Lease 1 : Lease Fee Rate: 33,000 Baht per Month Lease Period: Three (3) years from 1 Jan 2015 to 31 Dec 2017 The Company reserves its right to renew Lease for another four times and three (3) years per time. Lease 2 : Lease Fee Rate: 5,500 Baht per Month Lease Period: Three (3) years from 1 Nov 2016 to 31 Oct 2019

<u>Rop Wiang Distribution Center</u> Lease of Land and Building	Lessor: Mrs. Amorn Phutthipiriya Lessee: The Company Lease Fee Rate: 64,000 Baht per Month Lease Period: Three (3) years from 1 Jan 2015 to 31 Dec 2017 The Company reserves its right to renew Lease for another four times and three (3) years per time.
<u>Warehouse 2</u> Lease of Land	Lessor: Mrs. Amorn Phutthipiriya Lessee: The Company Lease Fee Rate: 14,000 Baht per Month Lease Period: Three (3) years from 1 Jan 2015 to 31 Dec 2017 The Company reserves its right to renew Lease for another four times and three (3) years per time.
<u>Warehouse 3</u> Lease of Land	Lessor: Mrs. Amorn Phutthipiriya Lessee: The Company Lease Fee Rate: 18,800 Baht per Month Lease Period: Three (3) years from 1 Jan 2015 to 31 Dec 2017 The Company reserves its right to renew Lease for another four times and three (3) years per time.
<u>Warehouse 4</u> Lease of Land	Lessor: Mrs. Amorn Phutthipiriya Lessee: The Company Lease Fee Rate: 10,000 Baht per Month Lease Period: Three (3) years from 1 Jan 2015 to 31 Dec 2017 The Company reserves its right to renew Lease for another four times and three (3) years per time.

The Board of Directors' Meeting No. 2/2015 on 28 March 2015 formulated the policy of entry to perform related transaction that in the future, if it is necessary for the Company to perform related transaction with the person that may have conflict of interests with the Company, the Company shall properly and fairly execute according to the policy and procedure of related transaction performing approval as prescribed by the Company under consideration that the transaction with condition is performed according to general trade business and can be referred with the condition of the same type of business entered the Company with the outsider. However, the Company shall assign the Audit Committee to review and comment about the necessity and appropriateness of the entry to perform the said transaction. In the event that the Audit Committee is not expert in considering the contingent related transaction, the Company shall assign the independent appraiser, independent specialist or the Company's auditor to comment about performing the said related transaction and size of transaction so that such comment can be used as decision making support by the Audit Committee, the Board of Directors and/or the shareholders as the case may be. However, the Company shall disclose the information of the connected transactions in Notes to Financial Statements which are audited by the Company's auditor. If the Company's ordinary shares are registered as the listed securities in Market for Alternative Investment (MAI), the Company shall disclose the said transaction in Annual Registration Statement (Form 56-1), and Annual Report of the Company (Form 56-2) and comply with the Criteria and Law of Securities and Exchange, regulation, announcement, order or requirement of the Stock Exchange of Thailand. The person who may have conflict of interests or gain and loss in performing related transaction has no right to vote for resolution in performing the said related transaction.

13. Significant Financial Information

13.1 Auditor and Auditor's Report

13.1.1 Name of Auditor

For financial statements of the Company and its subsidiary in the year ended 31 December 2014
Mr. Yoothapong Cheameuangphan

Certified Public Accountant Registration No. 9445
ANS Audit Company Limited

For financial statements of the Company and its subsidiary in the year ended 31 December 2015
Mr. Yoothapong Cheameuangphan
Certified Public Accountant Registration No. 9445
ANS Audit Company Limited

For financial statements of the Company and its subsidiary in the year ended 31 December 2016
Mr. Yoothapong Cheameuangphan
Certified Public Accountant Registration No. 9445
ANS Audit Company Limited

13.1.2 Summary of Audit Report

Summary of Auditing Report for Financial Statements in the Year Ended 31 December 2014

The Report of the Auditor presented qualified opinion that the auditor did not enter to observe the count of beginning inventory as at the beginning date of 2013 or applied other audit method to be satisfied in the inventory quantity as at 31 December 2012. The beginning inventory affected the presentation of overall operation. Therefore, the auditor could not summary whether how adjustment of beginning overall operation and retained earnings as at 1 January 2013 was necessary. The qualified opinion of the auditor was expressed toward financial statements for the year ended 31 December 2013 in the said issue, and toward current financial statements in the said issue due to the possibility of comparative impact on the current figure and comparative figure.

Except the impact that might occur as aforesaid in qualified opinion expression, these above consolidated financial statements and separate financial statements properly and fairly presented consolidated financial position and separate financial position as at 31 December 2014 of the Company, its subsidiary and separately for the Company, respectively, consolidated overall operation and separate overall operation, and consolidated cash flows and separate cash flows for the year then ended, in the materiality according to Financial Reporting Standards.

The auditor observed Notes to Financial Statements 26 after the Company publicized financial statements for 2014 which was audited and proposed by the auditor in the report dated 28 March 2015, the Company's executive revised Notes to Financial Statements 21 on Nature-Based Expense, Topic of Employee Benefit Expense in consolidated financial statements and separate financial statements for the year ended 31 December 2014 and 2013 by revising from 19.00 million Baht to be 41.76 million Baht, and revising from 23.80 million Baht to be 36.01 million Baht, respectively for release in re-publicity. However, the auditor did not express qualified opinion I this issue.

Summary of Financial Statements Audit Report in the Year Ended 31 December 2015

The Auditor's Report expressed unqualified opinion that the consolidated financial statements and separate financial statements properly and fairly presented consolidated financial position and separate financial position as at 31 December 2015 of the Company, its subsidiary and separately for the Company, respectively, consolidated overall operation and separate overall operation, and consolidated cash flows and separate cash flows for the year then ended, in the materiality according to Financial Reporting Standards.

Summary of Financial Statements Audit Report in the Year Ended 31 December 2016

The Auditor's Report expressed unqualified opinion that the consolidated financial statements and separate financial statements have properly and fairly presented consolidated financial position and separate financial position as at 31 December 2016 of the Company, its subsidiary and separately for the Company, respectively, consolidated overall operation and separate overall operation, and consolidated cash flows and separate cash flows for the year then ended, in the materiality according to Financial Reporting Standards.

13.2 Table of Financial Position and Operating Result

Statement of Financial Position

Statement of Financial Position	Consolidated Financial Statements					
	As of 31 Dec 2014		As of 31 Dec 2015		As of 31 Dec 2016	
	Audited		Audited		Audited	
	Million Baht	Percent	Million Baht	Percent	Million Baht	Percent
Current Assets						
Cash and Cash Equivalents	27.1	7.1	15.6	2.3	42.8	6.0
Temporary Investment	0.0	0.0	260.3	38.3	82.9	11.6
Account Receivable and Other Receivables	44.7	11.6	36.5	5.3	39.1	5.5
Inventory-Net	147.7	38.5	167.4	24.7	204.8	28.7
Total Current Assets	219.5	57.3	479.8	70.7	369.6	51.8
Non-Current Assets						
Deposit of Asset Purchase	-	0.0	-	0.0	4.0	0.6
Leasehold-Net	7.0	1.8	6.3	0.9	9.5	1.3
Property, Plant and Equipment-Net	152.4	39.8	188.0	27.7	324.8	45.6
Intangible Assets-Net	2.3	0.6	2.2	0.3	2.4	0.3
Asset for Deferred Income Tax-Net	1.5	0.4	1.8	0.3	2.1	0.3
Other Non-Current Assets	0.5	0.1	0.7	0.1	0.8	0.1
Total Non-Current Assets	163.7	42.7	199.0	29.3	343.5	48.2
Total Assets	383.1	100.0	678.8	100.0	713.1	100.0
Current Liabilities						
Overdraft from Financial Institution	12.1	3.2	1.0	0.2	-	0.0
Account Payable	140.0	36.5	122.6	18.1	134.8	18.9
Short-Term Loan from Related Party	-	0.0	-	0.0	-	0.0
Accrued Income Tax	10.4	2.7	1.9	0.3	5.1	0.7
Total Current Liabilities	162.5	42.4	125.6	18.5	139.9	19.6
Non-Current Liabilities						
Liability Obligation of the Employee Benefit	0.2	0.1	2.5	0.4	2.9	0.4
Total Non-Current Liabilities	0.2	0.1	2.5	0.4	2.9	0.4
Total Liabilities	162.7	42.5	128.2	18.9	142.7	20.0

Statement of Financial Position	Consolidated Financial Statements					
	As of 31 Dec 2014		As of 31 Dec 2015		As of 31 Dec 2016	
	Audited		Audited		Audited	
	Million Baht	Percent	Million Baht	Percent	Million Baht	Percent
Shareholders' Equity						
Registered Capital	145.0	37.4	200.0	29.5	200.0	28.0
Issued and Fully Paid-Up Capital	145.0	37.4	200.0	29.5	200.0	28.0
Premium on Ordinary Shares	-	0.0	297.6	43.8	297.6	41.7
Retained Earnings						
Appropriated : Legal Reserve	5.0	1.3	10.2	1.5	13.0	1.8
Unappropriated	70.4	18.4	42.5	6.3	59.4	8.3
Other Elements of Shareholders' Equity	0.0	0.0	0.2	0.0	0.3	0.0
Total of Holding Company's Equity	220.4	57.5	550.6	81.1	570.3	80.0
Stake without Controlling Power	-	0.0	-	0.0	-	0.0
Total of Shareholders' Equity	220.4	57.5	550.6	81.1	570.3	80.0
Total Liabilities and Shareholders' Equity	383.1	100.0	678.8	100.0	713.1	100.0

Comprehensive Profit and Loss Statement

Comprehensive Profit and Loss Statement	Consolidated Financial Statements					
	As of 31 Dec 2014		As of 31 Dec 2015		As of 31 Dec 2016	
	Audited		Audited		Audited	
	Million Baht	Percent	Million Baht	Percent	Million Baht	Percent
Revenues from Sales and Service	1,197.8	99.7	1,316.2	99.5	1,448.2	99.5
Cost of Sales and Service	1,065.1	88.6	1,163.8	88.0	1,263.9	86.8
Gross Profit	132.7	11.0	152.4	11.5	184.3	12.7
Other Revenues ¹⁾	3.9	0.3	6.1	0.5	8.0	0.5
Selling Expenses	47.9	3.9	59.7	4.5	67.7	4.7
Administrative Expenses	31.9	2.7	51.2	3.9	56.7	3.9
Total Selling and Administrative Expenses	79.8	6.6	110.9	8.4	124.4	8.5
Profit before Financial Cost and Income Tax	56.9	4.7	47.6	3.6	67.9	4.7
Financial Cost	0.01	0.0	2.1	0.2	0.0	0.0
Profit before Income Tax	56.9	4.7	45.5	3.4	67.9	4.7
Income Tax Expense	11.5	1.0	6.4	0.5	12.2	0.8
Profit for the Year	45.4	3.8	39.1	3.0	55.7	3.8
Other Comprehensive Profit and Loss						
Profit (Loss) from Measurement of Available for Sales Investment – Net from Tax	0.0	0.0	0.2	0.0	0.1	0.0
Loss from Provision according to Actuarial Science – Net from Tax	0.0	0.0	(1.8)	(0.1)	0.0	0.0
Comprehensive Profit for the Period	45.4	3.8	37.5	2.8	55.7	3.8
Profit (Loss) per Share²⁾						
Profit (Loss) per Share (Baht)	0.22		0.06		0.07	
Number of Weighted Average Ordinary Shares (Shares)	203,123,200		618,794,521		800,000,000	

Remark :

- 1) Other Revenues consist of Revenue from Lease Fee, Revenue from Fee, Profit from Sale of Investment, Interest Received, etc.
- 2) Adjustment of par value for share in the same value for information comparison per share by adjusting par value of 2014 from 100.00 Baht per share to be 0.25 Baht per share.

