ANNUAL REPORT 2017

บริษัท ธนพิริยะ จำกัด (มหาชน)
Thanapiriya Public Company Limited

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Message from the Chairman

According to the severe competition in the retail business both from major operators and retailers, it has resulted in a continued decline in the market share of traditional retail stores. “Thanapiriya” has always adapted to the competitive conditions in business. Our business, a traditional retail store, has also been developed with the emphasis on the quality of service. Currently “Thanapiriya” has expanded to 19 branches in Chiang Rai and Phayao provinces. The Company has proven that a traditional retail store constantly adapting, accessing to customer behavior and creating a unique service can grow well in the business.

In the year 2017, The Company opened 4 new branches in Chiang Rai and Phayao as our planned. However, the identity of the store and the service are at the heart of “Thanapiriya Stores”. Central management continues to be our standard. As a result, the Company’s total revenue in 2017 was 1.607 million baht with the growth rate of 10.4 percent. The success of the Company is attributed to the Company’s employees and the management focused on sustainable returns to the stakeholders. The Company focuses on developing the organization by developing quality of personnel in order to help the Company develop at all times. In addition, the opening of the new distribution center in 2017 with an area of more than 10,000 square meters will enhance the potential of warehouse management and make distribution more efficient. The Company will also be able to expand more branches in the future.

On behalf of the Board of Directors, we would like to express our sincere gratitude to our customers, business partners, shareholders, related organizations as well as business alliances for the confidence trust and support. In addition, special thanks to our management team and all staff for contributing faithfully, prudently and dedicatedly to the success of the Company. We commit to operate our business ethically, honestly, transparently with good corporate governance and sustainable growth in the future.

Dr.Pisanu Kantipong
Chairman of the Board of Directors

Mr.Thawatchai Phutthipiriya
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 Khamsaen, 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 internalcontrol 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 2017, the Audit Committee held total of 5 meetings underbelow essential issues.

1. The Audit Committee mutually considered and reviewed quarterly financial statements and annual financial statements for 2017 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 Standardsand 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'sannual financial report for 2017 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 thatthe 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 2017, 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 I VL Auditing Company Limited which is theinternal 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 monitorinternal 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 2017.
5. To consider selecting, appointing and determining remuneration of the auditor for 2017, 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. Theremuneration has been determined for not exceeding 1,280,000 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 andthe 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
18 February 2018

Report of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprised of three (3) members. The Nomination and Remuneration Committee has performed duties as assigned by the Board and in accordance with the charter of the Nomination and Compensation Committee. The key responsibilities of the Nomination and Remuneration Committee include the nomination of qualified candidates as members of the Board and Board Committees and propose of remuneration of the Chairman of the Board to the Boards. In the year 2017, the Nomination and Remuneration Committee has held 2 meetings and all member attend to the meeting every time.

The Nomination and Remuneration Committee has clearly formulated applicable policies, criteria and procedures in accordance with the charters and regulatory requirements to provide appropriate operating frameworks for the Company as approved by the Board as follows:

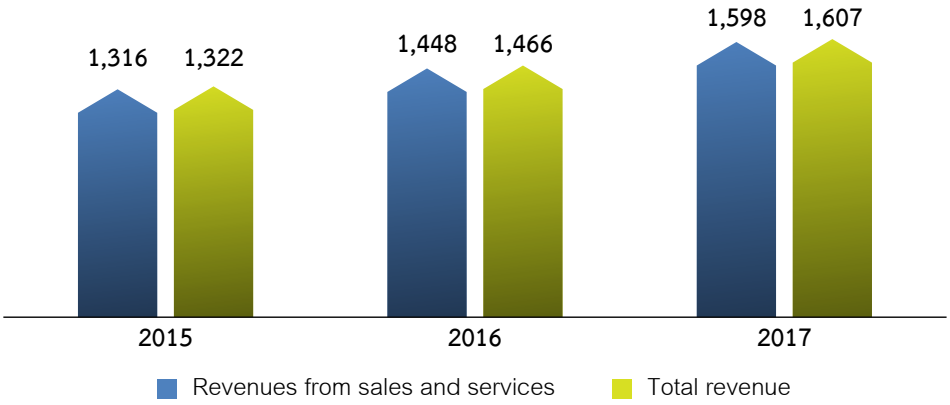
- The nomination of qualified candidates as members of the Board and Board Committees will be based on qualifications, knowledge, abilities, skills, experiences, expertise, leadership, vision and attitudes. Considerations are also given to the size, structure and composition of the Board to promote the compliance with good corporate governance principles and effective management which are appropriate to the evolving business environment and regulatory changes.
- The determination of remuneration offered to directors and the Chief Executive Officer is based on the scope of responsibilities, duties and performance of the incumbents together with the operating results, business conditions and factors which may affect the Company's businesses and the economic conditions.

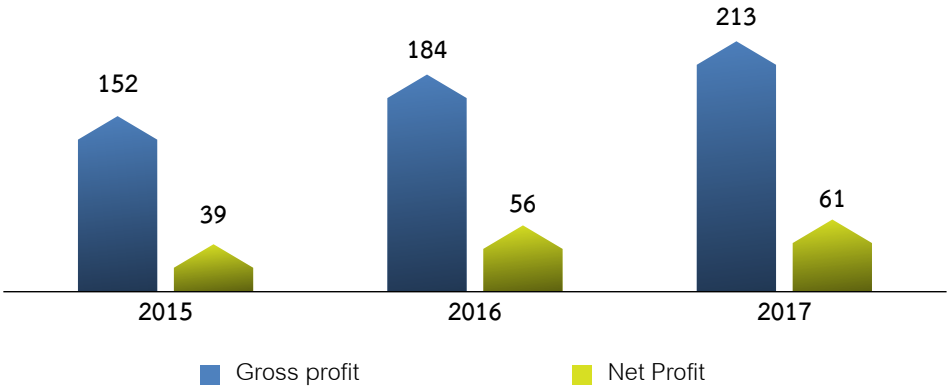
As of 31 December 2017, the Board is comprised of 7 members, of which 3 are independent directors. The Nomination and Remuneration Committee has requested the directors conduct self-evaluation to review their performance in the prior year. Details of the remunerations offered to directors and executives are shown under the remuneration of directors and executives section of the annual report. The Nomination and Remuneration Committee views that the remunerations are appropriate in view of with the scope of responsibilities of the directors

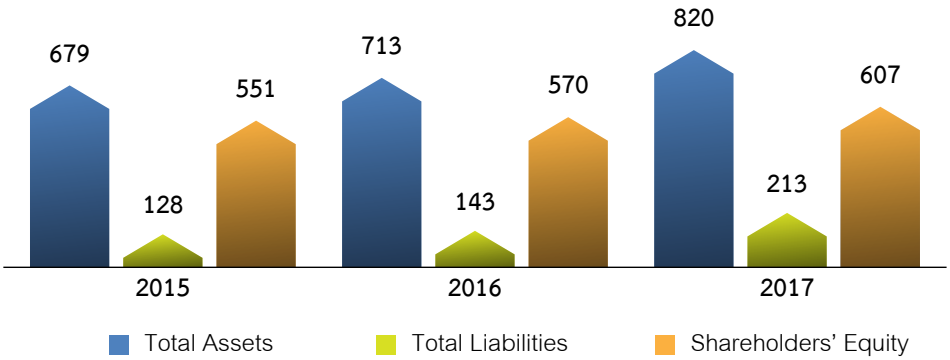
Dr.Wattana Yueanyong

Chairman of Nomination and Remuneration Committee

Financial Highlight







	2015	2016	2017
Revenues from sales and services	1,316	1,448	1,598
Total revenue	1,322	1,456	1,607
Gross profit	152	184	213
Net Profit	39	56	61
Total Assets	679	713	820
Total Liabilities	128	143	213
Shareholders' Equity	551	570	607

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 2.3 Overview of Business Engagement of the Company and its Subsidiary
Location of Head Office	: No. 329 Village No.8 Ban Du Sub-district, Mueang Chiang Rai District, Chiang Rai Province 57100 Telephone: 0-5377-6144 Facsimile: 0-5377-6144
Investor Relations	: Telephone: 0-5377-6144 E-mail: investor@thanapiriya.co.th

Reference Person

Securities Registrar	: Thailand Securities Depository Company Limited No. 93 Ratchadaphisek Road, Din Daeng Sub-district, Din Daeng District, Bangkok 10400 Telephone: 0-2009-9000 Facsimile: 0-2009-9991
Auditor	: 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, HuaiKhwang Sub-district, HuaiKhwang District, Bangkok 10320 Telephone: 0-2645-0109 Facsimile: 0-2168-1212

Should Investors require addition information, they can be obtained from Disclosure report concerning additional information (Form 56-1) in which the Company has published details in www.sec.or.th or the Company's website: www.thanapiriya.co.th

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 salesis derived from two portions consisting of revenue from sales via branch and revenue from sales via headoffice. At present, total branches of the Company have been 19 branches, being classified into supermarket for 18 branches, wholesale center for 1 branch. There are 17 branches in Chiang Rai Province and 2 branches in Phayao Province. The Company focuseson 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, for k,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 bathingand 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 beingthe local store that understands the consumers under “real cheap price, pleasant shopping and proximity to yourhouse” 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 enhancethe 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 RopWiang 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.

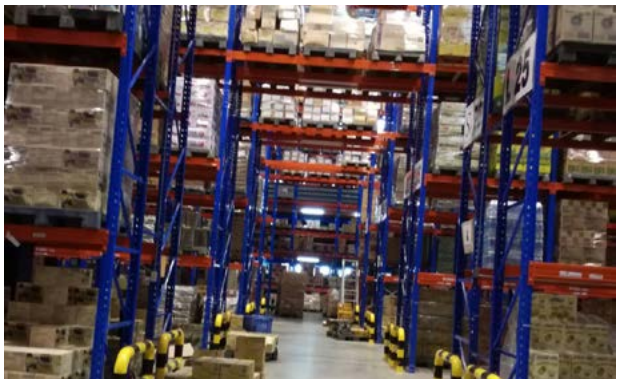
On April 20, 2015, the Extraordinary Meeting of Shareholders resolved to transform the Company into public limited company in order to be listed in Market for Alternative Investment (MAI) under resolution of approval on increase in registered capital to be 200 million Baht and allocation of ordinary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

On September 5, 2017, the Company relocated head office from Vieng Sub-District, Mueang District Chiang Rai Province to the new office at 329 Moo 8 Ban du Sub-District, Mueang District, Chiang Rai Province.

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.
2013	• Opened Mae Sai Branch at Mae Sai District, Chiang Rai Province. • Opened Pa Ko Branch, at Mueang District, Chiang Rai Province. • The Company increased registered and paid-up capital to be 50 million Baht.
2014	• The Company was awarded for good quality wholesale business in emphasis on personnel development from Department of Business Development for 2014. • Opened HuaiKhrai 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 December 18, 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 tothe existing shareholders. The Company has registered capital increase with Department of Business Development, Ministry of Commerce, on December 22, 2014. • On December 3, 2014, the Board of Directors' Meeting No. 10/2014 resolved to purchase 100% of or dinary shares of Thanaphoom Property 2013 Company Limited for group restructuring.
2015	• Opened Phan Branch, Phan District, Chiang Rai Province, in April 2015. • On April 20, 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 in to Thanapiriya Public Limited Company on April 22, 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 salesto the Company's employees and patronizer of the Company. On April 28 2015, the Company increased paid-up capital for 5 million, resulting in paid-up capitalfor 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. • On November 18, 2015 was the first day trade of the Company's securities in MAI under the abbreviated security name of "TNP".

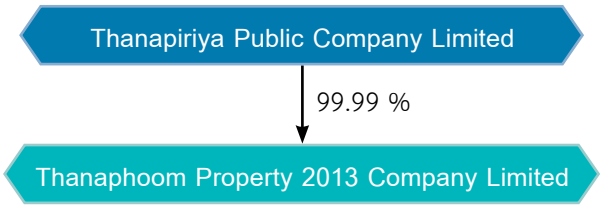
Year	Significant Development
2016	• Opened Thoeng Branch at Thoeng District, Chiang Rai Province, in March 2016. • Opened Mae Khachan Branch at Wiang Pa Pao District, Chiang Rai Province, in June 2016. • Opened Ban Mai Branch at Mueang District, Chiang Rai Province, in October 2016
2017	• Opened Chiang San Branch at Chiang San District, Chiang Rai Province, in April 2017. • Opened new distribution center at Ban du Sub-District Muang District, Chiang Rai Province, in June 2017. • Opened Thawang thong Branch at Mueng District, Phayao Province, in July 2017. • Opened Vieng chai Branch at Vieng chai District, Chiang Rai Province, in September 2017. • Opened Chiang Kham Branch at Chiang Kham District, Phayao Province, in December 2017.



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 viabranch and revenue from sales via head office. At present, total branches of the Company have been 19 branches, being classified into supermarket for 18 branches and wholesale center for 1 branch. There are located in Chiang rai province and Phayao province. 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 2017



3. Nature of Business Operation

The Company runs retail and wholesale business of consumer products, excluding fresh foods under the business name "Thanapiriya". The main revenue is from sales of products via branches and head office. At present, total branches of the Company are 19 branches, being classified into supermarket for 18 branches and wholesale center for 1 branch; 17 branches are located in Chiang Rai Province and 2 branches in Phayao Province. The style of our super markets is the perfect combination where we provide variety of products at lower prices like the Modern Trade but convenient like the convenience stores. Thanapiriya aims to be the Thai nationality community stores which distribute the quality products and render warm services that take the customers' demand into account.

The Company well perceives the way of life of local people that they prefer to buy fresh foods like meat, vegetables and fruits from the fresh market. However, they prefer to buy consumer products from modern supermarkets which provide variety of products, attractive product display and convenience to select for purchase and easy to search for demanded products. The Company has used more than 26 years of its experience in accompanying with customer demand to develop the style of Thanapiriya Super Store to shelve and display more than 15,000 types of distributed product categories and aim to offer quality 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 2015 to 2017 is as follows: Revenue Structure 2015 2016 2017 Million THB % Million THB % Million THB %

Revenue Structure	2015		2016		2017	
	Million THB	%	Million THB	%	Million THB	%
Revenue from Branches and Services	1,002.3	76.2	1,193.2	82.4	1,378.5	86.3
Revenue from Wholesale at Head Office	313.9	23.8	255.0	17.6	219.2	13.7
Total Revenues from Sales and Services	**1,316.2**	**100.0**	**1,448.2**	**100.0**	**1,597.7**	**100.0**

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

1) Revenue from Sales via Branches

The Company runs both retail and wholesale business via branches which invests and manages by the Company. Presently, the Company has 19 branches in Chiang Rai and Phayao Provinces comprising of 18 supermarkets, the target customers are people at all ages that reside and travel in the area of the supermarkets. The target of customer group is the retailers who located in Chiang Rai and nearby provinces.

2) Revenue from Sales via Wholesale at Head Office

The Company runs wholesale business by wholesaling at Head Office as Call Center for delivery of Product in Chiang Rai and nearby provinces. The target of customer group is the retailers who located in Chiang Rai and nearby province.

3.1 Nature of Services

3.1.1 Nature of Products for Retail and Wholesale Business

The Company allocates more than 15,000 types in order to meet the customer demand. The shelved and displayed commodities are those of basic group of household products for personal use, beverage, grocery, mother & child products, cosmetics, supplement foods, and etc.

Thanapiriya distributes products demanded by consumers and distributed in retail as a pack, a box and a carton, for customer's selection as demanded. The commodities are classified into 5 categories as follows: Product Categories

Product Categories
1. **Household Products** such as detergent, fabric softener, dish washing liquid, floor cleaning liquid, plates, bowls, spoons,forks, candles, incense sticks, light bulbs, batteries, car wash and cleaning products.
2. **Personal Care Product** such as shampoo, conditioner, soap, liquid soap, toothpaste, power, deodorant, cologne, sanitary napkin, tissue papers and hair styling products.
3. **Drinks and Dried Food Product** such as tea, coffee, milk, drinking water, snacks, sauces, vegetable oils, sugar, canned fruits, canned foods, instant noodles and juices.
4. **Cosmetics and Supplements** such as moisturizer, foundation cream, lipstick, first aid medication set, supplement foods and vitamins.
5. **Baby Care Products** such as nursing bottle, powered milk, baby food, diaper, liquid absorbing pad, toys, baby bathing and caring products and maternal products.

Branches are significant channels where Thanapiriya can reach the customers directly. Thanapiriya gives priority to excellent services which impress customers from the very first step that they enter the store until their leaving. When entering Thanapiriya Store, there will be welcoming staffs who greet customers and providing shopping baskets. There are also staffs at the product shelves that provide service and suggestions on different promotions. Moreover, the Company also concerns on adequate number of checkouts for non-long queuing up by the customers and arrange staff that renders conveying services to deliver products to the customer cars for facilitation.

Beside good services, the atmosphere inside the stores is regarded to be essential. Thanapiriya concerns on cleanliness of the store both in front of the store and inside the store. Outside the stores, there are banners of various promotions, interior store decoration in modern style. The selection 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, products 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 audio and visual media which encourage customers to shop joyfully. Atmosphere in Supermarket

- Atmosphere in Supermarket

3.1.2 Distribution Channels

The Company distributes all products via two channels as follows:

1) Branches of Thanapiriya

The Company distributes products via its own branches as the main channel. The locations are located nearby a community zone and adjacent to the residences of target customer group and adjacent to main road. This is convenient for both regular and irregular customers in travelling to the store.

Presently, The Company has 19 branches comprising of 18 supermarkets and 1 wholesale center. The details about Thanapiriya's branches as of 31 December 2017 are as followings:

Branch	Address	Opening Year	Usage Area (Sq.M)	Opening Hours
1.Clock Tower Branch	414/1-2 Buppaprakan Road, Wiang Sub-district, Muang District, Chiang Rai Province 57000	1991	220	7:00 – 21:00
2. Den Ha Branch	318/3 Moo 16, Wiang Sub-district, Muang District, Chiang Rai Province 57000	2007	750	8:00 – 20:30
3. Sri SineMool Branch	139/6 Moo 9, Wiang Sub-district, Muang District, Chiang Rai Province 57000	2009	400	8:00 – 20:00
4. Baan Doo Branch	142 Moo 4, Baan Doo Sub-district, Muang District, Chiang Rai Province 57000	2011	700	8:00 – 21:00
5. Den Ha Wholesale Center	510/14 Moo 16, RobWiang Sub-district, Muang District, Chiang Rai Province 57000	2012	900	8:00 – 19:00
6. Mae Sai Branch	888 Moo 9, Wiang Pang Kham Sub-district, Mae Sai District, Chiang Rai Province 57220	2013	330	8:00 – 20:00
7. Pa Gor Branch	308/2 Moo13, Rob Wiang Sub-district, Muang District, Chiang Rai Province 57000	2013	400	8:00 – 21:00
8. Huay Krai Branch	30 2Moo 2, Mae Rai Sub-district, Mae Chan District, Chiang Rai Province 57110	2014	500	8:00 – 20:00
9. Wiang Pa Pao Branch	340 Moo 2, Wiang Sub-district, Wiang Par Pao District, Chiang Rai Province 57170	2014	350	8:00 – 20:00
10. Mae Chan Branch	500 Moo 4, Mae Chan Sub-district, Mae Chan District, Chiang Rai Province 57110	2014	400	8:00 – 20:00
11. Parn Branch	2347 Moo 1, Parn Sub-district, Parn District, Chiang Rai Province 57120	April 2015	550	8:00 – 20:00
12. Mae Fah Luang Branch	690 Moo 1, TahSood Sub-district, Muang District, Chiang Rai Province 57000	August 2015	356	9:00 – 21:30

Branch	Address	Opening Year	Usage Area (Sq.M)	Opening Hours
13. Thoeng Branch	294/3 Moo 1, Wiang Sub-district, Thoeng District, Chiang Rai Province 57160	March2016	282	8:00 – 20:00
14. Mae KahJarn Branch	90 Moo 1, Mae Chedi Sub-district, Wiang Par Pao District, Chiang Rai Province 57260	June2016	300	8:00 – 20:00
15. Baan Mai Branch	531/1-3 Moo 4 Rim Kok Sub-district, Muang District, Chiang Rai Province 57100	October2016	264	8:00 – 20:00
16. Chiang Saen Branch	503 Moo 3, Wiang Sub-district, Chiang Saen District, Chiang Rai Province	April 2017	375	8:00 – 20:00
17. Tha Wang Thong Branch	555 Moo 5, Tha Wang Thong Sub-district, Muang District, Phayao Province	July2017	300	8:00 – 20:00
18. Wiang Chai Branch	194 Moo 1, Wiang Sub-district, Wiang Chai District, Chiang Rai Province	September 2017	270	8:00 – 20:00
19. Chiang Kham Branch	Yuan Sub-district, Chiang Kham District, Phayao Province	December 2017	300	8:00 – 20:00

2) Wholesale at Head Office

Thanapiriya accepts purchase order via calls to the wholesale customers of Head Office and wholesale customers in other districts for broader coverage of wholesale customer group. This channel is available for wholesale customers or customer who purchases in big volume. Most of these

customers have been purchasing from Thanapiriya for long time and they usually purchase the same types of products. Many of them own shops which are distant from the city area, so it is not convenient for them to commute to the stores to purchase by themselves. Customers can make telephone call directly to Thanapiriya Head Office and every branch of Thanapiriya Supermarkets to place purchase orders.

3.1.3 Branch Network Management

The Company gives priority to the quality of commodities and services; service business policy for each branch shall be formulated to be in the same direction and standardize 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 branches to control the service quality to be in the same standard as following:

1) Work Instruction

The Head Office will specify the policies and manual for operation of different units such as the stock inventory management, stock counting, cash management, product displaying, out-of-shelf product monitoring, product expiry monitoring, store cleaning, removing of expired or damaged products,

return policy and operation of each branch whereas the Head Office will specify the work calendar for each branch to follow and comply with in the same standard.

2) Product Prices and Promotions

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

Thanapiriya uses the stock inventory management fulfillment system for each branch in such a way that the Head Office will use the data base of the past of sale record in order to specify the proper stock inventory volume for each branch that complies to the customer demand. Such system automatically estimates the outcome from the database and sends direct orders to the distribution center to deliver products to branch stores on the next day. For each fulfillment, it will result each branch store to have enough stock inventory which is adequate for 3 to 30 days selling depending on the category of products and the stocking capability of each branch store.

4) IT System

Every branch adopts the Point of sales (POS) system. This system will send the data about products selling and payment to Head Office daily allowing Head Office to know about the flow of products and purchasing behaviors of customers. This information will be used for managing the inventory system appropriately such as creating the statistic for daily sale volume of every branch and every type of product in order to be used with the products fulfillment and delivery system. Besides, the product prices will be set by the central unit and updated in the POS. As a result, every branch will set the same prices for security purposes, each branch installed the surveillance system for the purpose of checking the standard of services and monitoring the stealing of products.

5) Quality Inspection

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

1) Inventory Stocktaking

Beside the daily stocktaking, Head Office will send the auditor to randomly count the products and stock inventory at each branch without notification (Surprise Check) once a month in order to reassure that the number of products corresponds to the record available in the system and that the staffs have strictly followed the necessary steps in counting stock inventory.

2) Branch Management Audit

The Head Office will send the human resource staffs to check the management at the branch stores once a week regularly. They will investigate the servicing, displaying of products, placing of promotion tags, checking of product lifetime, counting of stock inventory, managing of cash, and fulfilling of product availability in order to make sure that each branch follows 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

The Head Office will identify the stores' floor plans, theme for stores' decoration, products placement, regulations for promoting the stores' atmosphere, as well as plans for decorating stores for different events in order to allow the branches to convey their messages to the consumers in the same ways. However, The Head Office gives every staff the opportunity to share their opinions and regularly meetings to mutually help in creation of maximum working efficiency.

3.2 Marketing and Competition

3.2.1 Condition and Trend of Chiang Rai Province's Economy

Chiang Rai Province is at the farthest north of Thailand. Its border is connected to the Lao P.D.R. and Myanmar. The overall economy of Chiang Rai Province depends on agricultural products which are made possible by fertility, climate, and rain water. These are factors that enhance cropping. So, we may say that Chiang Rai Province is the oasis of the North. We can see that there are many large rice mills when comparing to other Northern provinces. In addition, there are numerous tea and coffee farming. They are significant economic crops of the province. Beside agriculture, the area of Phan District is the location for the largest freshwater fish farming of Northern Thailand.