Statement of Cash Flows

Statement of Financial Position	Consolidated Financial Statements		
	2014	2015	2016
	Million Baht	Million Baht	Million Baht
<u>Cash Flow from Operating Activity</u>			
Profit before Income Tax	56.9	45.5	67.9
Adjustment and Reconciliation Transaction of Profit before Income Tax to be Net Cash Received (Paid) from Operating Activity:			
Depreciation and Amortization	11.7	15.9	18.7
Bad Debt	0.1	-	-
(Transaction Reversal) Reserve for Allowance for Product Loss	0.9	(0.2)	1.1
Profit from Sales of Temporary Investment	(0.1)	(0.0)	(1.5)
Profit from Disposal of Fixed Assets	0.0	0.0	(0.2)
Provision of Employee Benefit	0.0	0.0	0.3
Interest Expense	0.0	2.1	0.0
Profit from Operating Activity Prior to Change in Operating Assets and Liabilities	69.4	63.4	86.3
Change in Operating Assets – (Increase) Decrease:			
Account Receivables and Other Receivables	9.4	8.3	(2.6)
Inventory	(24.4)	(19.5)	(38.5)
Change in Operating Liability – Increase (Decrease):			
Account Payables and Other Payables	8.5	(14.3)	8.7
Cash Received from Operating Activity	62.9	37.8	53.9
Paid for Interest	(0.0)	(2.1)	(0.0)
Paid for Income Tax	(5.7)	(14.8)	(9.3)
Net Cash Received from Operating Activity	57.3	20.9	44.6
<u>Cash Flow from Investment Activity</u>			
Cash Received from Sale of Temporary Investment	46.0	11.5	605.0
Cash Paid for Purchase of Temporary Investment	(45.9)	(271.5)	(426.1)
Cash Received from Settlement of Short-Term Loan to Related Party	13.2	-	-
Cash Paid for Short-Term Loan to Related Party	(2.7)	-	-
Decrease (Increase) in Financial Institution Deposit with Obligation	0.1	-	-
Cash Paid for Deposit of Asset Purchase	-	-	(4.0)

Statement of Financial Position	Consolidated Financial Statements		
	2014	2015	2016
	Million Baht	Million Baht	Million Baht
Cash Paid for Purchase of Leasehold	(3.2)	-	(4.0)
Cash Received from Sales of Fixed Assets	0.0	0.0	0.3
Cash Paid for Purchase of Fixed Assets	(69.5)	(53.5)	(150.9)
Cash Paid for Purchase of Intangible Assets	(1.3)	(0.3)	(0.6)
Increase in Other Non-Current Assets	(0.2)	(0.1)	(0.1)
Net Cash Used in Investment Activity	(63.5)	(313.9)	19.6
Cash Flow from Financing Activity			
Increase in Overdraft and Short-Term Loan from Financial Institution	12.1	(11.1)	(1.0)
Cash Received from Short-Term Loan from Related Party	1.4	-	-
Cash Paid for Short-Term Settlement from Related Party	(74.5)	-	-
Cash Received from Increase in Registered Capital	95.0	367.2	-
Direct Expense for Sales of Shares for Capital Increase	-	(14.6)	-
Cash Paid for Dividend	-	(60.0)	(36.0)
Increase (Decrease) in Minor Shareholders' Equity	(41.6)	-	-
Net Cash Received from (Used in) Financing Activity	(7.6)	281.6	(37.0)
Increase (Decrease) in Cash and Cash Equivalents - Net	(13.8)	(11.5)	27.2
Cash and Cash Equivalents at the beginning date of the period	40.9	27.1	15.6
Cash and Cash Equivalents at the ending date of the period	27.1	15.6	42.8

13.3 Table of Significant Financial Ratios

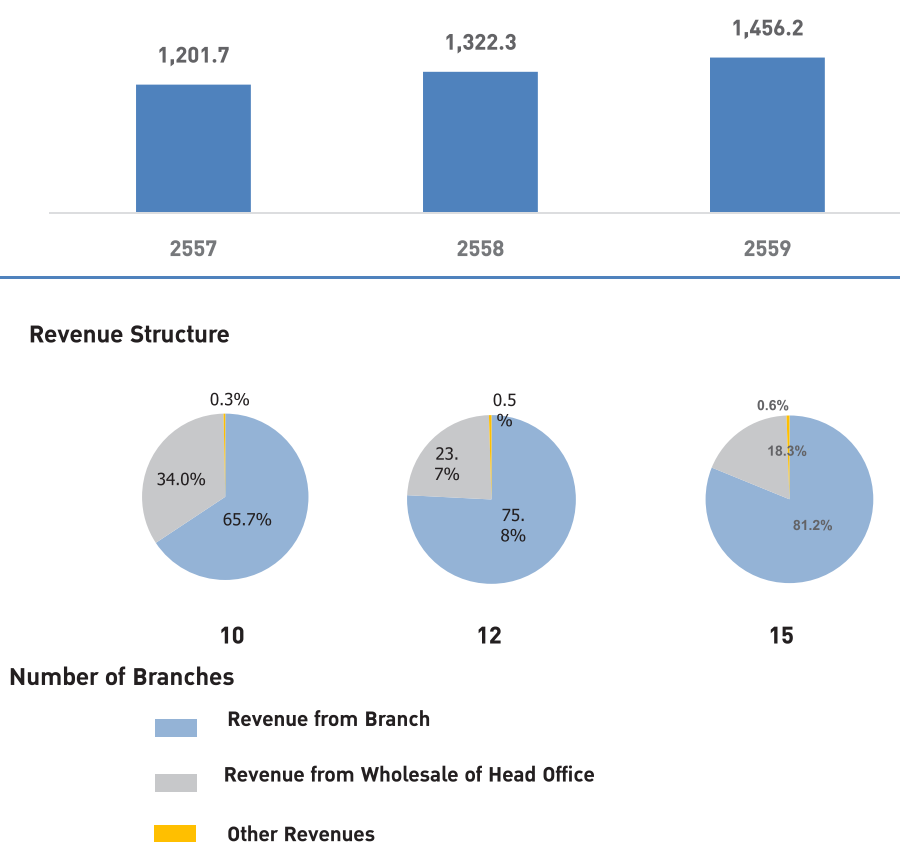
Statement of Financial Position		Consolidated Financial Statements		
		2014	2015	2016
		Million Baht	Million Baht	Million Baht
Liquidity Ratio				
Liquidity Ratio	Times	1.4	3.8	2.6
Quick Ratio	Times	0.4	2.5	1.2
Cash Ratio	Times	0.3	0.1	0.3
Account Receivable Turnover	Times	29.5	37.6	53.4
Average Collection Period	Day	12.2	9.7	6.8
Inventory Turnover	Times	7.8	7.4	6.8
Average Holding Period	Day	45.9	49.6	53.7
Payable Turnover	Times	9.0	10.0	11.2
Average Settlement Period	Day	40.2	36.6	32.6
Cash Conversion Cycle	Day	18.0	22.7	28.0
Profitability Ratio				
Gross Profit Margin	Percent	11.1	11.6	12.7
Operating Profit Margin	Percent	4.4	3.2	4.1
Other Profit Margin	Percent	0.3	0.5	0.5
Cash to Profit Margin	Percent	108.2	50.3	74.4
Net Profit Margin	Percent	3.8	3.0	3.8
Return on Equity	Percent	26.5	10.4	9.9
Efficiency Ratios				
Return on Assets	Percent	12.8	7.4	8.0
Return on Fixed Assets	Percent	46.2	31.7	28.5
Asset Turnover	Times	3.4	2.5	2.1
Financial Policy Analysis Ratio				
Debt to Equity Ratio	Times	0.7	0.2	0.3
Interest Coverage Ratio	Times	9,993.3	17.9	243,959.5
Commitment Coverage Ratio	Times	0.5	0.1	0.2
Dividend Payout Ratio	Percent	-	153.3	64.7

14. Analysis and Explanation of the Management

14.1 Explanation and Analysis of the Financial Position and Overall Operation

The financial position and overall operation appeared in consolidated financial statements of the Company are derived from retail and wholesale business engagement for consumer products excluding fresh foods under the name of “Thanapiriya”. The revenues from sales are from two parts consisting of revenue from sales via branch and revenue from wholesale of Head Office. At present, total branches of the Company have been 15 branches, classifying into supermarket for 14 branches and wholesale center for 1 branch. Revenue from services is from rental service for product display area and entrance fee. Every branch is located in Chiang Rai and the form of Thanapiriya Store is appropriately integrated between variety of products and cheap price in form of modern trade but convenience in form of convenient store. The will of Thanapiriya is to be Thai lineal community store that distributes quality products, renders warm service and knows consumer’s mind.

Overview of Past Operation



The Company has had continuous growing revenues. If considering from consolidated financial statements for 2014-2016, total revenues of the Company increased from 1,201.7 million Baht to be 1,322.3 million Baht and 1,456.2 million Baht, respectively. Compound Annual Growth Rate (CAGR) for 3 retroactive years period was 10.59% per year. The main cause of revenue increase has been increase in branch opening in the past three years period. The continuous new branch opening has resulted in Thanapiriya Store more accessible to target customers in Chiang Rai Province. According to the Company’s well understanding on way of life of the people in the area and flexibility of change in marketing strategy to be consistent with situations without delay, this has been regarded as Competitive Advantage, resulting in continuous growth ability of the Company’s turnover.

The proportion of revenue from branches for 2014-2016 has been expanded at increasing proportion when compared with total revenues from 65.7%, 75.8% and 81.2%, resulting in positive effect toward the Company by the way of increase in gross profit since average selling price of product in the branch is more expensive than selling price of wholesale of Head Office whereas branch expansion is the major plan of the Company.

The Company could summarize the analysis result of overall operation and financial position for the accounting year of 2014 – 2016 as follows.

	2014		2015		2016	
	Million Baht	Percent	Million Baht	Percent	Million Baht	Percent
Revenue from Sales and Services	1,197.8	100.0	1,316.2	100.0	1,448.2	100.0
Cost of Sales and Services	1,065.1	88.9	1,163.8	88.4	1,263.9	87.3
Gross Profit	132.7	11.1	152.4	11.6	184.3	12.7

Branch Opening during the Year	2014	2015	2016
Number of Branches in Beginning Period	7	10	12
Branch Opening	3	2	3
Number of Branches in Ending Period	10	12	15

Revenue from Sales and Services

In 2014-2016, the Company's total revenues from sales and services were 1,197.8 million Baht, 1,316.2 million Baht and 1,448.2 million Baht, respectively, or growth rate for 15.6%, 9.9% and 10.0%, respectively from previous years due to the Company's new branch opening for 3 branches in 2014, 2 branches in 2015 and 3 branches in 2016, resulting in 15 branches for total branches of the Company as at 31 December 2016. According to increase in number of branches, the proportion of revenue from branches to total revenue has increased, respectively, while the proportion of revenue from wholesale of Head Office to total revenue has been anticipated to be continuously decreased. Due to more number of branches of Thanapiriya, the customers can purchase products both in retail and wholesale from branches located in more convenient nearby areas.

Revenue from wholesale of Head Office means revenue from product sales via salesperson of Head Office. The customers can purchase large quantity of products in wholesale price and the Company also has product delivery service to its customers for facilitation.

Cost of Sales and Services

Main element of cost of sales is cost of goods purchased for distribution in branches and wholesale from Head Office. In 2014-2016, the Company's cost of sales was 1,065.1 million Baht, 1,163.8 million Baht and 1,263.9 million Baht, or proportion of cost of sales to revenues from sales for 88.9%, 88.4% and 87.3%, respectively. The continuous decrease in proportion of cost of sales to revenues from sales was from change in structure of revenue from branches and revenue from wholesale of Head Office in the past three years period. It was to say that from additional branch opening for 8 branches in the period of 2014-2016, it caused expansion on the proportion of revenue from branches and higher average selling price of the product than selling price of wholesale of Head Office. The additional increase in branch expansion caused increase in total sales volume, resulting in increase in

sales support fee received by the Company from its suppliers. Due to such reason, it resulted in decrease in the proportion of cost of sales to revenues from sales.

Gross Profit and Gross Profit Margin

In 2014 – 2016, the Company's gross profit was 132.7 million Baht, 152.4 million Baht and 184.3 million Baht, or gross profit margin for 11.1%, 11.6% and 12.7%, respectively. Gross profit margin increased all the time due to growth of revenue from branches and change in structure of revenue from sales, resulted in improved gross profit consecutively.

Selling and Administrative Expenses

The Company's selling and administrative expenses in 2014 – 2016 were 79.8 million Baht, 110.9 million Baht and 124.4 million Baht, or proportion for 6.6%, 8.4% and 8.5% of total revenues. The main expenses of the Company are expense of staffs that are mostly the staffs stationed at branches and warehouse of the Company, depreciation and amortization, public utility expense, consumable expense and repair expense.

Selling Expenses

The Company's selling expenses in 2014 – 2016 were 47.9 million Baht, 59.7 million Baht and 67.7 million Baht, respectively. In 2016, the Company's selling expenses increased from last year that had selling expenses for 8.0 million Baht or increase in 13.4%. The main cause was from increase in staff expense from increase in number of staffs and depreciation of new branch. Sales volume of such branch has under growth on setting target.

Administrative Expenses

The Company's administrative expenses in 2014 - 2016 were 31.9 million Baht, 51.2 million Baht and 56.6 million Baht, respectively. In 2016, the Company's administrative expenses increased from last year for 5.5 million Baht or increase for 10.7%, mostly causing from increase in staffs of Head Office to support branch growth.

Earnings before Financial Cost and Income Tax

The Company's profit before financial cost and income tax for 2014-2016 was 56.9 million Baht, 47.6 million Baht and 67.9 million Baht, respectively, or the rate of earnings before financial cost and income tax for 4.7%, 3.6% and 4.7%, respectively. For 2015, increase in earnings before financial cost and income tax was 9.3 million Baht or 16.3% from increase in selling and administrative expenses as aforesaid. For 2016, increase in earnings before financial cost and income tax was 20.3 million Baht or 42.6% from increase in gross profit with increasing gross profit margin.

Financial Cost

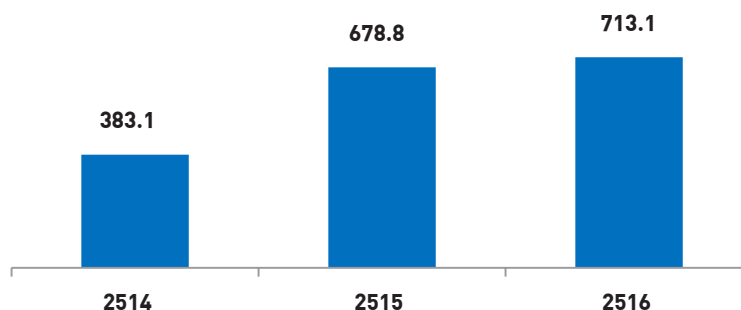
Financial cost of the Company decreased from 2015 for 2.1 million Baht after the Company's fundraising via Stock Exchange and the Company's settlement of loan from financial institution for the whole amount.

Net Profit

The Company's net profit for 2014 - 2016 was 45.4 million Baht, 39.1 million Baht and 55.7 million Baht, or net profit margin for 3.8%, 3.0% and 3.8%, respectively. The cause of decrease in net profit for 2015 was from increase in selling and administrative expenses to support new branch opening such as staff expense and public utility expense. For 2016, net profit increased from increase in overall operation from growth of sales volume and gross profit margin.

Analysis of Financial Position

Total Assets



As at 31 December 2014, 2015 and 2016, total assets of the Company were 383.1 million Baht 678.8 million Baht and 713.1 million Baht, respectively. As at 31 December 2016, main assets of the Company included property, plant and equipment for 324.8 million Baht or 45.6% of total assets as the items of assets which have been located at Head Office, Distribution Center and location of the Company's branch; inventory for 204.8 million Baht or 28.7% of total assets which have been stored at Distribution Center and branches; temporary investment for 82.9 million Baht as investment in open-end debt instrument fund under waiting for use in business expansion; and account receivables and other receivables for 39.1 million Baht whereas most of them were account receivables from wholesale of Head Office and receivables for service charge collected from business partner.

Transactions of Change in Total Significant Assets

As at 31 December 2015, total assets of the Company were 678.8 million Baht, increasing from 31 December 2014 for 295.7 million Baht or 77.2% under the following main causes.

- (1) Increase in temporary investment for 260.27 million Baht as money received from Offering for Sales (IPO) prior to use according to the determined purpose.
- (2) Increase in account receivables and other receivables for 12.3 million Baht under main causes from decrease in account receivables based on the continuous decreasing proportion of revenue from wholesale of Head Office to total revenues
- (3) Increase in inventory for 19.7 million Baht from new branch opening, resulting in the Company's requirement for product reserve to be adequate for distribution.
- (4) Increase in property, plant and equipment for 35.6 million Baht under main cause from investment in property, plant and equipment for Phan Branch, Mae Fah Luang Branch and new Distribution Center.

As at 31 December 2016, total assets of the Company were 713.1 million Baht, increasing from 31 December 2015 for 34.3 million Baht, or 5.1% under the following main causes.

- (1) Increase in cash and cash equivalents for 27.2 million Baht under main cause from preparation of cash balance to be used for settlement of account receivables and construction cost of Distribution Center.
- (2) Decrease in temporary investment for 177.3 million Baht under main cause from sales of investment for use in investment in new branches and new Distribution Center during 2016.
- (3) Increase in inventory for 37.4 million Baht according to increase in number of the Company's branches, resulting in requirement for product reserve to be adequate for daily distribution.
- (4) Increase in property, plant and equipment for 136.9 million Baht due to the Company's additional investment in property, plant and improvement of plant, furniture and office equipment, for expansion of the

Company's new branches such as Thoeng Branch, Mae Khachan Branch, Ban Mai Branch and construction of new Distribution Center.

Current Assets

Cash and Cash Equivalents

The Company's cash and cash equivalents as at 31 December 2014, 2015 and 2016 were 27.1 million Baht, 15.6 million Baht and 42.8 million Baht, respectively, or 7.1%, 2.3% and 6.0% of total assets, respectively.

Account Receivables

Most of account receivables have been the customers of wholesale of Head Office that have been granted for not more than 30 days of credit term. As at 31 December 2014, 2015 and 2016, the Company's total account receivables were 41.1 million Baht, 28.8 million Baht and 25.5 million Baht, or the proportion for 10.7%, 4.2% and 3.6% of total assets, respectively. If considering from debt collection efficiency in 2014 – 2016, the Company's average collection period was 12.2 days, 9.7 days and 6.8 days, respectively. However, the main cause of continuous decrease in average collection period was from the Company's branch expansion, resulting in decrease in proportion of revenue from wholesale of Head Office and tendency of decrease in account receivables and average collection period in the future, respectively.

Other Receivables

The Company's other receivables have included receivable for staff loan, deposit for prepaid product costs, prepaid insurance premium, and receivable for Customs Department, etc. As at 31 December 2014, 2015 and 2016, the Company's other receivables were 3.6 million Baht, 7.7 million Baht and 13.6 million Baht, respectively, or the proportion for 0.9%, 1.1% and 1.9% of total assets, respectively. The main cause of increase in other receivables as at 31 December 2015 was from increase in deposit of prepaid product cost as short-term deposit paid by the Company for some types of product costs to the suppliers. As at 31 December 2016, the main cause was from increase in receivable for Customs Department due to the Company's increase in input tax more than output tax from construction cost expense of the Company's Distribution Center.

Inventory

The Company has had none of policy for production of products by itself but the products will be directly purchased from the manufacturers and distributors of products. Therefore, 100.0% of the Company's inventory has been in form of finished goods.

(Unit: Million Baht)	As at 31 December		
	2014	2015	2016
Finished Goods	153.0	172.6	211.0
Less: Reserve of Allowance for Product Loss	(5.4)	(5.2)	(6.2)
Total Inventory	147.7	167.4	204.8
Average Inventory Conversion Period (days)	45.9	49.6	53.7

As at 31 December 2014, 2015 and 2016, the Company's inventory was 147.7 million Baht, 167.4 million Baht and 204.8 million Baht, respectively, or the proportion for 38.5%, 24.7% and 28.7% of total assets, respectively. The cause of increase in inventory was from increase in level of inventory to be adequate for distribution in new opened branches. As at 31 December 2014, 2015 and 2016, the Company's average inventory conversion period was 45.9 days, 49.6 days and 53.7 days, respectively. The new branch opening in 2015 and 2016 has caused the Company require more product storage and resulted in more average inventory conversion period.

Non-Current Assets

Property, Plant and Equipment

Property, Plant and Equipment – Net	As at 31 December					
	2014		2015		2016	
	million Baht	Percent ¹⁾	million Baht	Percent ¹⁾	million Baht	Percent ¹⁾
Property	56.8	14.8	74.9	11.0	100.4	14.1
Plant and Improvement of Plant	37.4	9.8	51.8	7.6	60.1	8.4
Improvement of Leasehold	13.0	3.4	12.2	1.8	19.3	2.7
Furniture and Office Equipment	31.2	8.1	34.2	5.0	41.3	5.8
Vehicle and Accessories	12.1	3.2	14.6	2.2	21.4	3.0
Work in Process	1.8	0.5	0.3	0.1	82.3	11.6
Total	152.4	39.8	188.0	27.7	324.8	45.6

Remark :

1) Proportion to Total Assets

As at 31 December 2014, 2015 and 2016, the Company's net value of property, plant and equipment was 152.4 million Baht, 188.0 million Baht and 324.8 million Baht, or 39.8%, 27.7% and 45.6% of total assets, respectively. The Company has invested more in these types of non-current assets in the past 3 years period. Most of them have been the investment for continuous branch expansion and investment for construction of new Distribution Center whereas the investment was commenced in 2016 and will be opened for use in 2017.

Leasehold

Total leasehold of the Company has been leasehold of property and plant for branch opening from 10-20 years period. The Company has currently had 4 branches which are leasehold, such as Sai Mun Branch, Ban Du Branch, Wiang Pa Pao Branch and Mae Khachan Branch.

As at 31 December 2014, 2015 and 2016, the Company's net leasehold was 7.0 million Baht, 6.3 million Baht and 9.5 million Baht, respectively. Amortization of leasehold was 0.5 million Baht, 0.6 million Baht and 0.8 million Baht, respectively.

Liquidity

Cash Flow

(Unit: Million Baht)	2014	2015	2016
Net Cash Received from Operating Activity	57.3	20.9	44.6
Net Cash Received from (Used in) Investment Activity	(63.5)	(313.9)	19.6
Net Cash Received from (Used in) Financing Activity	(7.6)	281.6	(37.0)
Increase and Decrease in Cash and Cash Equivalents - Net	(13.8)	(11.5)	27.2
Cash and Cash Equivalents at the Beginning Period	40.9	27.1	15.6
Cash and Cash Equivalents at the Ending Period	27.1	15.6	42.8

In 2015, the Company's net cash received from the operating activity was 20.9 million Baht which was mostly derived from cash received from operating profit and net cash used in investment activity for 313.9 million Baht which was mostly cash paid for purchase of temporary investment for 271.5 million Baht as money received from sales of ordinary shares for capital increase in the ending period of 2015 for investment in property and plant for opening Phan Branch, Mae Fah Luang Branch and new distribution center. Net cash received from financing activity was 281.6 million Baht which was received from issuance and offering for sales of ordinary shares for capital increase for 352.6 million Baht, dividend payment for 60.0 million Baht, and loan payback for 11.1 million Baht, resulting in the Company's decrease in net cash flow for 11.5 million Baht. The balance of the Company's cash and cash equivalents as at 31 December 2015 was 15.6 million Baht.