In term of service business, Chiang Rai Province is well known on tourism. There are both Thai and foreign tourist who have visited Chiang Rai Province to enjoy Lanna art & culture where they can experience local food and the simple lifestyle. In addition, Chiang Rai has had leading facilities and services in various areas whether in transportation, hotel, store, and 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 system 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.

Regarding the tendency of Chiang Rai economicin 2018; the Treasury Office of Chiang Rai Province anticipated for expansion in the rate of 3.8 % under motivation both of demand and supply. For supply side the agricultural sector is forecasted to expand by 6.8 percent due to the favorable weather conditions, which will result in an increase in agricultural output. For service sector has been anticipated to be expanded for 6.4%, as shown from the passenger amount which tendency to grow more and the supporting factor from the expansion of low-costairline domestic and international airlines. In addition to government policies, the public sector is promoting tourism. It is expected that tourists will come to Chiang Rai. The industry sector is expected to expand 4.4%from the amount of the industry and electrical usage is expected to increase. Most of them are the industry of processed agricultural products. Supply side is expected to expand from government spending. It is expected to grow at an 8.2% rate as the government approves the budget for fiscal year 2012. 2561, totaling 2.9 trillion baht, and measures to accelerate the government budget disbursement, both fixed and capital expenditures, led to an increase in government spending.Border trade is expected to expand at 5.0 %, due to the increase in exports to southern China, as well as trade benefits will help to increase the expansion of the border trade.Private consumption is expected to expand by 3.5%, reflecting the increase in value added tax collection and the rise in new passenger car registrations. Private investment is expected to expand by 2.6% from the Chiang Rai Special Economic Zone, with the number of entrepreneurs approved for exemption from corporate income tax exemption from the Secretary of the Board of Investment or BOI. It is expected that investment in the private sector will be increased.

The Support Factors of Chiang Rai Province's Economic in 2017 and 2018

- Provincial Tourism Promotion introduces new tourist attractions and offers tourist packages that will attract tourists to stay overnight in Chiang Rai, driving Chiang Rai to MICE City, promoting tourism. The expansion of new domestic and international routes will furtherpromote and expand more about tourism of the province
- Massive stimulus measures of the government, such as measures to optimize expenditure spending budget in the year 2017 and 2018, measures to help low-income people, measures to help SMEs in urgent period, provide entrepreneurs with access to capital sources, tax measures, projects to strengthen the economy, foundations in accordance with the state guidelines.

- A new personal income tax restructuring that can deduct more costs and reprise
- The debt burden of households from the first car project will be ended, which will make consumers more purchasing power
- The participation to the ASEAN Economic Community is an important milestone for the ASEAN Economic Community (AEC), which is important for trade, investment and tourism especially in tourist season at year end increase more purchasing power of tourists
- Chiang Rai Province is the Special Economic Zone where the government will support the infrastructure, the benefits and the management of various areas in order to attract more investors.
- The development of Mae Fah Luang Airport, Chiang Rai, expansion of domestic and international routes, receiving budget for renovation of Mae Fah Luang International Airport and announcement in AIP Thailand. Opening of the 24-hour airport from July 20, 2017 will result in the Mae Fah Luang Airport; Chiang Rai has increased flights and airlines, resulting in an increase of tourists in Chiang Rai.

Economic Risk Factors in 2017 and 2018 in Chiang Rai Province

- Higher oil prices may lead to higher costs for businesses and consumption products prices, affecting public consumption.
- Economic policies of trading partners may affect to decrease the export
- Risks from natural disasters due to weather uncertainty can cause natural disasters and affect agricultural output
- Agricultural labor costs are high, resulting in higher production costs
- Organizing tour operators may impact on tourism
- The Thai Royal Ordinance Concerning the Management of Foreign Worker's Employment which announced on 22 June 2017 to manage the foreigners to work in a systematic and effective way, but on the other hand affects to tens of thousands of foreign workers

3.2.2 Retail and Wholesale Industry

The tendency of retail business outlook in the next three years (2018-2020) is expected to improve due to the recovery of Thai economy, In each year, the approximated 4-6% of growth rate which is higher than in the past three years (2013-2016) which the averaged at 2.4% per year only.

The consumption in the fourth quarter of 2017, is gradually expanding. Most of the entrepreneur agreed that the purchasing power of the household was not as good as it should be, with relatively good purchasing power concentrated in Bangkok and its vicinities, major cities and tourist destinations. In addition, it mostly restrict in high income earners group and middle-income earners groupwhile the purchasing power of agricultural

households and foundation group are still not recovered, the prices of agricultural products are still low and non-farm payrolls have not increased, as seen by the consumer goods amount that quite steady but the sales of top-level products have been supporting the retail and convenience stores.

For state welfare schemes is a good measure to help offset the costs of essential goods of low income earners and help to increase sales in local stores. It is found that the consumer behavior in urban area will reduce the frequency of purchases, but will spend more on the purchase of goods on promotions or products with large packaging to get lower average unit prices.

In addition, it is more popular to buy products online, especially consumer products. Free shipping and payment options, including online payment, credit and debit cards, and cash on delivery. Whereas, consumers in the provinces have increased the frequency of purchases, but choose to buy smaller items and buy from convenience stores near home because of small budget per time.

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

3.2.3 Competition Condition in Chiang Rai and Phayao Province

The competition condition of retail consumer products stores is quite strong especially in Bangkok, Bangkok metropolitan and major cities. The related entrepreneurs can be grouped as the followings:

Traditional Trade is the small stores that sell consumer products which are necessary for them are uncomplicated family business in the form of trading without modern technology and management. As modern trade retail stores enter the market, the shopping behavior of consumers has changed as they want more convenience and modern atmosphere where numerous and various products are available at cheaper prices. Thus, the Traditional Trade stores are unable to adapt themselves to the management and changing behavior of consumers, so they have to close down. As a result, the number of Traditional Trade stores has decreased quickly. These Traditional Trade stores are deemed to be the alliance ventures of the Company.

Convenient stores have played more important role in the daily living of people in Chiang Rai Province as they can reach people in the community quickly. Although Thanapiriya carries some similar products as the convenient stores do, but Thanapiriya does the different positioning in the way that we do not sell Ready to Eat products. In addition, we have more variety of products available at cheaper prices and bigger sizes which are appropriate for household usage. Mainly, customers buy beverage, ready to eat foods and products for personal use at the convenient stores but they buy products for household usage at Thanapiriya. This is because we have more products available for their selection at the cheaper prices on some items. In addition, as there are convenient stores nearby Thanapiriya stores, this promotes the business trading and circulation of customers in the area.

Mostly, Modern Trade Stores are established by foreign companies that have considerable investment. They are important competitors of Thanapiriya. There are different characteristics of Modern Trade such as the smaller super Hyper Market, Supermarket, big Hypermarket, and large wholesale center. Presently, the entrepreneurs of Modern Trade aim to open smaller retail stores in the provinces that have good growth performance.

3.2.4 Characteristics of Customers and Target Customers

The target customers 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 the government agencies and business customers in various professions such as schools, hospitals and laundry shops.

3.2.5 Competition Strategies

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

1) The strategy for understanding customer's way of living

From our experience in doing retail business in Chiang Rai for more than 26 years, Thanapiriya understands the demand of local people very well. We know that the local people prefer buying foods and fresh foods from traditional market, but they buy groceries from the Modern Trade stores which are convenient for them to buy all of what they want quickly. Thus, the characteristic of Thanapiriya store is the byproduct of the managements' and staff's direct experience that allow the formation of complete components. The stores' locations are in the community where traditional markets are available and situated along the main road. Varieties of products are available for selection with excellent and friendly services.

The important principle that brings about excellent service is the knowing and understanding the customer demand and providing products and services which suit the local people. The excellent service is the outstanding factor of Thanapiriya. The Company aims to develop personnel and provide trainings to staffs of all related units ranging from welcoming customers, providing advice on products to customers, solving problems and providing good services to impress customers from the first step they enter the store until they leave. The Company also gives priority to the cashier point by making them available adequately in order to prevent the customers from waiting in line for long time. Staffs also give special care toward answering questions, seeking for products, as well as loading products to customers' vehicles. Besides, the Company also works hard on recruiting staffs by choosing those who live in the local community. So, they understand the behavior of consumers well and able to provide service in the friendly manner like the 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 as hanging signboard, banner and flag for stimulation of customer purchase.

3) Strategies in Creating Advantages in Competition

In order to increase the competency to compete with the foreign owners of Modern Trade and convenient stores who have considerable fund and branches all over Thailand, the Company has set the strategy by analyzing the strength and weakness of our competitors. We can see that the Modern Trade has the strength from cheaper price and discounting, redeeming, sampling and giving away promotion. The Modern Trade may not be convenient like the convenient stores which have numerous branches all over Thailand. The convenient stores are outstanding for having variety of ready-to-eat foods available for sale. However, they offer limited availability of consumption products and their prices are averagely higher than those of the Modern Trade. Thus, Thanapiriya implements the outstanding characteristics of Modern Trade and convenient Stores harmoniously by selling various consumption products as well as products for household usage and we also offer promotions. Our branch stores are located in different communities where people fine it easy to commute to and from. In addition, we build parking lots for more convenience. Moreover, the Company also adjusts our strategies to be more flexible and prompt. As a result, Thanapiriya stores sell products at lower prices like the Modern Trade, but we offer convenience like the Convenient Stores.

4) Strategy for Increasing Branches

Increasing of branches is the key factor for reaching the target customers and expanding the customer base in order to generate more income and acquire the high performance location earlier than the competitors. The Company has made the business plan for studying the increasing of branches seriously. We choose only the locations on major roads within communities of Chiang Rai and nearby provinces whereas the Company knows well about the areas. In addition, we study the area for population density, purchasing power of population, competition level of the similar business and behaviors of consumers in the area. In addition, we create the feasibility study by calculating the payback period and internal rate of return (IRR) which must not be lower than the required benchmark. These data and information will be used for investment analysis in order to choose the right locations which will maximize the benefits from organizing the usage area which will be adequate for products displaying and storing as well as installation of equipments and furnishing that promote good environment for shopping. From our study on branch increasing possibility, the payback period is 3-4 years depending on the size of branch and the IRR is not lower than 20%. The Company has the goal to increase branches consistently, mainly in Chiang Rai, in order to expand the customer base and strengthening the “Thanapiriya” brand before we expand to the outskirt districts and neighboring provinces and the important economic areas on borders of Chiang Rai which are connected to Myanmar and Lao P.D.R.

Beside, the Company realizes in the importance of preparing personnel which is an important factor for increasing branches. We work with the human resource department at least 1 year in advance before we open a new branch. We have to prepare the staffs and the branch manager as they are required to join training for different job positions such as product lining section, cashier section and inventory section, for the period of 6 months to 1 year.

5) Strategy in Creating Brand Awareness

The Company realizes that it is important to make our brand well-know and win the consumers' heart. Therefore, we study the information on target customers and their demand in order to increase the communication channel and the message to be conveyed appropriately. The Company intends to convey the message for creating Thanapiriya brand to be in the customers' mind that "Cheap, right for customers and located nearby".The Company makes publicizing consistently by emphasizing on reaching the target customers via various media such as radio, printed matters, social network namely Facebook, Line and the company website: www.thanapiriya.co.th whenever we wish to publicize information and promotion. However, the most important thing remains to be customers' experience when they visit Thanapiriya stores. To make it comply to the messages we intend to convey, Thanapiriya gives priority to pricing which must be cheaper when comparing to competitors as well as maintaining the service standard level, the availability of various products, the lining of products that makes it convenient for selection, and the consistent increase of branch in order to reach the target customers. Besides, the Company also participate various activities and a seminar which is beneficial for the society and makes our brand becomes more well-known.

6) Marketing Strategy

In order to increase competition competency, the Company checks product prices regularly. The Company compare prices and promotions with other stores to reassure that Thanapiriya sells products at lower prices and fair to customers as well as being able to compete with the competitors as a result from establishing good relationship with the suppliers that allows the Company to order a big lot of products and save more on logistics since the stores are located in the area where it is easy to commute to and from. Thus, the Company can manage the cost effectively and being able to compete with other stores.