In 2016, the Company's net cash received from operating expense was 44.6 million Baht. Total cash flow received from total operating profit for 86.3 million Baht from increase in account payables and other payables for 8.7 million Baht, increase in use in inventory for 38.5 million Baht, payment of income tax for 9.3 million Baht. Net cash received from investment activity was 19.6 million Baht. Most of them were received from sales of temporary investment for 178.9 million Baht which was the investment received from sales of ordinary shares for capital increase to be used in purchase of property, plant and equipment, purchase of leasehold, and purchase of intangible assets for 159.4 million Baht. In 2016, there was branch expansion for 3 branches and construction of new Distribution Center which will be opened for use in 2017. The Company's net cash used for financing activity was 37.0 million Baht. Most of them were dividend payment for 36.0 million Baht, resulting in the Company's increase in net cash flow for 27.2 million Baht. The balance of cash and cash equivalents as at 31 December 2016 was 42.8 million Baht.

Liquidity Ratio

The Company's liquidity ratio for 2014, 2015 and 2016 was 1.4 times, 3.8 times and 2.6 times, respectively, and quick ratio was 0.4 times, 2.5 times and 1.2 times, respectively, due to the Company's nature of business in receiving revenue in cash in the proportion of 80.0% and quite quick inventory turnover, resulting in quite low level of the amount of account payables and inventory; as well as being granted for average 30-60 days of credit term from its suppliers. However, the cause of increase in liquidity ratio in 2015 was derived from receiving money from offering for sales of ordinary shares for capital increase during the year and decrease in 2016 due to sales of temporary investment for use in investment in branch and distribution center expansion.

Cash Cycle (Unit: Days)	As at 31 December		
	2014	2015	2016
Average Collection Period	12.2	9.7	6.8
Average Inventory Conversion Period	45.9	49.6	53.7
Average Payback Period	40.2	36.6	32.6
Cash Cycle	18.0	22.7	27.9

The Company's average collection period for 2014, 2015 and 2016 was 12.2 days, 9.7 days and 6.8 days, respectively. Average payback period decreased continuously from the proportion of decreasing revenue from wholesale of Head Office and quicker collection of service charge liability from business partner. Average inventory conversion period was 45.9 days, 49.6 days and 53.7 days, respectively, from branch opening for 2 branches in 2015 and other 3 branches in 2016, resulting in more number of days for average inventory conversion period in 2015 and 2016. The Company's average payback period was 40.2 days, 36.6 days and 32.6 days, respectively, according to credit term agreed by the suppliers and the Company. In the event that the Company has balance of cash flow, the Company may settle debt to its suppliers quicker to gain more discount.

Upon consideration on Cash Cycle, the finding indicated that Company's cash flow was 18.0 days, 22.7 days and 27.9 days, respectively. The increase in cash cycle in the year was the result from the Company's increase in average inventory conversion period and average payback period.

Source of Capital

Total Liabilities

As at 31 December 2015, total liabilities of the Company were 128.2 million Baht, consisting of significant liabilities such as account payables and other payables for 122.6 million Baht or proportion for 18.1% of total liabilities and shareholders' equity. Total liabilities decreased from 31 December 2014 for 36.9 million Baht due to the main cause from payback of overdraft account for 11.1 million Baht, settlement of account payables and other payables for 17.4 million Baht, and payment of accrued income tax for 8.5 million Baht.

As at 31 December 2016, total liabilities of the Company were 142.7 million Baht, consisting of significant liabilities such as account payables and other payables for 134.8 million Baht, or the proportion for 18.9% of liabilities and shareholders' equity. Total liabilities increased from 31 December 2015 for 14.6 million Baht with main cause from increase in other payables for 12.0 million Baht and increase in accrued income tax for 3.2 million Baht.

Account Payables and Other Payables

(Unit: million Baht)	As at 31 December		
	2014	2015	2016
Account Payables	120.3	113.0	113.0
Other Payables	19.7	9.6	21.8
Total Account Payables and Other Payables	140.0	122.6	134.8
<i>Average Payback Period (Days)</i>	<i>40.2</i>	<i>36.6</i>	<i>32.6</i>

As at 31 December 2014, 2015 and 2016, the Company's account payables were 120.3 million Baht, 113.0 million Baht and 113.0 million Baht, respectively, or the proportion for 31.4%, 16.6% and 15.8% of total liabilities and shareholders' equity, respectively. However, the Company's average payback period in 2014 – 2016 was 40.2 days, 36.6 days and 32.6 days, respectively, to be consistent with average 30-60 days of credit term granted by the suppliers to the Company.

Other payables of the Company such as accrued bonus, payable for asset purchase, retention and accrued expense, etc. as at 31 December 2014, 2015 and 2016. The Company's other payables were 19.7 million Baht, 9.6 million Baht and 21.8 million Baht, respectively, or proportion of 5.1%, 1.4% and 3.1% of total liabilities and shareholders' equity, respectively. As at 31 December 2016, the main cause of other payables was from payable for asset purchase and construction retention that was increased for 7.0 million Baht since the Company has been under construction of branch and distribution center.

Shareholders' Equity

As at 31 December 2015, total shareholders' equity of the Company was 550.6 million Baht, increasing from previous year for 330.2 million Baht or 149.8% due to the Company's the first capital increase during the year on 22 April 2015 for 20 million shares and the second capital increase in Initial Public Offering (IPO) on 16 November 2015 for 200 million shares. The money received after deduction of total expenses was 352.7 million Baht whereas total comprehensive profit for the year was 37.5 million Baht and paid for dividend during the year for 60.0 million Baht.

As at 31 December 2016, total shareholders' equity of the Company was 570.3 million Baht, increasing from previous year for 19.7 million Baht under increase in total comprehensive profit for the year for 55.7 million Baht. The dividend was paid during the year for 36.0 million Baht.

Appropriateness of Capital Structure

As 31 December 2014, 2015 and 2016, the Company's Debt to Equity Ratio was 0.7 times, 0.2 times and 0.3 times, respectively. Debt to Equity Ratio as at 31 December 2015 decreased from Debt to Equity Ratio as at 31 December 2014 with main cause from increase in shareholders' equity from sales of ordinary shares for capital increase during the year. Debt to Equity Ratio as at 31 December 2016 slightly increased from Debt to Equity Ratio as at 31 December 2015 from increase in liabilities and shareholders' equity as described above.

However, if considering from nature of business operation, it was seen that the proportion of the Company's account payable as at 31 December 2014, 2015 and 2016 was 31.4%, 16.6% and 15.8% of total liabilities and shareholders' equity, respectively. If considering from Debt to Equity Ratio with interest burden to shareholders' equity in 2014 – 2016, it was 0.5 times, 0.0 times and 0.0 times, respectively. Therefore, the Company has been liquid in borrowing money from the financial institution for liquidity reinforcement.

**THANAPIRIYA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
FINANCIAL STATEMENTS AND AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31,**

Independent Auditor's Report

To the Shareholders of Thanapiriya Public Company Limited

Opinion

I have audited the accompanying consolidated and separate financial statements of Thanapiriya Public Company Limited and its subsidiary, and of Thanapiriya Public Company Limited, respectively, which comprise the consolidated and separate statements of financial position as at December 31, 2016, and the related consolidated and separate statements of profit or loss and other comprehensive income, statements of changes in shareholders' equity and statements of cash flows for the year then ended, and note to the financial statements and a summary of significant accounting policies.

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

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). 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 Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

Allowance for losses on inventories

Risk

As discussed in Note to Financial Statement 9, as at December 31, 2016, the Company has inventories in the amount of Baht 204.78 million. These inventories are stored at 15 branches and 2 warehouses. There is a risk that inventory quantities will be misstated. The Company established a provision for losses at 3% of the outstanding inventories in comparison with practices in the same industry and historical data of the Company.

Auditor's Response

1. I considered the reasonableness of the assumptions used to calculate the provision for loss of inventories by Management by referencing the rate as applied in the same industry.

2. I verified the actual loss from lost inventory by assessing the physical stock-take system and observed the stock-take at 2 warehouse and 4 branch and ensuring the adjustment on inventory loss from the physical count from the results of the stock-take.
3. I compared the loss incurred during the year on lost inventory with the amount recorded based on the Company's provisioning policy.

Other Information

Management is responsible for the other information. The other information comprises the information contain in Annual Report for the year 2016 but does not include the consolidated and separate financial statements and the auditor's report thereon. The Annual report for the years 2016 is expected to be made available to the auditor after the date of this auditor's report.

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

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

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

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

Management is responsible for the preparation and fair presentation of these 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, and 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 consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs. will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. A description of an audit is provided in the attached Appendix.

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



(Yuttapong Chuamuangpan)

Certified Public Accountant Registration Number 9445

ANS Audit Company Limited

Bangkok, February 21, 2017

Appendix

My procedures include the following:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's 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 cause significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the 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 consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

THANAPIRIYA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016

		Unit: Baht			
		Consolidated financial statements		Separate financial statements	
Notes		2016	2015	2016	2015
Assets					
Current assets					
Cash and cash equivalents	6	42,774,035.63	15,612,277.82	41,928,044.61	15,492,304.87
Temporary investment - net	7	82,938,891.91	260,286,569.83	82,938,891.91	260,286,569.83
Trade and other receivables	5, 8	39,081,464.27	36,453,439.72	39,328,122.74	36,703,378.40
Inventories - net	9	204,783,230.66	167,400,266.01	204,783,230.66	167,400,266.01
Total current assets		369,577,622.47	479,752,553.38	368,978,289.92	479,882,519.11
Non-current assets					
Deposit for acquisitions and constructions of building	25.2	4,000,000.00	-	4,000,000.00	-
Investments in subsidiary	10	-	-	60,000,000.00	60,000,000.00
Leasehold rights - net	11	9,482,036.38	6,323,192.09	9,482,036.38	6,323,192.09
Property, plant and equipment - net	12	324,828,435.15	187,972,247.57	264,406,854.19	127,794,236.75
Intangible assets - net	13	2,351,313.24	2,237,560.83	2,351,313.24	2,237,560.83
Deferred tax assets - net	14	2,070,417.57	1,847,613.80	2,070,417.57	1,847,613.80
Other non-current assets		756,321.00	653,386.36	745,321.00	607,321.00
Total non-current assets		343,488,523.34	199,034,000.65	343,055,942.38	198,809,924.47
Total assets		713,066,145.81	678,786,554.03	712,034,232.30	678,692,443.58

THANAPIRIYA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

		Unit: Baht			
		Consolidated financial statements		Separate financial statements	
	Notes	2016	2015	2016	2015
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts from financial institutions	15	-	1,047,243.20	-	1,047,243.20
Trade and other payables	16	134,773,785.36	122,641,586.64	134,742,598.64	122,591,149.74
Accrued income tax		5,100,000.29	1,946,183.88	5,011,725.18	1,946,183.88
Total current liabilities		139,873,785.65	125,635,013.72	139,754,323.82	125,584,576.82
Non-current liabilities					
Provision for long-term employee benefits	17	2,860,058.92	2,536,744.00	2,860,058.92	2,536,744.00
Total non-current liabilities		2,860,058.92	2,536,744.00	2,860,058.92	2,536,744.00
Total liabilities		142,733,844.57	128,171,757.72	142,614,382.74	128,121,320.82
Shareholders' Equity					
Share capital	18				
Authorized share capital					
800,000,000 ordinary shares, at Baht 0.25 each		200,000,000.00	200,000,000.00	200,000,000.00	200,000,000.00
Issued and fully paid-up					
800,000,000 ordinary shares, at Baht 0.25 each		200,000,000.00	200,000,000.00	200,000,000.00	200,000,000.00
Premium on common shares		297,640,733.80	297,640,733.80	297,640,733.80	297,640,733.80
Retained earnings					
Appropriated					
Legal reserve	19	12,965,451.76	10,225,848.89	12,965,451.76	10,225,848.89
Unappropriated		59,447,861.07	42,526,628.39	58,535,409.39	42,482,954.84
Other components of shareholders' equity		278,254.61	221,585.23	278,254.61	221,585.23
Total shareholders' equity of the company		570,332,301.24	550,614,796.31	569,419,849.56	550,571,122.76
Non-controlling interests		-	-	-	-
Total shareholders' equity		570,332,301.24	550,614,796.31	569,419,849.56	550,571,122.76
Total liabilities and shareholders' equity		713,066,145.81	678,786,554.03	712,034,232.30	678,692,443.58

THANAPIRIYA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2016

		Unit: Baht			
Notes		Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
3, 5, 23					
	Revenues from sales and services	1,448,198,533.26	1,316,200,865.76	1,448,198,533.26	1,316,195,124.76
	Costs of sales and services	(1,263,902,242.38)	(1,163,773,756.84)	(1,263,373,363.85)	(1,163,773,756.84)
	Gross profit	184,296,290.88	152,427,108.92	184,825,169.41	152,421,367.92
	Other income	7,994,013.22	6,134,512.96	8,000,565.69	6,171,156.04
	Profit before expenses	192,290,304.10	158,561,621.88	192,825,735.10	158,592,523.96
	Expenses				
	Selling expenses	(67,742,903.27)	(59,733,569.77)	(69,720,005.13)	(60,924,830.44)
	Administrative expenses	(56,655,326.50)	(51,201,874.61)	(56,308,397.14)	(50,835,798.97)
	Total expenses	(124,398,229.77)	(110,935,444.38)	(126,028,402.27)	(111,760,629.41)
	Profit before finance costs and income tax	67,892,074.33	47,626,177.50	66,797,332.83	46,831,894.55
	Finance costs	(220.96)	(2,105,841.20)	(220.96)	(2,105,841.20)
	Profit before income tax	67,891,853.37	45,520,336.30	66,797,111.87	44,726,053.35
	Income tax expenses	14 (12,231,017.82)	(6,383,895.76)	(12,005,054.45)	(6,209,075.58)
	Profit for the years	55,660,835.55	39,136,440.54	54,792,057.42	38,516,977.77
	Other comprehensive income				
	<i>Items that may be reclassified subsequently to profit or loss</i>				
	Profit on revaluation of available-for-sale investment - net from tax	56,669.38	221,459.16	56,669.38	221,459.16
	<i>Items that will not be reclassified subsequently to profit or loss</i>				
	Actuarial loss - net from tax	-	(1,832,884.00)	-	(1,832,884.00)
	Total comprehensive income for the years	55,717,504.93	37,525,015.70	54,848,726.80	36,905,552.93
	Profit attributable to				
	Equity holders of the Company	55,660,835.55	39,136,440.54	54,792,057.42	38,516,977.77
	Non-controlling interests	-	-	-	-
		55,660,835.55	39,136,440.54	54,792,057.42	38,516,977.77
	Total comprehensive income attributable to				
	Equity holders of the Company	55,717,504.93	37,525,015.70	54,848,726.80	36,905,552.93
	Non-controlling interests	-	-	-	-
		55,717,504.93	37,525,015.70	54,848,726.80	36,905,552.93
	Basic earnings per share (Baht)	0.07	0.06	0.07	0.06
	Weighted average number of issued and fully paid-up common shares (shares)	800,000,000	618,794,521	800,000,000	618,794,521

THANAPIRIYA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2016

Unit: Baht									
Consolidated financial statements									

THANAPIRIYA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2016

Unit: Baht									
Separate financial statements									
Notes	Issued and paid-up Share capital	Premiums on common shares	Appropriated legal reserve	Unappropriated	Other components of shareholders' equity		revaluation of available-for-sale investment	Total	
					Retained earnings	Gain on			
Balance as at January 1, 2015	145,000,000.00	-	5,000,000.00	71,024,709.96	-	-	126.07	221,024,836.03	
Shares capital increased	55,000,000.00	312,200,000.00	-	-	-	-	-	367,200,000.00	
Directly attributable expenses of the initial public offering	-	(14,559,266.20)	-	-	-	-	-	(14,559,266.20)	
Legal reserve	-	-	5,225,848.89	(5,225,848.89)	-	-	-	-	
Dividend paid	-	-	-	(60,000,000.00)	-	-	-	(60,000,000.00)	
Total comprehensive income for the year	-	-	-	36,684,093.77	-	-	221,459.16	36,905,552.93	
Balance as at December 31, 2015	200,000,000.00	297,640,733.80	10,225,848.89	42,482,954.84	-	-	221,585.23	550,571,122.76	
Legal reserve	-	-	2,739,602.87	(2,739,602.87)	-	-	-	-	
Dividend paid	-	-	-	(36,000,000.00)	-	-	-	(36,000,000.00)	
Total comprehensive income for the year	-	-	-	54,792,057.42	-	-	56,669.38	54,848,726.80	
Balance as at December 31, 2016	200,000,000.00	297,640,733.80	12,965,451.76	58,535,409.39	-	-	278,254.61	569,419,849.56	

THANAPIRIYA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash Flows from Operating Activities:				
Profit before income tax	67,891,853.37	45,520,336.30	66,797,111.87	44,726,053.35
Adjustments to reconcile profit before income tax to cash provided by (used in) operating activities				
Depreciation and amortization	18,714,790.86	15,883,418.92	18,458,361.00	15,627,554.59
(Reversal) Allowance for losses on inventories	1,081,523.83	(194,544.79)	1,081,523.83	(194,544.79)
Gain on disposal of temporary investment	(1,480,985.35)	(9,614.94)	(1,480,985.35)	(9,614.94)
(Gain) Loss on disposal of fixed assets	(215,981.26)	12,847.97	(215,981.26)	12,847.97
Provision for long-term employee benefit	323,314.92	45,045.00	323,314.92	45,045.00
Interest expenses	220.96	2,105,841.20	220.96	2,105,841.20
Profit from operating activities before changes in operating assets and liabilities	86,314,737.33	63,363,329.66	84,963,565.97	62,313,182.38
Operating assets (increased) decreased				
Trade and other receivables	(2,628,024.55)	8,253,108.98	(2,624,744.34)	8,147,179.73
Inventories	(38,464,488.48)	(19,530,730.43)	(38,464,488.48)	(19,530,730.43)
Operating liabilities decreased				
Trade and other payables	8,683,068.80	(14,332,467.46)	8,702,318.98	(14,402,319.90)
Cash received from operating activities	53,905,293.10	37,753,240.75	52,576,652.13	36,527,311.78
Interest paid	(220.96)	(2,105,841.20)	(220.96)	(2,105,841.20)
Income tax paid	(9,314,172.53)	(14,763,095.00)	(9,176,484.27)	(14,729,547.13)
Net cash from operating activities	44,590,899.61	20,884,304.55	43,399,946.90	19,691,923.45

THANAPIRIYA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
 STATEMENTS OF CASH FLOWS
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash Flows from Investing Activities:				
Cash received from sale of temporary investments	605,003,599.64	11,514,287.07	605,003,599.64	11,514,287.07
Cash paid for acquisition of temporary investments	(426,104,099.64)	(271,495,500.00)	(426,104,099.64)	(271,495,500.00)
Cash received from short-term loans to related party	-	-	500,000.00	1,000,000.00
Cash paid for short-term loans to related party	-	-	(500,000.00)	(1,000,000.00)
Cash paid for deposit for acquisitions and constructions of building	(4,000,000.00)	-	(4,000,000.00)	-
Cash paid for acquisition of leasehold rights	(4,000,000.00)	-	(4,000,000.00)	-
Cash received from disposal of fixed assets	269,626.18	6,878.49	269,626.18	6,878.49
Cash paid for acquisition of fixed assets	(150,890,303.78)	(53,483,308.19)	(150,390,303.78)	(50,483,308.19)
Cash paid for acquisition of intangible assets	(557,786.36)	(340,973.00)	(557,786.36)	(340,973.00)
Other non-current assets increased	(102,934.64)	(143,286.36)	(138,000.00)	(108,221.00)
Net cash from (used in) investing activities	19,618,101.40	(313,941,901.99)	20,083,036.04	(310,906,836.63)
Cash Flows from Financing Activities:				
Decrease in bank overdraft and short-term loans from financial institutions	(1,047,243.20)	(11,050,239.52)	(1,047,243.20)	(11,050,239.52)
Cash received from share capital increase	-	367,200,000.00	-	367,200,000.00
Directly attributable expenses of the initial public offering	-	(14,559,266.20)	-	(14,559,266.20)
Dividend paid	(36,000,000.00)	(60,000,000.00)	(36,000,000.00)	(60,000,000.00)
Net cash from (used in) financing activities	(37,047,243.20)	281,590,494.28	(37,047,243.20)	281,590,494.28
Net cash and cash equivalents increased (decreased)	27,161,757.81	(11,467,103.16)	26,435,739.74	(9,624,418.90)
Cash and cash equivalents at the beginning of the years	15,612,277.82	27,079,380.98	15,492,304.87	25,116,723.77
Cash and cash equivalents at the end of the years	42,774,035.63	15,612,277.82	41,928,044.61	15,492,304.87
Supplemental Disclosures of Cash Flows Information				
Increase (decrease) in accounts payable for purchase of assets	3,449,129.92	(3,000,000.00)	3,449,129.92	-

THANAPIRIYA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

1. GENERAL INFORMATION

Thanapiriya Public Company Limited (the "Company") was incorporated in Thailand under the Thanapiriya Limited Partnership on May 23, 2000. The Company registered to convert to a limited company on December 21, 2012 and then became a public company limited on April 22, 2015. The Company is operates the retail and wholesale superstores. The Company owns 15 superstore and two distribution centers. The Company has its registered office at 661, Moo 24, Rob Wiang Sub-district, Muang Chiangrai District, Chiangrai, 57000, Thailand.

2. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements are prepared in accordance with Thai Accounting Standards ("TAS") including related interpretations and guidelines promulgated by the Federation of Accounting Professions ("FAP") and applicable rules and regulations of the Securities and Exchange Commission.

The financial statements are presented in compliance with stipulations of the Notification of the Department of Business Development, dated September 28, 2011, issued under the Accounting Act B.E. 2543.

The accompanying financial statements have been prepared in Thai language and are expressed in Thai Baht. Such financial statements have been prepared for domestic reporting purposes. For the convenience of the readers not conversant in the Thai language, an English translation of the Thai version of the financial statements is provided.

The accompanying financial statements are prepared on the historical cost basis, except as disclosed in respective accounting policies.

The preparation of the financial statements in conformity with Thai Financial Reporting Standard requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying amounts of assets and liabilities that are not readily apparent from other sources. Subsequent actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Basis of consolidated financial statement preparation

- A) The consolidated financial statements included the financial statements of Thanapiriya Public Company Limited and its subsidiary (that together referred to as the “Group”).

The details of the subsidiary are as follows:

Subsidiary	Business Type	% Equity interest owned by the Company
Thanaphoom Property 2013 Co., Ltd.	Rent and Buy - Sell on Real Estate	99.99

- B) The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.
- C) The financial statements of the subsidiary are prepared using the same significant accounting policies as the Company.
- D) The balances between the Company and its subsidiary, and significant intercompany transactions have been eliminated in the consolidated financial statements

New financial reporting standards

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

During the year, the Company and subsidiary have adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiary' financial statements.

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

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) which is effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The management of the Company and its subsidiary believe that the revised and new financial reporting standards and interpretations will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which are summarised below.

TAS 27 (revised 2016) Separate Financial Statements

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recognition of revenues and expenses

Revenue excludes value added taxes or other sales taxes and is arrived at after deduction of trade discounts.