In addition, the Company has the membership system which returns benefits to the customers in the form of discount. Each member will have various perks such as discount for buying various products, receiving gifts when purchasing value meets the target, drawing lots, and accumulation points in order to exchange with annual coupons. Presently, Thanapiriya has more than 94,000 members. Besides, the membership system is made possible by storing customer database in order to allow the Company to be able to organize promotions based on number of customers and value per purchase. It is also a tool for us in following up customers' behavioral changes. Thus, we are able to adjust our marketing strategies promptly.

7) Personnel Development and Retention Strategy

Human resource is an important factor of retail and wholesale business. Therefore, the Company emphasizes on becoming the knowledge organization and promoting the organization culture by cultivation staffs to be competent and virtuous. The Company created the curriculum and handbook for training staffs in each position. The Companyorganizes training regularly and enhances the necessary skill and capability to staffs such as the excellent selling and professional management. The Company built training rooms for staffs and provides various handbooks to them. In addition, the Company supports staffs to join various trainings outside the Company such as the accounting standard and how to drive and save energy. Moreover, the Company investigates the salary and welfare in the market regularly in order to make it fair to the staffs.

3.3 Sourcing of Products and Services

The Company orders products directly from suppliers whereas most of them are producers. We emphasize on products that meet customer demands, variety and standard quality. Presently, the Company sources products from more than 400 suppliers, totaling 15,000 types. All of them are sourced from domestic suppliers. The Company also realizes in the importance of establishing good relationship with suppliers. So far, we have worked with them well including that sale promotion activities, advertising, publicizing and etc. The Company has the steps in sourcing products until selling to consumers as illustrated in the following diagrams:

1) Survey the Demand of Products

The Company investigates the market by relying on external and internal information and/or data in order to analyze customer interest on the products and the products popularity level. The external investigation can be done by surveying the Modern Trade stores and interviewing the suppliers, observing the behavior of consumers in the area and following up different advertisings. Besides, the Company also creates the sale volume database of our branches and volume of purchase order from wholesale activities in order to check which products make good sale or poor sale. In addition, the Company also listens to the opinions of customers who visit our branches to see which products should be added to the shelves.

2) Selection of Products

The selection of products to be sold can be classified into two categories which are the new products and the products that still have been sold:

- Selection of New Products

The Company has the process for selecting products to be sold by considering the interest on such products, prices, product quality marketing policy, attractive packaging, for new products from producers and distributors who never do business with the Company before. The Company will have a trial session for selling or sampling such products, if the feedback is good, the Company will place a purchase order to suppliers in order to sell the products at branch stores.

- **Selection of Currently Sold Products**

Since Customers of Thanapiriya at different branches have different demand, for the products that are currently sold, Thanapiriya analyzes the database from sale volume, circulation of stock inventory and rate of return value, in order to select the type and quantity of products to suit such branch. In addition, the membership system of Thanapiriya allows us to know the information and frequency and quantity of purchase for further analysis on stock inventory of each branch.

- **Selection of Suppliers**

The Company has the criteria for selecting supplier as follows:

1) There is a market demand for such products

2) The products meet standard

3) The products are delivered on-time

4) Having effective marketing strategy

5) The suppliers are reliable

The Company makes contact with suppliers regularly to reassure that the right quantity and quality of products are delivered to our company. In each year, suppliers will present their products and annual plans at the Company in order to exchange information about the interest on products, identification of sale volume, timely adjustment to the innovation of products and changing in behaviors of the consumers as well as the plan for organizing various promotions. The Company has the policy to purchase from more than 400 suppliers and does not purchase more than 30% from each supplier in order to prevent the over relying on any of the suppliers.

3) Procurement

The Companyhas effective control over procurement in order to reassure that every branch will have products available for sale adequately, not too many or too less. If the available quantity is not enough, they will not meet the purchase volume. Thus, Thanapiriya will lose the business opportunity. If the available quantity is too many, it will cause additional cost to Thanapiriya, especially products with limited expiration. In normal procurement, the Company uses the formula by calculating from the collected database of each branch in order to estimate the quantity of products to be ordered. Prior to ordering each product, the purchasing department will check that the number of product left in stock does not exceed the number specified in company's policy. If the remaining quantity is more than what was specified, the purchasing department will discuss with the suppliers to organize sale promotions in order out-flow the products in the stock first or the suppliers have to pick up and bring back the remained products prior to placing a new purchase order.

4) Distribution Center Management

Over 15,000 items of products from supplier are delivered to the Distribution Center before delivery to Thanapiriya Stores and wholesalescustomers located in other districts. At present, the Company has two Distribution Centers located at the Headquarters with an area more than 12,000 square meters for

inventory purposes. This center delivers products to every branch of Thanapiriya Store and wholesale customers of Head Office in Chiang Rai and nearby provinces which enable to support product delivery to around 50 branches.

3.3.1 Distribution Center

Distribution Center	Address	Opening Year	Area Size
Baan-Du Distribution Center	329 Moo 8, Baan-Du Sub-district, Muang District, Chiang Rai Province 57100	2017	10,000
Rob Wiang Distribution Center	661Moo24, Rob Wiang Sub-district, Muang District, Chiang Rai Province 57000	1997	2,000

The management of products distribution center has the process as follows:

1) Procedure of Product Receiving from Suppliers

The Purchasing Department of the Company will make appointment with suppliers to deliver products. The center will prepare space and staffs to receive products when the suppliers' vehicles arrive the inventory building. The purchasing department will receive products by inspecting the products thoroughly in comparison to the purchase order and invoice by checking the accuracy of quantity, size and price. Products will be unloaded and placed to the warehouse space according to the specified shelves. Then, the staff will record data into the inventory system. Products will be drawn from receiving warehouse to the distribution warehouse by forklifts in order to rearrange according to the specified category and shelves.

2) Product Storage in Distribution Center

The Company applies the product group management principle for providing product category and shelf namely household consumption product, product for personal use, beverage and grocery, cosmetics and supplement food, product for mother and baby. Each category is divided into sub-category according to the sale volume and turnover rate are analyzed for additional classification to be easy for inventory management in each branch.

Products are shelved with various forklifts which relocate and shelve them according to First in First out (FIFO). In addition, the Company also realizes in the significance of products drawing in order to create the effective floor plan of inventory warehouse that makes it easy to relocate or remove.

The Company also takes good care of cleanliness and the environment of the inventory warehouse. We also take into account of safety, fire prevention and stealing prevention. Products in the inventory warehouse are stored temporarily, approximately 7-30 days. Since the product distribution center is like a transit for products as they will be redistributed to branches of Thanapiriya and customers who own stores.

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 26 trucks for product distribution to branches of Thanapiriya and the customer 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, 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 endure 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. 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 Factor

The risk factors described below are relevant to the Company's current information and identifiable forecasts. These risk factors include some significant matters which may affect the Company's operation negatively. However, the following statements are not considered as the total risk factors of the Company as there could be other matters which are not yet identified. Moreover, there could also be some risk factors that the Company deems unimportant now while they could turn into significant risk factors shall affect the Company's operation in the future.

4.1 Risks from Business Operations

4.1.1 Risk from Severe Competition

Regarding to Chiang Rai and Phayao Province being ones of the continuous growing economic provinces both in tourism and servicing business together with the expansion of urbanization, competition in retail business becomes more severe due to the higher number of modern trade stores which are considered the Company's competitor. These modern trade stores expanded their business in various areas in the type of superstore, hypermarket and small supermarket. They also offer a variety of interesting sales promotion to attract more customers to their stores. If the Company is not able to adjust the completion strategy or change the customer's behaviors, the Company may face unfavorable sales volume at Thanapiriya Stores which may significantly affect the Company's revenue and performance.

Nevertheless, the Company well considers about the product quality as well as service which enables Thanapiriya Stores to be different from the competitors and prompts the Company to be competitive with other retailers. Moreover, the Company's analysis of main competitors assists in adjusting the business strategies to be fast and flexible in handling such severe industry competition. This results Thanapiriya to be Thai supermarket which services customers in Chiang Rai Province and neighboring provinces for more than 26 years.

With such long experiences and versatility in organizing sales promotion to compete with other modern trade stores, the Company well understands the customer's needs and is capable to select more than 15,000 product categories for both retail and wholesale transactions. Furthermore, Thanapiriya provides membership system in which the company is able to utilize such database in promoting to the right target group of customers. In addition, the Company also organized the market survey by studying modern trade stores and other retail stores, supplier's needs, customer's behaviors, various advertisement as well as customer's needs and comments from all branches of supermarket stores.

In addition, the Company also prepares sales database of each product category to analyze the demand in each category and in each branch. This database enables the Company's executives in adjusting the marketing strategies promptly, so the Company is confident that the Company's executives' vision as well as Thanapiriya's experienced team shall be able to maintain good performance and act as a strong competitor with other retailers in Chiang Rai and neighboring provinces.

4.1.2 Risks from Inventory Management

Inventory Management is considered one of the significant factors for both retail and wholesale business. Inefficient inventory management could cause the Company in higher costs and expenditures. These certain risks are such as excessive amount of inventory, lost inventory, damage inventory, expired inventoryand are considered Thanapiriya' costs. In that event, the Company must take every effort to manage the inventory effectively. However, should the Company carry insufficient amount of products for distribution, this could cause the Company in losing the business opportunity or their customers to the competitors as well.The Company has set necessary policies and procedures in purchasing process to assist in managing the inventory effectively. Prior to each purchasing order, Purchasing Department shall inspect if the remaining amount of inventory is according to the Company's policy and follow such procedures strictly. Purchasing Officer shall also apply the specified purchasing calculation so that such purchasing order is sufficient for distribution to all supermarket stores as well as other neighboring provinces. They also have to carefully plan how to distribute the low turnover products.

In addition, the Inventory Officer at the Head Office shall store the products as per first in first out system (FIFO) as this system ensures that the product storage and distribution shall be performed as per FIFO as well as clearly separates the damage or expiring products and keeps them at a warehouse. For the inventory management in each supermarket store, the Company sets procedures for Inventory Officer to place the products as per FIFO and regularly inspect the expiry date of products. Products which are about to expire shall be sent back to the Head Office's warehouse and further returned to the supplier.Moreover, the Company also applies the information technology system in managing the inventory both at the distribution center and each supermarket stores. By consideration from the previous database and regular database update, this allocation system shall specify the maximum and minimum amount of inventory required for each product category in each supermarket store. From the procedures mentioned above, the Company is confident that the inventory management is sufficiently in place.Furthermore, the Company has set precaution measures for lost product such as CCTV installation at the warehouse and supermarket stores as well as Audit Department's audit incounting the amount of products at the warehouse and supermarket stores. These systems ensure that the relevant staff follows the specified policies and procedures to lose as less products as possible.

4.1.3 Rink from Distribution Center Disruption

At present, the Company has 2 distribution centers with an area 10,000 square meters and 2,000 square meters located in Ban Doo and Rob Wiang Sub-district, Muang District, Chiang Rai Province. Suppliers shall deliver all products to this distribution center before delivering to each Thanapiriya's supermarket store. Distribution center is essential to supermarket business as its main task is to distribute the correct amount and category of products as per the specified period of time.Should the distribution center face any disruptions resulted from accident, natural disaster, information technology system failure or other unexpected causes, the Company may not be able to store the products from suppliers as well as distribute the products to the supermarket stores. As a result, the Company's risk in facing insufficient amount of products for sales or failure in product distribution to neighboring provinces may significantly affect the Company's performance.

Nevertheless, the Company's information technology system assists in specifying the amount of each product category in the warehouse and supermarket stores at approximately 7-30 days and 3-30 days respectively. So the Company rests assured that all supermarket stores shall carry sufficient amount of products for sales and distribution to neighboring provinces in case the distribution center faces obstacles. In addition, the Company provides precaution measures to handle such risks such as emergency operation plan, cooperation with main suppliers and Business Continuity Plan (BCP) to relocate the inventory in the crisis situation. Thus, the fire protection equipment is regularly inspected as well as compensation insurance policies are arranged.

4.1.4 Risk from Information Technology System Disruption

The company is reliant upon information technology system for sales management at supermarket stores, inventory management, purchasing, product distribution, finance and accounting as well as data storing and processing to develop the capability in competition. Should the information technology system face obstacles, it may affect the Company's operation such as failure in the product filling system at the Head Office may cause the distribution disruption in the next day as well as impact the purchasing, finance and accounting,etc. Thanapiriya may have to temporarily close the business until the system is completely fixed. Such risk could lead to the negative impact of the Company's operation and performance as well.

However, the Company recognizes the importance of information technology system and organizes a standardized and generally accepted data backup protection system by preparing a separate server which is kept outside the Head Office. The data backup is scheduled to be performed daily with regular testing. Should the information technology system go wrong, the Company is able to fix the system within 1-3 hours.

Thus, the information technology system of each supermarket store has its own individual operation, but all databases shall be joined with the Head Office's database. Disruption at any supermarket store shall not affect other supermarket store's database. For payment system, each supermarket store has its own power reserve so if the electricity is off, POS can still submit the sales volume report to the Head Office. In addition, the Company prepared the emergency operation plan and organized regular training to staff in order to lessen the above mentioned risks.In the year 2017, there was no interruption in the information technology systems that affected to the Company's operations.

4.1.5 Risk from Branch Expansion

The Company has set a goal in continuous business growth and branch expansion is one of the business strategies which shall enable Thanapiriya to reach the targeted customers and cover the potential area before other retailers. This shall also assist the Company in expanding the customer base to reach the targeted revenue growth. At present, industry completion is extremely high with continuous growth of new retailers; therefore, the Company shall face the risk should the new supermarket store be unable to gain favorable return rate or lower investment returns than expected. Continuous operation loss of the new supermarket store may cause the store to be shutdown which shall result in the demolition expenditure, asset transfer expenditure; staff dismissal/staff transfer expenditure, etc. Moreover, branch expansion in adjacent area may affect the unfavorable sales volume and operation of the existing supermarket store in which such affect may impact the overall performance of the Company as well.

However, the Company has set strict procedures in opening new branches of Thanapiriya Supermarket Store to decrease such branch expansion risk. Such procedures include the location selection in the prime area in which the Company is proficient about, population study, customer's behaviors, feasibility study, payback period and internal rate of return (IRR) which shall not be less than the criteria stated in the feasibility study. Payback Period should fall between 3-4 years depending on the size of the supermarketstore with IRR not less than 20 percent. Furthermore, the Company also considers the sales volume and density of customers in the adjacent branch to be certain that the new branch opening shall not affect the sales volume of the existing branch but at the same time, increase the alternative options to the customers as well as add the distribution channel of Thanapiriya to cover as much as area as possible.

4.1.6 Risk from Not Being Able to Lease Desired Business Locations or Extend the Lease Agreement

As of now, the Company has altogether 7 lands and building lease agreements with the third parties. These agreements are divided into 6 long-term lease agreements with leasing period of 10-20 years and 1 short-term lease agreement with leasing period of 3 years and the Company has the right to renew the lease agreements upon advice. Should the Company be unable to extend the lease agreement, such supermarket store may have to be shutdown which may cause the crucial revenue loss together with the relevant expenditures such as demolition expenditure, asset transfer expenditure, staff dismissal expenditure, etc. This risk may also cause significant impact to the overall performance of the Company.

However, the Company and the lesser have followed all terms and conditions and have never encountered any disputes at all. Besides, most of the lease agreements are long-term agreements and the Company has the right to renew the lease agreements prior to other lessees. Currently, the Company only has 1 short-term lease agreement with the third party at Mae Jan supermarket store. Such lease agreement stated that the Company has the right to renew to lease agreement for 4 more periods and each period shall cover 3years.

Therefore, the Company expects to be successfully extended the lease agreement in the future while trusts that this risk shall not occur. In addition, the Company is confident in leasing the desired locations for branch expansion in the future because the Company has set out the plans for branch expansion in advance while strictly follows the stated procedures. Moreover, Thanapiriya supermarket Stores do not require unique specifications or huge piece of land or building which could be considered business obstacle.

4.1.7 Risk from Shortage of Branch Operational Staff

The Company has planned to continuously expand new branches to service as much customers as possible; therefore, branch operational staff is considered one of the crucial components in driving the retail business. Each supermarket store requires 10-20 staff for Sales, Cashier and Inventory so if the staff employment could not be performed in time, the branch expansion plan could be delayed while service quality could also be under the Company's specified standard. This risk may then impact the business growth and the Company's overall performance in the future as well.

In Realizing the importance of recruiting and developing staff for branch expansion, the Company's executives shall advise the plan on new branch expansion to all department heads as well as jointly plan with

Human Resources Department in selecting qualified staff for the new supermarket stores especially the position of Supermarket Store Manager. This manager shall be trained in various departments such as Sales, Cashier and Inventory to see the overall business picture as well as understand each position for the sake of effective management.

All new branch staff are also required to be trained both theoretically and practically in accordance with the specified courses so that the staff clearly understand the organizational culture and are capable to perform their tasks up to the Company's standard. Moreover, the Company organizes necessary capability training for staff on a regular basis and sets policies for fair treatment in order for the staff to feel delighted and warm as in the same family. The Company also performs regular salary and benefit survey to be competitive in the market while focuses on being the Wisdom Organization with training center for staff's career advancement. Thus, the Company trusts that qualified staff shall be recruited and developed to well support the branch expansion in the future.

4.1.8 Risk from Natural Disasters

Earthquake in Chiang Rai Province in May 2014 was considered the most severe earthquakes during the past 40 years. Although there were many aftershocks after the main earthquake, the Company's supermarket stores did not face any damages despite the fact that all stores are located in Chiang Rai Province.

Most of Thanapiriya Supermarket Stores are commercial buildings with 1-3 floors and these stores are not adjacent to the fault line. However, the Company realizes the risk from such natural disaster including flood and fire which may cause severe affect to the business operation as well as staff's safety in the future. Consequently, the Company has prepared the precaution plans such as attentive and careful inspection of new branch construction, new distribution center construction, new information technology center, compensation insurance coverage acquisition, emergency operational plans, staff training to cope with the natural disasters and communication to all relevant parties. This is to ensure all shareholders, staff, business partners as well as customers that the Company is well prepared when the natural disasters occur.

4.1.9 Risk from Fraud/Corruption

Fraud precaution plans as well as staff's honesty are considered essential in business operation therefore that the Company depends on staff to be in charge of the Company's assets in all supermarket stores.

Therefore, the Company has set the following procedures to prevent from the risk from fraud/corruption:

- Fostering the honesty culture to all staff in the organization by arranging the ethics handbook, business morality policies and anti-corruption guidelines.
- Arranging of concisely internal audit process, duty and responsibility segregation, financial limit specification of authorized executives and cross audit among the executives.
- Specify the maximum limit of cash management in the supermarket store by depositing cash into the bank account twice a day. Head Office staff shall examine if the deposited amount is equivalent to the sales volume shown in the system.
- Random checking the operation in each supermarket store once a week.

- Arranging staff's lockers outside the building, staff's personal belongings are clearly separated from the sales and stock areas.
- The inspection ofstaff's body and personal bag before and after working on daily basis.
- Random checking of daily stock for comparison with the remaining balance in the system.
- Surprised inventory checking by Internal Audit Department once a month
- Inspecting through CCTV in all supermarket stores and maintaining the CCTV operation regularly.
- Corrupted staff shall be fined 50times of the product cost.

4.1.10 Risk from Mae Sai Supermarket Store which is located near the border line of Republic of the Union of Myanmarand Chiang Saen Supermarket Store which is located near the border line of People's Democratic Republic of Laos

There are two Thanapiriya's supermarket stores which are located near the border line. In the case of dispute or turmoil between the boundaries, the borders may be closed temporarily in which Myanmar or Lao people shall be unable to purchase products fromMae Sai and Chiang Saen Supermarket Store. Consequently, the closing of bordersshall adversely affect the economy in the border boundary, customer's purchasing power as well as Mae Sai and Chiang Saen Supermarket Store's sales volume.Nevertheless, the Company has evaluated Mae Sai and Chiang Saen Supermarket Store's customer database and found out that few Myanmar and Lao customers shall slightly affect the Company's performance as most of the customers are Thai people. Moreover, the Company's products are consumer products which are essential to people's daily life, thus, less impact is expected.

4.1.11 Risk from Legal and Governmental Policies

The Company transparently operates its retailing business by strictly complying with the relevant laws, regulations and policies from the government since the start of the business. These laws and regulations include Retail Act, Consumer Protection Act, Price Control Act, Food and Drug Act, Labor Act as well as each local's municipal regulations. Should the changes in the government or government sector's laws and regulations favor the Company's competitors or increase the number of stakeholders, such changes may significantly impact the Company's strategy, goal and business plan which shall result in the undermined performance.

However, the Company is well prepared to cope with these changes by paying attention to updated news as well as planning for problems which may arise. The Company's adjustability in organization adaptation and risk management method ensures the Company to promptly deal with the situation as well as control the impact to an acceptable level.

4.1.12 Risk from Organizing City Planning

According to the announcement of Ministry of Interior on 13 March 2015 about the retail construction ban of more than 300 square meters within the boundary of 1 kilometer from the historic site, the Company is required to reduce the utility space to not more than 300 square meters although most of Thanapiriya Supermarket Store's current utility space is more than 300 square meters. This utility space excludes the space for product storage, office space and other spaces. Therefore, utility space reduction shall result in less area for product placement which could lead to less investment returns and impact the Company's performance as well.

However, with vast experience in organizing the product placement in limited space, the Company is confident in coping with such changes by managing the product placement area to the maximum benefit while using the filling system in analyzing the quantity and category of products in each supermarket store as well. From the above stated reasons, the Company is certain that the supermarket store's sales area shall be efficiently managed.

4.2 Risks from Operational Management

4.2.1 Risk from Depending on Specific Executives

The Company is established by Mr. Thawatchai Phutthiphiriya and Mrs. Amorn Phutthiphiriya, who play significant role in successfully managing Thanapiriya Supermarket Stores to be well acknowledged in Chiang Rai Province and neighboring provinces. From their vast vision, the Company possesses strong financial situation and continuous great performance but at the same time, the Company is facing the risk from depending on both of them. Without Mr. Thawatchai Phutthiphiriya and Mrs. Amorn Phutthiphiriya, the Company's management and performance could be impacted.

At present, the Company's structure decentralizes operational management and defines the scope of duty and responsibility of executives in each department in accordance with their capability and experience. Each executive is free to express their comments and participate in the business plans as well as other business estimation. These practices are relevant with the Company's operation strategies while preventing the power domination at the same time. The Company also clearly specifies the scope of authority in the Company's organization and authority chart. This authority decentralization enables the Company to depend less on the above mentioned executives.

4.2.2 Risk from Shareholders with more than 50% Shareholding

As of now, the Phutthiphiriya family is the major shareholder of the Company with 578,462,600 shares or equivalent to 72.31 percent. In any of the meeting's resolution, the Phutthiphiriya family may hold the majority vote, as a result, other shareholders may encounter the risk in collecting votes to balance and audit the issues raised by the major shareholder group.Nevertheless, the Company's management structure has transparently specified the scope of authority, duty and responsibility of the Board of Directors, audit committee, Executive Committee and Nomination and Remuneration Committee.

Moreover, directors, major shareholders, management executives and person with conflict of interest are required to report the connected transaction. Person with conflict of interest shall not be allowed to vote in agenda which needs an approval. Hence, audit Committee is independent to consider and make a decision transparently as well as ensure the shareholders' confidence that the Company's management structure is well balance with efficient operational management.