Revenue from the sale of goods is recognized in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. The Company will not recognize revenue if there is continuing control or management involvement with the goods sold or there are significant uncertainties regarding the measurement a recovery of the consideration due and associated costs, or the probable return of goods.

Service income is recognized as services are provided.

Dividend income is recognized when the Company has the right to receive dividend.

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

Other incomes and expenses are recognized on the accrual basis.

Cash and cash equivalents

Cash and cash equivalents presented in the statements of cash flows, comprise of cash in hand, deposits at financial institutions with a maturity period not over 3 months and no withdrawal restrictions.

Temporary investments

Temporary investments represent investments in Open-Ended Fund, which are classified in the statements of financial position as investments in available-for-sale. These are stated at fair value calculated by using the net asset value of the fund as of the reporting date. Gain or loss on valuation is realized in other comprehensive income.

The Company calculated cost of the disposed securities during the year by the weighted average method.

Trade and other receivables

Trade and other receivables are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined by the average cost method. Costs of purchase comprise purchase price and costs directly attributable to the purchase of goods, such as taxes and transportation costs, less discounts and incentive from the supplier. Net realizable value is the estimated selling price in the ordinary course of business less the necessary expenses to product the finished goods and sale expenses. An allowance for losses is made for old, obsolete and lost inventories.

Investments in subsidiary

Investments in subsidiary in the separate financial statements of the Company are accounted for using the cost method net of allowance for impairment loss (if any).

Leasehold rights

Leasehold rights are stated at cost less accumulated amortisation

Leasehold rights are amortised on the straight-line basis over their estimated useful lives of 10 to 20 years

Property, plant and equipment - net

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

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

	Years
Building and improvements	20 - 30
Leasehold improvements	Over the period of lease agreement
Furniture, fixtures and office equipment	5 - 10
Vehicles	5 - 10

Intangible asset

Intangible asset represents costs of computer software development. The amortization is calculated by the straight-line basis over their estimated useful lives of 10 years.

Long-term leases

The leases of assets which substantially transfer all the risks and rewards of ownership are classified as finance leases, and include assets under service contracts used by the Company only carrying an obligation to pay if canceled before their expiration. Finance leases are capitalized at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The amount to be paid is allocated between the liability and finance expenses to generate the fixed interest rate calculated on outstanding liability considering each contract separately. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases are depreciated over the useful life of the asset.

Leases of assets which do not substantially transfer all the risks and rewards of ownership are classified as operating leases (Net consideration received from the lessor). Operating leases are recognized in profit and loss on a straight line basis over the lease term.

Expenses incurred on the cancellation of the operating lease before expiration, such as fines paid to the lessor, are recorded as expenses in the period in which the cancellation is made.

Impairment of assets

At the end of each reporting period, the Group performs impairment reviews in respect of the assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognized when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognized in the statement of profit or loss.

In the assessment of asset impairment, if there is any indication that previously recognized impairment losses may no longer exist or may have decreased, the Group estimates the asset's recoverable amount. A previously recognized 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 recognized. 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 recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

Employee benefits

Short-term employee benefits

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

Post-employment benefits and other long-term employee benefits

Defined contribution plans

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

Defined benefit plans and other long-term employee benefits

The employee benefit obligation for severance payment under labor law is recognized as a charge to results of operations over the employee's service period. It is calculated by estimating the amount of future benefit earned by employees in return for service provided to the Company in the current and future periods, with such benefit being discounted to determine the present value. The reference point for setting the discount rate is the yield rate of government bonds as at the reporting date. The calculation is performed by actuarial technique using the Projected Unit Credit Method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in the other comprehensive income and actuarial gains and losses arising from other long-term employee benefits are recognised immediately in the profit or loss.

Provisions

Provisions are recognized 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.

Income tax

Income tax expenses comprise current tax 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

The Group recognises deferred income tax 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 review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

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

Related party transactions

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

They also include associated companies and individuals 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' operations.

Basic earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares during the years.

Financial information by segment

Segment performance reported to the Chairman of the board of directors of the Group (decision makers with highest authority over the operation) represents transactions directly from the operating segment, including the appropriate allocation items. Most unallocated items comprise corporate assets (property of head office), headquarter costs, and income tax expenses.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. Significant judgments and estimates are as follows:

Leases

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

Allowance for doubtful accounts

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

Impairment of investment in subsidiary

The Company treats investment in its subsidiary as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment of the management.

Property, plant and equipment and depreciation

In determining depreciation of property, plant and equipment, the management is required to make estimates of the useful lives and residual values of the property, plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodic basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgment regarding forecast of future revenues and expenses relating to the assets subject to the review.

Deferred tax assets

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

5. TRANSACTIONS WITH RELATED PARTIES

The following presents relationships with enterprises and individuals that control or are controlled by the Company, whether directly or indirectly, or have common directors or shareholders with the Company.

Related party	Nature of relationships	% Equity interest owned by the Company
Thanaphoom Property 2013 Co., Ltd.	Subsidiary by shareholding and common directors	99.99

The Company has related party transactions, both directly and indirectly in common stock and/or common directors. The effects of these transactions are reflected in the financial statements on the basis determined by the Company and those related parties. The Company had significant transactions for the year ended December 31, as follows:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Subsidiary				
Rental and service expenses	-	-	1,703,900.00	1,447,125.00
Utilities expenses	-	-	262,988.76	260,349.74
Interest income	-	-	8,938.35	42,328.50
Directors and shareholders				
Rental and service expenses	2,588,600.00	2,577,600.00	2,588,600.00	2,577,600.00

Management compensation - for key management personnel

Management compensation - for key management personnel for the year ended December 31, is as follows:

	Unit : Baht	
	Consolidated and Separate financial statements	
	2016	2015
Short-term benefits	11,530,790.00	10,609,989.00
Post-employment benefits	236,485.00	3,135.16
Total management compensation	11,767,275.00	10,613,124.16

Significant balances with related parties at December 31, can be summarized as follows:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Subsidiary				
Accrued expenses	-	-	25,583.44	937.32
Prepaid rental	-	-	250,000.00	250,000.00

Movements of short-term loans to related parties for the year ended December 31, are as follows:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Short-term loans to related parties				
Subsidiary				
Balance at beginning of the year	-	-	-	-
Increase during the year	-	-	500,000.00	1,000,000.00
Decrease during the year	-	-	(500,000.00)	(1,000,000.00)
Balance at end of year	-	-	-	-

Short-term loans to the subsidiary are not governed by an agreement have no security, but bear interest rate at 7.5 per annum.

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, consisted of:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash on hand	3,861,143.75	2,500,215.00	3,861,143.75	2,500,215.00
Cash at banks - current accounts	22,922,382.01	5,667,957.23	22,920,902.01	5,663,107.23
Cash at banks - savings accounts	15,329,054.78	6,568,956.59	14,484,543.76	6,453,833.64
Cheque due	661,455.09	875,149.00	661,455.09	875,149.00
Total cash and cash equivalents	42,774,035.63	15,612,277.82	41,928,044.61	15,492,304.87

7. TEMPORARY INVESTMENTS - NET

Temporary investment as at December 31, consisted of:

Unit : Baht				
Consolidated and Separate financial statements				
	2016		2015	
	Fair value		Fair value	
	Cost price	Level 2	Cost price	Level 2
Open-end Fund-Debt securities - at cost	82,591,073.64	82,591,073.64	260,009,588.29	260,009,588.29
Add unrealized gain on investment revaluation	-	347,818.27	-	276,981.54
Total temporary investment - net	82,591,073.64	82,938,891.91	260,009,588.29	260,286,569.83

The above table analyzes recurring fair value measurements for financial assets. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The levels applicable to the Company's investments are defined as follows.

- Level 1: quoted prices (unadjusted) in active markets (Stock Exchange) for identical assets or liabilities that the Company can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Use of unobservable inputs such as estimates of future cash flows.

The Group sold the investment with a gain of Baht 1.48 million, which is shown as "other income" in the statement of profit or loss for the years ended December 31, 2016.

8. TRADE AND OTHER RECEIVABLES

Trade and other receivables as at December 31, consisted of:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Trade receivables	25,496,239.82	28,798,065.15	25,496,239.82	28,798,065.15
Other receivables				
Loans to employees	624,054.00	992,719.00	624,054.00	992,719.00
Deposit for goods	4,951,680.38	3,423,714.07	4,951,680.38	3,423,714.07
Prepaid insurance premiums	581,282.91	718,782.89	581,282.91	718,782.89
Prepaid rental	172,631.54	462,105.27	422,631.54	712,105.27
Deferred consumables	610,717.17	-	610,717.17	-
Revenue Department receivable	4,697,432.49	859,420.83	4,694,090.96	859,420.83
Other	1,947,425.96	1,198,632.51	1,947,425.96	1,198,571.19
Total other receivables	13,585,224.45	7,655,374.57	13,831,882.92	7,905,313.25
Total trade and other receivables	39,081,464.27	36,453,439.72	39,328,122.74	36,703,378.40

The Company has trade receivables classified by age analysis as follows:

	Unit : Baht	
	Consolidated and Separate financial statements	
	2016	2015
Current	22,150,579.49	23,577,988.84
Over due		
Not over 3 months	2,848,930.09	3,779,234.10
Over 3 - 6 months	461,420.24	1,028,189.01
Over 6 - 12 months	35,310.00	259,701.65
Over 12 months	-	152,951.55
Total trade receivables	25,496,239.82	28,798,065.15

9. INVENTORIES - NET

Inventories as at December 31, consisted of:

	Unit : Baht	
	Consolidated and Separate financial statements	
	2016	2015
Finished goods	211,024,505.27	172,560,016.79
<u>Less</u> allowance for losses on inventories	(6,241,274.61)	(5,159,750.78)
Total inventories - net	204,783,230.66	167,400,266.01

10. INVESTMENTS IN THE SUBSIDIARY

Investments in the subsidiary as at December 31, 2016 and 2015, consisted of:

	% of holding	Unit : Million Baht		
		Registered		
		share capital	Paid - up share	Cost method
Thanaphoom Property 2013 Co., Ltd.	99.99	90.00	60.00	60.00
Total				60.00

11. LEASEHOLD RIGHTS - NET

Leasehold right as at December 31, 2016, consisted of:

	Unit : Baht		
	Consolidated and Separate financial statements		
	As at	Movements during the year	
	January 1, 2016	Increase	Decrease
			December 31, 2016
Leasehold rights			
Cost	9,460,262.28	4,000,000.00	-
<u>Less</u> Accumulated amortization	3,137,070.19	841,155.71	-
Net book value	6,323,192.09		9,482,036.38

12. PROPERTY, PLANT AND EQUIPMENT - NET

Property, plant and equipment at December 31, 2016, consisted of:

	Unit : Baht						
	Consolidated financial statements						
	Land and improvements	Building and improvements	Leasehold improvements	Furniture, fixtures and office equipment	Vehicles	Work in progress	Total
Cost							
As at January 1, 2016	74,924,655.46	56,826,510.62	17,675,743.68	62,161,468.81	32,079,988.56	291,958.75	243,960,325.88
Purchasing	22,009,469.37	428,686.64	222,794.77	15,575,351.14	9,297,188.66	106,805,943.12	154,339,433.70
Transferred in/out	3,441,243.09	9,953,412.90	8,203,978.35	3,153,916.58	-	(24,752,550.92)	-
Disposal	-	-	-	(89,101.00)	(1,651,215.95)	-	(1,740,316.95)
As at December 31, 2016	100,375,367.92	67,208,610.16	26,102,516.80	80,801,635.53	39,725,961.27	82,345,350.95	396,559,442.63
Accumulated depreciation							
As at January 1, 2016	3,629.23	5,073,734.25	5,440,514.12	27,967,293.28	17,502,907.43	-	55,988,078.31
Depreciation	6,463.35	2,005,293.39	1,388,900.08	11,649,252.49	2,379,691.89	-	17,429,601.20
Disposal	-	-	-	(84,449.73)	(1,602,222.30)	-	(1,686,672.03)
As at December 31, 2016	10,092.58	7,079,027.64	6,829,414.20	39,532,096.04	18,280,377.02	-	71,731,007.48
Net book value							
As at December 31, 2015	74,921,026.23	51,752,776.37	12,235,229.56	34,194,175.53	14,577,081.13	291,958.75	187,972,247.57
As at December 31, 2016	100,365,275.34	60,129,582.52	19,273,102.60	41,269,539.49	21,445,584.25	82,345,350.95	324,828,435.15