5. Information of Securities and Shareholders

5.1 Ordinary Shares

As at 29 December 2017, 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 29 December 2017, 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	ShareholdingProportion%
1. Phutthipiriya Group		
1.1 Mr.Thawatchai Phutthipiriya	245,000,000	30.63
1.2 Mrs.Amorn Phutthipiriya	245,800,000	30.73
1.3 Mr.Thanaphoom Phutthipiriya	30,300,000	3.79
1.4 Master Thanapat Phutthipiriya	30,000,000	3.38
1.5 Mr.Thanapong Phutthipiriya	27,022,600	3.75
1.6 Mr.Santi Phutthipiriya	340,000	0.04
Total of Phutthipiriya Group	578,462,600	72.31
2. Mr. Peerapol Taksintaweesup	16,603,400	2.08
3. VijitsaengratGroup		
3.1 Mr.Somchai Vijitsaengrat	10,100,000	1.26
3.2 Mr.Chaipat Vijitsaengrat	170,000	0.02
3.3 Miss Wannaluk Vijitsaengrat	81,200	0.01
Total of Vijitsaengrat Group	10,351,200	1.29
4. Mr.Measun Piya-arreetham	7,685,500	0.96
5. Mr.Benjamin Panu Nay Group		
5.1 Mr.Benjamin Panu Nay	3,700,000	0.46
5.2 Miss Jessica Chalisa Ney	3,089,000	0.39
Total of Mr.Benjamin Panu Nay Group	6,789,000	0.85
6. Miss Suveena Chatmaneeruek	**6,600,000**	**0.83**

Name List of Shareholders	Number of Shares	ShareholdingProportion%
7. Sirikraiwatthanawong Group		
7.1 Mr.Suwitchaya Sirikraiwatthanawong	4,479,100	0.56
7.2 Mr.Suwitchaya Sirikraiwatthanawong	1,139,000	0.14
7.3 Miss Narin Sirikraiwatthanawong	333,200	0.04
7.4 Mr.Narongsak Sirikraiwatthanawong	30,300	0.00
Total of Sirikraiwatthanawong Group	5,981,600	0.74
8. Miss Unchalee Kongsontana	**4,735,000**	**0.59**
9. Kittiwongsa Group		
9.1 Mr.Vichai Kittiwongsa	4,360,000	0.55
9.2 Mr.Chokchai Kittiwongsa	400,000	0.05
9.3 Mr.Thiengchai Kittiwongsa	11,400	0.00
Total of Kittiwongsa Group	4,771,400	0.60
10. Suksomlert Group		
10.1 Mr.Vichusak Suksomlert	4,001,000	0.50
10.2 Miss Sanhachuta Suksomlert	160,000	0.02
10.3 Mr.Somsak Suksomlert	140,000	0.02
Total of Suksomlert Group	4,301,000	0.54
Other Shareholders	**153,719,300**	**19.21**
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.

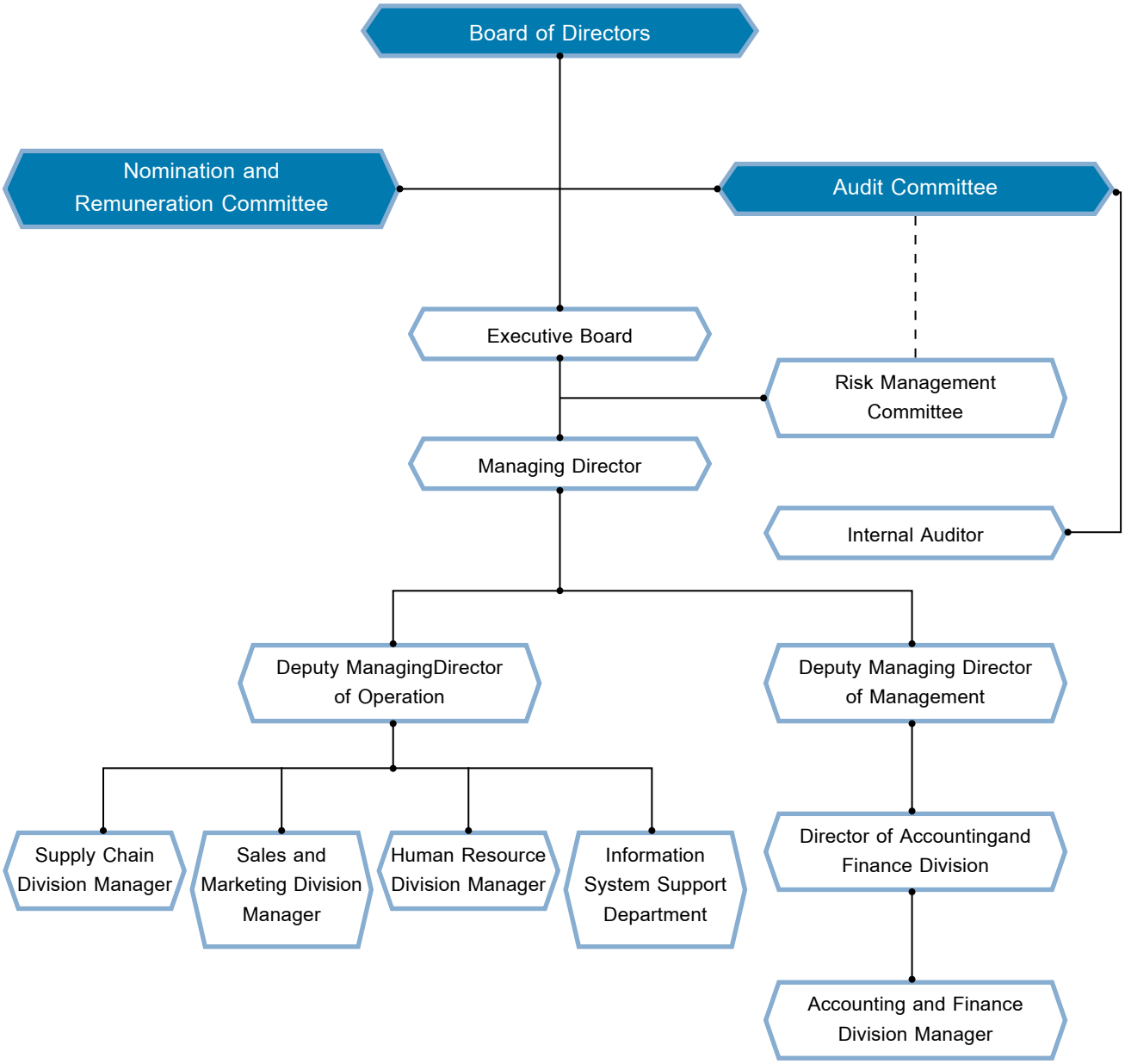
The Company's Dividend Payments

Detail	Year 2015	Year 2016	Year 2017
Dividend Payout (Baht :share)			
• Interim dividend payment	-	0.015	0.015
• Final dividend payment	0.03	0.015	0.015
Dividend Payout ratio(%)	62	44	40

Board of Directors' Meeting No. 1/2018, held on February 18, 2018, resolved to pay a dividend from its operating result for the year ended 31 December 2017 for 800 million shares at the rate of Baht 0.03 per share, amounting Baht 24.00 million. The company has already paid an interim dividend in August2017 at the rate of Baht 0.015 per share. The dividend payments must be approved at the Annual General Meeting for the year 2018 on 11 April 2018

7. Management Structure

7.1 Management Structure



7.2 Board of Directors

As at 31 December 2017, 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 ofthe 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. Julara t Ngamlerdlee	Director
7. Miss Bussakorn Thadthapong	Director

Authorized Binding Signatory Director on Behalf of the Company

Mr.Tawatchai Phutthipiriya, Mrs.Amorn Phutthipiriya, Mrs.Julara t 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
	2017
1.Pitsanu Khantipong, MD	5/5
2. Dr. Watthana Yuenyong	4/5
3. Dr. Chalermchai Khamsaen	5/5
4. Mr. Tawatchai Phutthipiriya	5/5
5. Mrs. Amorn Phutthipiriya	5/5
6. Mrs. Julara t Ngamlerdlee	5/5
7. Miss Bussakorn Thadthapong	5/5

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

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
	2017
1. Pitsanu Khantipong, MD	5/5
2. Dr. Watthana Yuenyong	4/5
3. Dr. Chalermchai Khamsaen	5/5

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. Julara Ngamlerdlee	Nomination and Remuneration Committee Member

Nomination and Remuneration Committee's Meeting

Name List	Number of Meeting Attendances / Total Meetings
	2017
1. Dr. Watthana Yuenyong	2/2
2. Dr. Chalermchai Khamsaen	2/2
3. Mrs. Julara Ngamlerdlee	2/2

7.5 Risk Management Committee

Risk Management Committee consists of six 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. Pittaya Jitmase	Risk Management Committee Member
4. Miss Chanya Charoensuk	Risk Management Committee Member
5. Mr. Thanit Yoddee	Risk Management Committee Member
6. 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
	2017
1. Mr. Tawatchai Phutthipiriya	3/3
2. Mrs. Amorn Phutthipiriya	3/3
3. Mr. Pittaya Jitmase	3/3
4. Miss Chanya Charoensuk	3/3
5. Mr. Thanit Yoddee	3/3
6. Mrs. Duangjai Yuinth	3/3

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. Pittaya 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
	2017
1. Mr. Tawatchai Phutthipiriya	8/8
2. Mrs. Amorn Phutthipiriya	8/8
3. Mr. Pittaya Jitmase	8/8
4. Mrs. Rungnapa Piboonsri	8/8
5. Mrs. Bongkot Chanthajit	8/8

7.7 Company Secretary

The Board of Director's Meeting No. 1/2015 on 26 January 2015 approved the appointment of Mr.Pittaya Jitmase as the Company Secretary according to the requirement of Securities and Exchange Act B.E. 2535 (1992) (including amendment). Mr. Pittaya 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. Pittaya Jitmase	Director of Accounting and Finance Division
4. Mrs. Duangjai Yuinth	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 2017 on Tuesday 25 April 2017 considered determination ofremuneration 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 receivemeeting 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 2017 – 31 December 2017

Name List	Remuneration (Baht/Time)				
	Director	Audit Committee Member	Nomination and Remuneration Committee	Special Remuneration	Total
1. Pitsanu Khantipong, MD	100,000	75,000	-	70,000	245,000
2. Dr. Watthana Yuenyong	60,000	40,000	30,000	65,000	195,000
3. Dr. Chalermchai Khamsaen	75,000	50,000	20,000	60,000	205,000
4. Mr. Tawatchai Phutthipiriya	-	-	-	-	-
5. Mrs. Amorn Phutthipiriya	-	-	-	-	-
6. Mrs. Julara Ngamlerdlee	75,000	-	20,000	40,000	135,000
7. Miss Bussakorn Thadthapong	75,000	-	-	30,000	105,000
Total	385,000	165,000	70,000	265,000	885,000

Remark : 1) The committee member who is executive or earns remuneration in form of salary shall not receivemeeting allowance for individual meeting attendance.

■ Other Remunerations and Non-monetary Remuneration

- 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.

Detail	2016	2017
	Remuneration (Baht)	Remuneration (Baht)
Number of Executive	7	6
Salary, Bonus and Other Remunerations	10,781,135	10,174,880
Provident fund and Social security fund	136,140	286,020
Non –Monetary Remuneration	None	None
Total	10,917,275	10,460,900

7.9.3 Reporting of Shareholdings by directors and executives

The Company requires Directors and Executives to report change in shareholding pursuant toSection 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 2017, are detailed below.

Name List	Number of Shares On31 December 2016[1)]	Number of Shares On31 December 2017[1)]	Decrease (Decrease)
1. Pitsanu Khantipong, MD	500,000	500,000	-
2. Dr. Watthana Yuenyong	-	-	-
3. Dr. Chalermchai Khamsaen	-	-	-
4. Mrs. Julara t Ngamlerdlee	-	-	-
5. Miss Bussakorn Thadthapong	-	-	-
6. Mr. Tawatchai Phutthipiriya	520,800,000	520,800,000	-
7. Mrs. Amorn Phutthipiriya	520,800,000	520,800,000	-
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	-

Remark : 1) Include Securities held by a spouse and/or children under the legal age of directors or executive

7.10 Personnel

7.10.1 จำนวนบุคลากร

As of 31 December 2017, the Company consists of 542 employees (excluding 6 management executives) which are divided into 220 Head Office employees and 322 Supermarket Stores employees. For Head Office, there are 135 full time employees and 85 daily workers while the Supermarket Stores consists of 266 full time employees and 56 daily workers.