Unit : Baht

	Separate financial statements					
	Land and improvements	Building and improvements	Leasehold improvements	Furniture, fixtures and office equipment	Vehicles	Work in progress
Cost						Total
As at January 1, 2016	22,117,903.46	48,781,710.62	17,675,743.68	62,161,468.81	32,079,988.56	291,958.75
Purchasing	21,509,469.37	428,686.64	222,794.77	15,575,351.14	9,297,188.66	106,805,943.12
Transferred in/out	3,441,243.09	9,953,412.90	8,203,978.35	3,153,916.58	-	(24,752,550.92)
Disposal	-	-	-	(89,101.00)	(1,651,215.95)	-
As at December 31, 2016	47,068,615.92	59,163,810.16	26,102,516.80	80,801,635.53	39,725,961.27	82,345,350.95
Accumulated depreciation						
As at January 1, 2016	3,629.23	4,400,193.07	5,440,514.12	27,967,293.28	17,502,907.43	-
Depreciation	6,463.35	1,748,863.53	1,388,900.08	11,649,252.49	2,379,691.89	-
Disposal	-	-	-	(84,449.73)	(1,602,222.30)	-
As at December 31, 2016	10,092.58	6,149,056.60	6,829,414.20	39,532,096.04	18,280,377.02	-
Net book value						
As at December 31, 2015	22,114,274.23	44,381,517.55	12,235,229.56	34,194,175.53	14,577,081.13	291,958.75
As at December 31, 2016	47,058,523.34	53,014,753.56	19,273,102.60	41,269,539.49	21,445,584.25	82,345,350.95
						264,406,854.19

Depreciation for the years ended December 31, 2016 and 2015 in the consolidated statements of profit or loss are Baht 17.43 million and Baht 14.84 million, respectively, and the separate statements of profit or loss are Baht 17.17 million and Baht 14.59 million, respectively.

As at December 31, 2016 and 2015, the Group's equipment and vehicles, which have been fully depreciated but are still in use, amounted to Baht 24.15 million and Baht 17.97 million, respectively.

Parts of the Group's land and buildings have been mortgaged as collateral for bank guarantees, bank overdrafts and loans from financial institutions (Note 15).

13. INTANGIBLE ASSETS – NET

Intangible assets as at December 31, 2016, consisted of:

	Unit : Baht			
	Consolidated and separate financial statements			
	As at	Movement during the year		As at
	January 1, 2016	Increase	Decrease	December 31, 2016
Computer software				
Cost	4,187,750.78	557,786.36	-	4,745,537.14
<u>Less</u> Accumulated amortization	1,950,189.95	444,033.95	-	2,394,223.90
Net book value	2,237,560.83			2,351,313.24

Amortization for the years ended December 31, 2016 and 2015 amounted to Baht 0.44 million and Baht 0.40 million, respectively and are included in the related consolidated and separate statements of profit or loss.

14. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities as at December 31, 2016, consisted of:-

	Unit : Baht		
	Consolidated and separate financial statements		
	Movements increase (decrease)		
	As at January 1, 2016	Profit or loss	Other comprehensive income
			As at December 31, 2016
Deferred tax assets			
Allowance for losses on inventories	1,031,950.15	216,304.77	-
Rental expenses	309,672.64	77,158.51	-
Provisions for liabilities	146,038.98	(67,836.04)	-
Provision for long-term employee benefits	507,348.80	64,662.98	-
Total deferred tax assets	1,995,010.57	290,290.22	-
Deferred tax liabilities			
Depreciation	92,000.46	53,319.10	-
Unrealized gains on valuation of available-for-sale investments	55,396.31	-	14,167.35
Total deferred tax liabilities	147,396.77	53,319.10	14,167.35
Deferred tax assets - net	1,847,613.80	236,971.12	(14,167.35)

Tax expenses for the years ended December 31, were as follows:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Profit before income tax	67,891,853.37	45,520,336.30	66,797,111.87	44,726,053.35
Income tax rate	20%	20%	20%	20%
Current income tax expenses as tax rate	13,578,370.67	9,104,067.27	13,359,422.37	8,945,210.67
Non-deductible expenses				
by the revenue code	12,965.79	84,112.49	5,950.72	68,148.91
Expenses allowed by the Revenue Code	(1,360,318.64)	(2,804,284.00)	(1,360,318.64)	(2,804,284.00)
Income tax expenses	12,231,017.82	6,383,895.76	12,005,054.45	6,209,075.58
The effective tax rate	18.02%	14.02%	17.97%	13.88%

The Company used income tax rate of 20% for the calculation of corporate income tax for the years ended December 31, 2016 and 2015. According to the Royal Decree No. 577 B.E. 2557 dated November 10, 2014, the corporate income tax rate will continue at 20 % on net profit for the accounting periods beginning on January 1, 2015 to December 31, 2015. And according to the Revenue Code Amendment Act No. 42 B.E. 2559 which is effective from March 5, 2016 onwards, the corporate income tax is reduced from 30 % to 20% of net profit for accounting period beginning on or after January 1, 2016 onwards.

15. BANK OVERDRAFTS FROM FINANCIAL INSTITUTIONS

As at December 31, 2016 and 2015, the Company and its subsidiary have credit facilities from financial institutions in form of bank overdrafts, short-term loans, promissory notes, and long-term loans, as follows:

	Unit : Million Baht	
	2016	2015
Thanapiriya Public Company Limited and its subsidiary	105	105
Thanapiriya Public Company Limited	75	75

As at December 31, 2016 and 2015, the interest rate of bank overdrafts and loans from financial institutions are calculated at the MLR rate minus the rate specified in the contract to MOR plus the rate specified in the contract. These loan facilities are secured by certain directors of the Group and by mortgages on land and building of the Group and its Directors.

16. TRADE AND OTHER PAYABLES

Trade and other payables as at December 31, consisted of:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Trade payables	112,980,868.04	113,006,501.01	112,980,868.04	113,006,501.01
Other payables				
Accrued bonus	4,143,500.00	2,471,987.90	4,143,500.00	2,471,987.90
Withholding tax payable	1,030,515.96	315,179.27	1,030,245.80	315,179.27
Accrued rental expenses	1,504,674.40	1,379,410.56	1,754,674.40	1,379,410.56
Payable for purchase of the assets	3,449,129.92	-	3,449,129.92	-
Guarantee received from employees	1,455,450.00	1,394,880.00	1,455,450.00	1,394,880.00
Accrued expenses	2,615,564.70	2,858,096.76	2,586,148.14	2,807,659.86
Retention	4,012,745.32	453,288.67	4,012,745.32	453,288.67
Other expenses	3,581,337.02	762,242.47	3,329,837.02	762,242.47
Total other payables	21,792,917.32	9,635,085.63	21,761,730.60	9,584,648.73
Total trade and other payables	134,773,785.36	122,641,586.64	134,742,598.64	122,591,149.74

17. PROVISION FOR LONG-TERM EMPLOYEE BENEFITS

Movement of the present value of provision for long-term employee benefits for the years ended December 31, is as follows:

	Unit : Baht	
	Consolidated and Separate financial statements	
	2016	2015
Provision for long-term employee		
benefits beginning of the years	2,536,744.00	200,594.00
Included in profit or loss:		
Current service costs	213,312.00	33,453.00
Cost of interest	110,002.92	11,592.00
Included in other comprehensive income:		
Actuarial losses arising from		
Financial assumptions changes	-	325,278.00
Experience adjustments	-	1,965,827.00
Provision for long-term employee		
benefits ending of the years	2,860,058.92	2,536,744.00

Long-term employee benefit expenses for years ended December 31, as shown in the statements of profit or loss are as follows:

	Unit : Baht	
	Consolidated and Separate financial statements	
	2016	2015
Selling expenses	6,843.96	321.00
Administrative expenses	316,470.96	44,724.00
Total employee benefit expenses	323,314.92	45,045.00

Principal actuarial assumptions at the valuation date are as follow:

	(Percentage (%)/annum)
	Consolidated and Separate financial statements
Discount rate	
Monthly salary	4
Daily salary	4.13
Future monthly salary increase rate	5
Future daily salary increase rate	5
Mortality rate	100% of Thai Mortality Ordinary Tables of 2008

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations as at 31 December 2016 are summarised below:

	Unit: Million Baht	
	Consolidated and Separate financial statements	
	Increase 0.5%	Decrease 0.5%
Discount rate	2.80	2.92
Salary increase rate	2.93	2.79
Turnover rate	2.78	2.95

As at December 31, 2016, the maturity analysis of undiscounted cash flows of benefit payments was as follows:

	Unit: Baht
	Consolidated and Separate financial statements
Within 1year	402,180.00
Over 1 and up to 5 years	3,984,142.00
Over 5 and up to 10 years	52,610.00
Over 10 years	215,000.00

18. SHARE CAPITAL

During November 11-13, 2015, the Company offered its new ordinary shares to the benefactors and to the public by issuing 200 million shares at the price of Baht 1.75 per share. The Company registered the increased share capital with the Ministry of Commerce on November 16, 2015. The shares of the Company began trading on the Stock Exchange of Thailand on November 18, 2015. Directly attributable expenses of the initial public offering amounted to Baht 14.56 million were deductible from the premium on share capital.

The Extraordinary Shareholders' Meeting No. 1/2015 held on April 20, 2015 passed a resolution to increase the Company's registered share capital from Baht 145 million to Baht 200 million and change the par value from Baht 100 each to Baht 0.25 each (from 1.45 million ordinary shares at a Baht 100 par value to 800 million ordinary shares at a Baht 0.25 par value) in order to offer: 200 million shares through initial public offer; 7 million shares to employees; and 13 million shares through private placement. The Company registered the increase in share capital and the reduction in par value with the Ministry of Commerce on April 22, 2015.

19. LEGAL RESERVE

Pursuant to the Public Limited Company Act B.E. 2535, the Company must set aside a reserve fund constituting no less than 5 % of the annual net profits until the reserve equals no less than 10% of the registered capital. This legal reserve is not available for dividend distribution.

20. DIVIDEND

The resolution of the meeting of the Board of Directors No.5/2016 on August 4, 2016, has resolved to pay an interim dividend from operating performance for the period from 1 January 2016 to 30 June 2016, amounting to Baht 12 million to shareholders of 800 million shares at the rate of Baht 0.015 per share. Dividends were paid to shareholders in September 2016.

The resolution of the Annual General Meeting of Shareholders for the year 2016, on April 25, 2016, has resolved to pay a dividend from a net profit for the year 2015, amounting to Baht 24 million to shareholders of 800 million shares and allocated to the legal reserves of Baht 1.93 million. Dividends were paid to shareholders in May 2016.

The General Shareholders' Meeting for the year 2015, held on April 9, 2015, resolved to pay a dividend from net profits, for the years 2014 and 2013, amounting to Baht 60 million, to shareholders of 1.45 million shares and to allocate Baht 3.30 million to the legal reserve. Dividends were paid to shareholders in June 2015.

21. EMPLOYEES PROVIDENT FUND

The Company and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530 (1998). Employees contribute to the fund on a monthly basis at the rate of 3%, while the Company contributes to the fund on a monthly basis at the referred rate. The Company will issue payment to employees upon termination in accordance with the fund rules. The contributions started from May 15, 2015. For year ended December 31, 2016 and 2015, the Company contributed a total of Baht 263,890 and Baht 101,658 to the fund, respectively.