Table showing number of employees in each division

Supermarket Store	Number of Employees as of 31 December 2016		Number of Employees as of 31 December 2017	
	Full Time	Daily	Full Time	Daily
1. Finance Division	4	-	4	-
2. Accounting Division	13	-	16	-
3. Purchasing Division	10	-	12	-
4. Inventory Division	50	62	49	67
5. Delivery Division	26	4	26	14
6. Sales Division4	1	4	-	
7. Marketing Division	7	-	5	-
8. Human Resources Division	10	1	20	-
9. Audit Division3	-	3	-	
Total	127	68	139	81

Table showing number of employees in each supermarket store

Supermarket Store	Number of Employees as of 31 December 2016		Number of Employees as of 31 December 2017	
	Full Time	Daily	Full Time	Daily
1. Hor Nalika Branch	17	5	19	1
2. Den Ha Retail Branch	16	7	16	4
3. Sri Sai Mool Branch	14	2	16	-
4. Baan Doo Branch	10	10	19	2
5. Den Ha Wholesale Branch	17	10	20	4
6. Mae Sai Branch	13	4	17	3
7. Pa Kor Branch	13	4	16	-
8. Huay Krai Branch	10	2	11	1
9. Wiang Pa Pao Branch	13	1	14	2
10. Mae Jan Branch	12	6	16	3

Supermarket Store	Number of Employees as of 31 December 2016		Number of Employees as of 31 December 2017	
	Full Time	Daily	Full Time	Daily
11. Pan Branch19	-	18	2	
12. Mae Fah Luang University Branch	15	2	14	2
13. Teong Branch	10	7	15	3
14. Mae Kachan Branch	8	4	10	1
15. Ban Mai Branch	11	2	8	7
16. Chiengsan Branch	-	-	14	1
17. Tha Wang Tong Branch	-	-	11	1
18. Wieng Chai Branch	-	-	9	6
19. Chiengkam Branch	-	-	3	13
Total	198	66	266	56

7.10.2 Significant Change in Number of Employees in the past 3 years

-None-

7.10.3 Significant Labor Dispute in the past 3 years

- None -

7.10.4 Employee Compensation

The Company compensates all employees (excluding 6 management executives) in various forms which consistof salary, bonus, Provident Fund contribution and Social Security contribution. Details are as follows:

Table showing Employees Compensation

Employee Compensation	For the year 2016		For the year 2017	
	Number (Person)	Compensation (Baht)	Number (Person)	Compensation (Baht)
เงินเดือนและโบนัส	459	55,452,520	542	67,537,191
ผลตอบแทนอื่นๆ	459	1,873,774	542	1,932,924
เงินสมบทกองทุนประกันสังคม	459	2,333,091	542	2,902,462
รวม	459	59,659,385	542	72,372,577

7.10.5 Policy in Human Resources Development

The Company has set policies in human resources development in order to develop skills and knowledge of itsemployees which shall result in higher potential competition as well as sustainable growth. The Company perceives theimportance of continuous development in human resources, therefore, the Company concentrates in developing andmaximizing the employees' capabilities with various knowledge guidelines and training courses. Together with thepromising and proactive working environment, the Company also emphasizes on the employees' self-skill training andself-capability development. These practices shall strengthen the Company's performance as well as support theexpansion in the future. In addition, the Company arranges a training room as well as training courses and employeemanuals for each division so as to support the employees' development programs. Moreover, employees are encouragedto attend in various training courses with other institutions.

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)[1]	Family Relationship Between Director and Executive	Work Experience			
					Period of Time	Position	Name of Agency/Company	Type of Business
1. PitsanuKhantipong, MD Chairman of the Board Chairman of the Audit Committee Independent Director	62	• 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 PracticeKnow-How in Obstetrics and Gynecology, Rajavithi Hospital, Department of Medical Services • Bachelor of Medicine, Faculty of Medicine, Chiang Mai University	0.06	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	ThanapiriyaPcl. 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 Hospital

Name-Surname Position	Age (Years)	Educational Qualification/ Training History	Proportion of Shareholding in the Company (Percent)[1]	Family Relationship Between Director and Executive	Work Experience			
					Period of Time	Position	Name of Agency/Company	Type of Business
		• Bachelor of Science in MedicalScience, Chiang Mai University • Bachelor of Science in MedicalScience, Chiang Mai University						
2. Dr.Watthana Yuenyong Independent Director Audit Committee Member Chairman of the Nomination and Remuneration Committee	55	• 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	51	• 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

Name-Surname Position	Age (Years)	Educational Qualification/ Training History	Proportion of Shareholding in the Company (Percent)[1]	Family Relationship Between Director and Executive	Work Experience			
					Period of Time	Position	Name of Agency/Company	Type of Business
4. **Mr.Tawatchai Phutthipiriya** Director Chief Executive Officer Chairman of the Risk Management Committee Managing Director	51	• Director Accreditation Program (DAP) Course, Class 111/2014, Thai Institute of Directors (IOD) • Bachelor of Biotechnology, Kasetsart University	65.10	Husband of Mrs.Amorn Phutthipiriya	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
5. **Mrs.Amorn Phutthipiriya** Director Executive Director Risk Management Committee Member Deputy Managing Director of Operation	50	• 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)	65.10	Wife of Mr.Tawatchai Phutthipiriya	2015 – Present 2012 – Present 2013 – Present	Risk Management Committee 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.Julara Ngamlertlee** Director Nomination and Remuneration Committee Member	56	• 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 Phutthipiriya	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

Name-Surname Position	Age (Years)	Educational Qualification/ Training History	Proportion of Shareholding in the Company (Percent)[1]	Family Relationship Between Director and Executive	Work Experience			
					Period of Time	Position	Name of Agency/Company	Type of Business
7. **Miss Bussakorn Thadthapong** Director	48	• 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 Phutthipiriya	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 Jitmase** Executive Director Risk Management Committee Member Director of Accounting and Finance Division Company Secretary	38	• Master of Business Administration, Accounting Major, Ramkhamhaeng University • Bachelor of Business Administration, Accounting Major, Ramkhamheang University • Certified Public Accountant (CPA) • Continuous Development for Company Secretary Program (CSP), Thai Institute of Directors (IOD), Class CSP 68/2015	None	None	2015 – Present 2014 – Present 2013 – 2014 2011 – 2014 2002 – 2011	Risk Management Committee Member Company Secretary Director of Accounting and Finance Division Risk Management Committee Member Accounting and Finance Division Manager Audit Division Manager	Thanapiriya Pcl. Thanapiriya Pcl. Thiensurat Pcl. Thiensurat Pcl. IVL Audit Co., Ltd.	Retail/Wholesale Retail/Wholesale Distribution of ousehold Goods 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	43	• High Vocational Certificate of Accountancy	0.02	None	2015 – Present 2015 – Present	Risk Management Committee Member and Secretary of Risk Management Committee Director	Thanapiriya Pcl. Thanaphoom Property 2013 Co., Ltd.	Retail/Wholesale Real Estate

Name-Surname Position	Age (Years)	Educational Qualification/ Training History	Proportion of Shareholding in the Company (Percent)[1]	Family Relationship Between Director and Executive	Work Experience			
					Period of Time	Position	Name of Agency/Company	Type of Business
					2014 – Present	Accounting and Finance Division Manager	Thanapiriya Pcl.	Retail/Wholesale
					2012 – 2014	Accounting Department Head	Thanapiriya Pcl.	Retail/Wholesale
					2008 – 2012	Bookkeeper	Thanapiriya Pcl	Retail/Wholesale
10. **Miss Chanya Charoensuk** Supply Chain Division Manager Risk Management Committee Member	34	• Bachelor of General Management Chiang Rai Rajabhat University	0.02	None	2015 – Present	Risk Management Committee Member	Thanapiriya Pcl.	Retail/Wholesale
					2014 – Present	Supply Chain Division Manager Staff of Personnel Development	Thanapiriya Pcl.	Retail/Wholesale
					2011 – 2013	Department	Thanapiriya Pcl.	Retail/Wholesale
					2010 – 2010	Staff of Branch	Thanapiriya Pcl.	Retail/Wholesale
					2009 – 2009	Promotion/Activity Purchasing Staff	Thanapiriya Pcl.	Retail/Wholesale
11. **Mr.Thanit Yosdee** Sales and Marketing Division Manager Risk Management Committee Member	33	• Bachelor of Agronomy Chiang Rai Rajabhat University	0.02	None	2015 – Present	Risk Management Committee Member	Thanapiriya Pcl.	Retail/Wholesale
					2014 – Present	Sales and Marketing Division Manager	Thanapiriya Pcl.	Retail/Wholesale
					2014 – 2014	Staff of Personnel Development Department	Thanapiriya Pcl.	Retail/Wholesale
					2013 – 2013	Mae Sai Branch Manager	Thanapiriya Pcl.	Retail/Wholesale
					2011 – 2012	Ban Du Branch Manager	Thanapiriya Pcl.	Retail/Wholesale
					2011 – 2011	Den Ha Wholesale Branch Manager	Thanapiriya Pcl.	Retail/Wholesale
					2010 – 2010	Clock Tower Branch Manager	Thanapiriya Pcl.	Retail/Wholesale
					2009 – 2009	Sales Division Head of Den Ha Branch	Thanapiriya Pcl.	Retail/Wholesale

Name-Surname Position	Age (Years)	Educational Qualification/ Training History	Proportion of Shareholding in the Company (Percent)[1]	Family Relationship Between Director and Executive	Work Experience			
					Period of Time	Position	Name of Agency/Company	Type of Business
12. Mrs. Rungnapa Piboonsri Executive Director Finance Department Head	36	• Bachelor of Business Administration Chiang Rai Rajabhat University	0.01	None	2015 – Present 2014 – Present 2008 – 2014	Executive Director Finance Department Head Cashier	Thanapiriya Pcl. Thanapiriya Pcl. Thanapiriya Pcl.	Retail/Wholesale Retail/Wholesale Retail/Wholesale
13. Miss Bongkot Chanthajit Executive Director Head of Personnel Development Division	40	• Bachelor of Banking and Finance, Payap University	0.02	None	2015 – Present 2014 – Present 2013 – 2014 2010 – 2013	Executive Director Personnel Development Department Head Wholesale Branch Manager Den Ha Retail Branch Manager	Thanapiriya Pcl. Thanapiriya Pcl. Thanapiriya Pcl. Thanapiriya Pcl.	Retail/Wholesale Retail/Wholesale Retail/Wholesale Retail/Wholesale

Remark : 1) Include Securities held by a spouse and/or children under the legal age of directors or executive

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 partiesof 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 andrelevant agencies. The process of the shareholders' meeting shall be openly, transparently and fairly carried outwhereas 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 toperform 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 Directors of Thanapiriya Public Company Limited, as well as complete and adequate documents and information as decision making supportin each meeting agenda for prior-acknowledgement of the Shareholders' Meeting before meeting dateso 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 writtenagenda 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 agendum 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. Invoting, 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 agendum 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 shalldeliver appointment letter of the shareholders' meeting to the shareholders in advance in the perioddefined 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 new sinformation via electronic media of the Stock Exchange, the Company's website and release of news in newspaper according to Public Limited Companies Act.55

   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 agendum, 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 agendum.

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. The refore, 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 contractand agreement. However, the condition observed and adhered as regulation for credit or treatment isas 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

329 Moo.8, Bandu Sub-district, Mueang District, Chiang Rai Province 57100; or

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

The afore said 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. TheCompany 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 employeesof 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 acknowledgement.
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 ofthe original affiliation, the issue shall be raised to the Company's management for consideration onfinding 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 ofThailand 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 analys is 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 dat aboth 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 dutiesof 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 in dependent 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 inevent 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 ofbusiness 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.3

   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 leastseven (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 castingvote. 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. 5/2017 on 11 December 2017, timetable of Annual Meetingof the Board of Directors for 2018 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; anddetermine 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 toactually 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 in dependent 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 coursesuch 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 definethe 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 as setunless 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 for mulated 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 prepareinto 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 bothquarterly 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 at tendance by the Management at least once a year.

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 skillin 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 ensurethat 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, overallo peration 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 retainthe 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'sbenefit.
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 of fence 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 afore said 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 haveany 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.

9.3 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 requirementof 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 appointment to assume the independent director office. 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 itssubsidiary.
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 shareholderor 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 fornot 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 orpartner 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 nominationof 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. TheShareholders' 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 here in 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 bein 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 notless 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 shallassess the performance of the Board/Sub-Committee in the previous year. The performance of the Board of Directors and the Sub-Committees for 2017 was assessed on 18 February 2018 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 from 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'sinvestment 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 acquisitionor 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 inpreparing and submitting the report of security holding by oneself, spouse and underage child to theOffice 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 with in 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 aswell as the holder of executive level position in accounting or finance line which is the level of themanager and over or equivalent to suspend trading of the Company's securities at least thirty (30) daysin 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 2015– 2017 to ANS Audit Company Limited as follows.