22. OPERATING SEGMENTS

The Group is engaged in the wholesale and retail of consumer goods, a single business segment, and operates in the same geographic area. Therefore, revenue, profits and assets reflected in the financial statements are related to the business and geographic segments as discussed.

23. SIGNIFICANT EXPENSES BY NATURE

Significant expenses by nature for the year ended December 31, consisted of:-

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Changes in finished goods increase	(38,464,488.48)	(19,530,730.43)	(38,464,488.48)	(19,530,730.43)
Purchase of finished goods	1,301,285,207.03	1,217,796,730.30	1,301,285,207.03	1,217,796,730.30
(Reversal) Allowance for loss inventory	1,081,523.83	(194,544.79)	1,081,523.83	(194,544.79)
Raw materials and consumable				
materials used	8,341,194.52	5,015,595.35	8,341,194.52	5,015,595.35
Depreciation and amortization	18,714,790.86	15,883,418.92	18,458,361.00	15,627,554.59
Employee benefit expenses	70,718,805.64	61,421,493.12	70,576,659.64	61,336,159.12
Rental expenses	4,551,884.95	4,308,254.72	6,255,784.95	5,755,379.72
Utilities expenses	7,560,380.00	6,809,917.04	7,833,581.86	7,070,266.78
Advertising and promotion expenses	877,450.59	1,043,713.47	877,450.59	1,043,713.47
Vehicles and travel expenses	3,869,491.61	4,101,890.97	3,869,491.61	4,101,890.97

24. FINANCIAL INSTRUMENTS

Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Capital management

The objectives of The Group's capital management are to safeguard The Group's ability to continue as a going concern in order to provide returns to The Group's shareholders and benefits to other stakeholders. The management sets strategies to support The Group's operations for more efficiency, and better performance and stronger financial status, including dividend and capital management policies to maintain the optimal capital structure and cost of capital.

Interest rate risk

The Group is exposed to significant interest rate risks relate primarily to bank deposits and short-term investments. Most of the interest rates that fluctuate based on market rates or a fixed rate with a maturity date after the date of the statement of financial position does not exceed one year. As the Company has a policy to deposit or invest in highly liquid instruments with a maturity not exceeding one year, the Group's interest rate risk is low.

Significant financial assets and liabilities classified by type of interest rate are as follows.

Unit : Million Baht				
Consolidated financial statements as at December 31, 2016				
Description	Notes	Inflate	No interest rate	Total
<u>Financial asset</u>				
Cash and cash equivalents	6	15.33	27.44	42.77
Net temporary investment	7	82.94	-	82.94
Trade and other receivables	8	-	39.08	39.08
<u>Financial liabilities</u>				
Trade and other payables	16	-	134.77	134.77

Unit : Million Baht

Consolidated financial statements as at December 31, 2015

Description	Notes	Inflate	No interest rate	Total
<u>Financial asset</u>				
Cash and cash equivalents	6	6.57	9.04	15.61
Net temporary investment	7	260.29	-	260.29
Trade and other receivables	8	-	36.45	36.45
<u>Financial liabilities</u>				
Bank overdrafts from financial institutions	15	1.05	-	1.05
Trade and other payables	16	-	122.64	122.64

Credit risk

The Group is exposed to credit risks related primarily to accounts receivable and other receivables, loans and notes receivable. As management has a credit policy and appropriate credit controls in place, it does not anticipate significant losses from the credit. In addition, The Group has no significant concentrations of credit because the Company's a large number of customers and a diverse customer base. The maximum exposure to credit risk is represented by the carrying amount of accounts receivable and other receivables, loans and notes receivable in the statement of financial position.

The risk of liquidity

The Group monitors its liquidity risk by maintaining a level of cash and cash equivalents deemed adequate by management to finance the Group and to mitigate the effects of fluctuations in cash flows.

Determination of fair values

The Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The Group estimates the fair value of financial instruments; cash and cash equivalents, trade accounts receivable and payable, other accounts receivable and payable, and short-term borrowings, equal to their amounts carried in the statement of financial position because of the short-term maturity of those financial instruments.

25. COMMITMENTS

- 25.1. As at December 31, the Group has obligations related to the lease of office space, including service charges under several agreements with related parties and other persons. The agreements are for periods of between of 1 - 20 years. Remaining rental and service charges under existing agreements are to be paid in the future are as follows.

	Unit : Million Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Due within 1 year	4.38	7.83	6.03	8.82
Due over 1 year but not exceeding 5 years	7.51	9.22	9.34	10.08
Due over 5 year	18.73	16.54	18.73	16.54
Total	30.62	33.59	34.10	35.44

- 25.2. As at December 31, 2016 and 2015, the Group has a contractual obligation under construction agreements and agreement for the purchase of buildings in the amount of Baht 60.83 million and Baht 3.23 million, respectively. The Group paid in advance and a deposit totaling of Baht 4 million.

26. EVENT AFTER THE REPORTING PERIOD

Board of Directors' Meeting No. 1/2017, held on February 21, 2017, resolved to pay a dividend from its operating result for the year ended 31 December 2016 for 800 million shares at the rate of Baht 0.03 per share, amounting Baht 24 million. The company has already paid an interim dividend in September 2559 at the rate of Baht 0.015 per share. The dividend payments must be approved at the Annual General Meeting of the Company's shareholders.

27. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Company's authorized directors on February 21, 2017.

15. Assets Used in Business Engagement

15.1 Explanation and Analysis of the Financial Position and Overall Operation

15.1.1 Assets Used in Business Engagement

15.1.1 Property and Improvement of Property

As at 31 December 2016, the transactions and net value of properties used in business engagement of the Company and its subsidiary as appeared in consolidated financial statements have been as follows.

Overview of Past Operation

Location	Usability	Net Book Value (million Baht)	Nature of Ownership	Obligation
a) Tile Deed No.: 45514,55357 Location: Wiang Phang Kham Sub-district, Mae Sai District, Chiang Rai Province Total Area: 0-1-4.0 rai	Location of Mae Sai Branch	1.85	Thanaphoom is the owner	Mortgage obligation as collateral of loan from a financial institution
b) Title Deed No.: 52867, 52722 Location: Wiang Phang Kham Sub-district, Mae Sai District, Chiang Rai Province Total Area: 0-3-50.0 rai	Location of Mae Sai Branch	10.10	Thanaphoom is the owner	None of any obligation
c) Title Deed No.: 1465 Location: Rop Wiang Sub-district, Mueang Chiang Rai District, Chiang Rai Province Total Area: 0-2-46.0 rai	Location of Pa Ko Branch	5.65	Thanaphoom is the owner	Mortgage obligation as collateral of loan from a financial institution
d) Title Deed No. 6446, 70721 Location: Mueang Phan Sub-district, Phan District, Chiang Rai Province Total Area: 3-0-78.8 rai	Location of Phan Branch	9.50	Thanaphoom is the owner	Mortgage obligation as collateral of loan from a financial institution
e) Title Deed No. 115360 Location: Rop Wiang Sub-district, Mueang Chiang Rai District, Chiang Rai Province Total Area: 1-1-4.9 rai	Location of Warehouse 1	4.00	The Company is the owner.	None of any obligation

Location	Usability	Net Book Value (million Baht)	Nature of Ownership	Obligation
f) Title Deed No. 18209, 5340 Location: Rop Wiang Sub-district, Mueang Chiang Rai District, Chiang Rai Province Total Area: 0-2-34.8 rai	Location of Employee Training Building	5.65	Thanaphoom is the owner.	None of any obligation
g) Title Deed No. 104286 Location: Tha Sut Sub-district, Mueang Chiang Rai District, Chiang Rai Province Total Area: 0-1-35.0 rai	Empty Land1)	14.64	Thanaphoom is the owner.	None of any obligation
h) Title Deed No.140057 Location: Huay Sak Sub-district, Mueang Chiang Rai District, Chiang Rai Province Total Area: 1-0-0.0 rai	Empty Land1)	5.03	Thanaphoom is the owner.	None of any obligation
i) Title Deed No.: 16542 Location: Wiang Sub-district, Chiang Saen District, Chiang Rai Province Total Area: 0-2-38.0 rai	Empty Land	0.89	Thanaphoom is the owner.	None of any obligation
j) Title Deed No.: 49885,129256, 53485, 49831, 49355, 77198, 143308 Location: Ban Du Sub-district, Mueang Chiang Rai District, Chiang Rai Province Total Area: 13-3-33.9 rai	Location of New Distribution Center	32.71	The Company is the owner.	None of any obligation
k) Title Deed No.: 141185, 141186, 141187, 141192 Location: Rim Kok Sub-district, Mueang Chiang Rai District, Chiang Rai Province Total Area: 0-0-66.5 rai	Location of Ban Mai Branch	10.23	The Company is the owner.	None of any obligation
Improvement of Property		0.12		
Total		100.37		

15.1.2 Plant and Equipment

As at 31 December 2016, the details of the transactions and net value of plant and equipment used in business engagement of the Company and its subsidiary as appeared in consolidated financial statements have been as follows.

Type of Assets	Net Book Value (Million Baht)
1. Plant and Improvement of Plant	60.13
2. Improvement of Leasehold ¹	19.27
3. Furniture and Office Equipment	41.27
4. Vehicle and Addition	21.45
5. Work in Construction	82.35
Total	224.47

15.2 Leasehold

As at 31 December 2016, the details of the transactions and net value of leasehold used in business engagement of the Company and its subsidiary as appeared in consolidated financial statements have been as follows.

Location	Usability	Net Book Value (million Baht)
Property and Plant Title Deed No.: 85557, 85556, 85555, 85554, 8635 Rop Wiang Sub-district, Mueang Chiang Rai District, Chiang Rai Province Area: 0-3-20.9 rai Lease Duration: 15 years from 1 Nov 2009 to 31 Oct 2 Oct 2024.	Location of Si Sai Mun Branch	2.89
Property and Plant Title Deed No. 108610, Ban Du Sub-district, Mueang Chiang Rai District, Chiang Rai Province Area: 0-3-40.8 rai Lease Duration: 10 years from 1 May 2011 to 30 Apr 2021	Location of Ban Du Branch	0.13
Property and Plant Title Deed No 31, 760, 2293, Wiang Sub-district, Wiang Pa Pao District, Chiang Rai Province Area: 0-2-61.0 rai Lease Duration: 15 years from 28 Aug 2014 to 27 Aug 2029	Location of Wiang Pa Pao Branch	2.66

Location	Usability	Net Book Value (million Baht)
Property and Plant Title Deed No. 4453, Mae Chedi Sub-district, Wiang Pa Pao District, Chiang Rai Province Area: 0-2-61.0 rai Lease Duration: 20 years from 1 Jan 2015 to 31 Dec 2035	Location of Mae Khachan Branch	3.80
Total		9.48

15.3 Intangible Assets

As at 31 December 2016, the Company and its subsidiary have had intangible assets such as computer program for use in the Company's general business operation, consisting of accountancy system program, warehouse management accounting program, and other general operating programs in book value of 2.35 million Baht.

15.4 Trademark

As at 31 December 2016, the Company has had the Company's trademark for one item as follows.

Trademark	Ownership Holder	Duration
	The Company	Under procedure of registration application with Department of Intellectual Property

15.5 Relevant Licenses in Business Engagement

In business engagement of the Company, every branch has applied for important licenses such as Certificate of Business Engagement Notification for Food Distribution Place or Food Collection Place, License for Establishment of Food Collection Place, License for Business Engagement of Food Distribution Place, and License for Liquor Distribution. Moreover, the Company has applied for License for Health Hazardous Business Engagement in type of Warehouse, and License for Establishment of Food Collection Place for Rop Wiang Distribution Center, Warehouse 1, Warehouse 2, Warehouse 3 and Warehouse 4. All kinds of relevant business engagement licenses shall be regularly renewed every year.

16. Legal Dispute

- None -



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