Detail of Auditing Remuneratio	2015	2016	2017
Remuneration (Baht)	1,295,000	1,365,000	1,445,000

Remark : Audit fee of the Company and its subsidiary

Other service charge: none

10. 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.

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 253,262 Baht.
- The Company donated money for public benefit and charity in total amount of 113,290 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. Anti-Corruption Policy

11.1 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 beregularly 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.

4) 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.

5) 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.

6) The company is in process to the certification of the Private Sector Collective Action Against Corruption (CAC)

12. Internal Control and Risk Management

12.1 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 theauditor and the executive about review of the financial report for adequate and reliable information disclosure.

In the Board of Directors' Meeting No. 1/2018 on 18 February 2018, all of three audit committee member sattended 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.

12.2 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.

12.3 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	Proportion of Shareholding in the Company (Percent)[1]	Family Relationship Between Director and Executive	Work Experience			
					Period of Time	Position	Name of Agency/Company	Type of Business
Miss Valdee Siboonrueang Head of Internal Audit Position: Audit Partner	52	• 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	0.06	None	1994 – resent 1990 – 1994 1986 - 1990	Managing Partner Accounting and Finance DivisionManager Audit Senior	IVL Auditing Company Limited Mandom Corporation (Thailand) Company Limited Deloitte Touche Tohmatsu Jaiyos Company Limited	Accounting Audit Service – Internal Audit Manufacture and Distributor of Cosmetics 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 theCompany'sinternal auditor due to its interdependence and internal audit experiences for various companies in the Stock Exchange of Thailand.

13. Related Transactions

13.1 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 2017 and 2016 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

13.2 Details of Related Transactions

13.2.1 Details of the related transactions that the Company and its subsidiary entered to performthe transactions with person/juristic person that may have conflict of interests in the year of 2017 and 2016 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
		2017	2016	
1. 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.
2. Mrs. Amorn Phutthipiriya	The Company has leased land for the location of Wholesale Center of Den Ha Wholesale	0.46	0.41	• 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
		2017	2016	
	The Company has leased land and building for the location of Rop Wiang Distribution Center	0.51	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.	0.12	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	0.08	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.

13.2.2 Transactions of guarantee and mortgage between the Company and the person that may have conflict of interests as at 31 December 2017 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, 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 Loan Contract Total	20.00 30.00 50.00	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.

13.3 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.

13.4 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.

13.4.1 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.

13.4.2 Performing transaction which is the trade agreement and is not the general tradecondition

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 inparticipating in performing transaction and price appropriateness of the said transaction before proposing tothe 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 itas decision making support, and to give opinion to the Board of Directors and/or the shareholders as thecase 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 theCompany's auditor, Annual Registration Statement (Form 56-1), and Annual Report of the Company (Form56-2) according to the Criteria and Law of Securities and Exchange. The consideration and approval on thesaid 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 conflictof interests or gain and loss in performing related transaction has no right to vote for resolution in performing the said related transaction.

13.5 Policy or Trend of Future Related Transaction Performing

The Company has expected that related transactions will occur again in the future. These transaction shave 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 busines stransactions 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.

Clock Tower Branch Lease of Land and Building	Lease of Land and Building Lessor : Mr.Tawatchai Phutthipiriya Lessee : The Company Lease Fee Rate : 82,500 Baht per Month Lease Period : Three (3) years from 1 Jan 2018 to 31 Dec 2020 The Company reserves its right to renew Lease for another four times and three (3) years per time.
Wholesale Center **Den Ha Wholesale** Lease of Land	Lessor : Mrs.Amorn Phutthipiriya Lessee : The Company **Lease 1 :** Lease Fee Rate : 36,300 Baht per Month Lease Period: Three (3) years from 1 Jan 2018 to 31 Dec 2020 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
Warehouse 3 Lease of Land	Lessor : Mrs.Amorn Phutthipiriya Lessee : The Company Lease Fee Rate : 20,680 Baht per Month Lease Period : Three (3) years from 1 Jan 2018 to 31 Dec 2020 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 Alterative 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.

14. Significant Financial Information

14.1 Auditor and Auditor's Report

14.1.1 Name of Auditor

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

For financial statements of the Company and its subsidiary in the year ended 31 December 2017
Mr.Yoothapong Cheameuangphan
Certified Public Accountant Registration No. 9445
ANS Audit Company Limited

14.1.2 Summary of Audit Report

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 positionas 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 cashflows 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.

Summary of Financial Statements Audit Report in the Year Ended 31 December 2017

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 2017 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.

14.2 Table of Financial Position and Operating Result

Statement of Financial Position

Statement of Financial Position	Consolidated Financial Statements					
	2015		2016		2017	
	Audited		Audited		Audited	
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Current Assets						
Cash and Cash Equivalents	15.6	2.3	42.8	6.0	67.8	8.3
Temporary Investment	260.3	38.3	82.9	11.6	0.3	0.0
Account Receivable and Other Receivables	36.5	5.3	39.1	5.5	41.7	5.1
Inventory-Net	167.4	24.7	204.8	28.7	239.0	29.1
Total Current Assets	**479.8**	**70.7**	**369.6**	**51.8**	**348.8**	**42.5**
Non-Current Assets						
Deposit for acquisitions and constructions of building	-	-	4.0	0.6	-	
Short-term loan to third party	-	-	-	-	0.7	0.1
Leasehold rights - net	6.3	0.9	9.5	1.3	8.6	1.1
Property, plant and equipment - net	188.0	27.7	324.8	45.6	456.1	55.6
Intangible assets - net	2.2	0.3	2.4	0.3	2.6	0.3
Deferred tax assets - net	1.8	0.3	2.1	0.3	1.9	0.2
Other non-current assets	0.7	0.1	0.8	0.1	1.5	0.2
Total non-current assets	**199.0**	**29.3**	**343.5**	**48.2**	**471.5**	**57.5**
Total assets	**678.8**	**100.0**	**713.1**	**100.0**	**820.4**	**100.0**
Current liabilities						
Overdraft and Short-term loan from financial institutions	1.0	0.2	-	0.0	50.0	6.1
Trade and other payables	122.6	18.1	134.8	18.9	156.1	19.0
Accrued income tax	1.9	0.3	5.1	0.7	3.7	0.5
Total current liabilities	**125.6**	**18.5**	**139.9**	**19.6**	**209.9**	**25.6**

Statement of Financial Position	Consolidated Financial Statements					
	2015		2016		2017	
	Audited		Audited		Audited	
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Non-current liabilities						
Provision for long-term employee benefits	2.5	0.4	2.9	0.4	3.1	0.4
Total non-current liabilities	**2.5**	**0.4**	**2.9**	**0.4**	**3.1**	**0.4**
Total liabilities	**128.2**	**18.9**	**142.7**	**20.0**	**213.0**	**26.0**
Shareholders' Equity						
Authorized share capital	200.0	29.5	200.0	28.0	200.0	24.4
Issued and fully paid-up	200.0	29.5	200.0	28.0	200.0	24.4
Premium on common shares	297.6	43.8	297.6	41.7	297.6	36.3
Retained earnings						
Appropriated Legal reserve	10.2	1.5	13.0	1.8	16.0	1.9
Unappropriated	42.5	6.3	59.4	8.3	93.7	11.4
Other components of shareholders' equity	0.2	0.0	0.3	0.0	0.0	0.0
Total shareholders' equity of the company	**550.6**	**81.1**	**570.3**	**80.0**	**607.3**	**74.0**
Non-controlling interests	-	-	-	-	-	-
Total shareholders' equity	**550.6**	**81.1**	**570.3**	**80.0**	**607.3**	**74.0**
Total liabilities and shareholders' equity	**678.8**	**100.0**	**713.1**	**100.0**	**820.4**	**100.0**

Statement of Profit or Loss and Other Comprehensive Income

Statement of Financial Position	Consolidated Financial Statements					
	2015		2016		2017	
	Audited		Audited		Audited	
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Revenues from sales and services	1,316.2	99.5	1,448.2	99.5	1,597.7	99.4
Costs of sales and services	1,163.8	88.0	1,263.9	86.8	1,384.9	86.2
Gross profit	**152.4**	**11.5**	**184.3**	**12.7**	**212.8**	**13.2**
Other income[1)]	6.1	0.5	8.0	0.5	9.4	0.6
Profit before expenses	158.6	12.0	192.3	13.2	222.1	13.8
Selling expenses	59.7	4.5	67.7	4.7	86.1	5.4
Administrative expenses	51.2	3.9	56.7	3.9	64.2	4.0
Total expenses	**110.9**	**8.4**	**124.4**	**8.5**	**150.3**	**9.3**
Profit before finance costs and income tax	**47.6**	**3.6**	**67.9**	**4.7**	**71.9**	**4.5**
Finance costs	2.1	0.2	0.0	0.0	0.0	0.0
Profit before income tax	**45.5**	**3.4**	**67.9**	**4.7**	**71.9**	**4.5**
Income tax expenses	6.4	0.5	12.2	0.8	10.6	0.7
Profit for the years	**39.1**	**3.0**	**55.7**	**3.8**	**61.3**	**3.8**
Other comprehensive income						
Profit on revaluation of available-for-sale investment - net from tax	0.2	0.0	0.1	0.0	0.3	0.0
Reversal for gain on changes in value of available-for-sale investment - net from tax	-	-	(0.2)	(0.)	(0.3)	(0.0)
Actuarial loss –net from tax	(1.8)	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)
Total comprehensive income for the years	**37.5**	**2.8**	**55.7**	**3.8**	**61.0**	**3.8**
Basic earnings per share						
Basic earnings per share (Baht)	0.06		0.07		0.08	
Weighted average number of issued and fully paid-up common shares (shares)	618,794,521		800,000,000		800,000,000	

Remark : 1) Other Revenues consist of Revenue from Lease Fee, Revenue from Fee, Profit from Sale of Investment, Interest Received, etc.

Statements of Cash Flows

Statements of Cash Flows	Consolidated Financial Statements For the year ended December 31,		
	2015	2016	2017
	Million Baht	Million Baht	Million Baht
Cash Flows from Operating Activities:			
Profit before income tax	45.5	67.9	71.9
Adjustments to reconcile profit before income tax to cash provided by (used in) operating activities			
Depreciation and amortization	15.9	18.7	26.6
(Reversed) Allowance for losses on inventories	(0.2)	1.1	(1.5)
Gain on disposal of temporary investment	(0.0)	(1.5)	(0.8)
(Gain) Loss on disposal of fixed assets	0.0	(0.2)	0.1
Provision for long-term employee benefit	0.0	0.3	0.3
Interest expenses	2.1	0.0	0.0
Profit from operating activities before changesin operating assets and liabilities	63.4	86.3	96.5
Operating assets increased			
Trade and other receivables	8.3	(2.6)	(2.6)
Inventories	(19.5)	(38.5)	(32.7)
Operating liabilities increased (Decreased)			
Trade and other payables	(14.3)	8.7	23.2
Cash received from operating activities	37.8	53.9	84.4
Interest paid	(2.1)	(0.0)	(0.0)
Income tax paid	(14.8)	(9.3)	(11.7)
Net cash from operating activities	**20.9**	**44.6**	**72.7**
Cash Flows from Investing Activities:			
Cash received from sale of temporary investments	11.5	605.0	137.4
Cash paid for acquisition of temporary investments	(271.5)	(426.1)	(54.3)
Cash paid for long-term loans to third party	-	-	(0.7)
Cash paid for deposit for acquisitions and constructions of building	-	(4.0)	-
Cash paid for acquisition of leasehold rights	-	(4.0)	-
Cash received from disposal of fixed assets	0.0	0.3	0.1
Cash paid for acquisition of fixed assets	(53.5)	(150.9)	(154.8)
Cash paid for acquisition of intangible assets	(0.3)	(0.6)	(0.7)
Other non-current assets increased	(0.1)	(0.1)	(0.7)
Net cash from (used in) investing activities	**(313.9)**	**19.6**	**(73.6)**

Statements of Cash Flows	Consolidated Financial Statements For the year ended December 31,		
	2015	2016	2017
	Million Baht	Million Baht	Million Baht
Cash Flows from Financing Activities:			
Increase (decrease) in bank overdraft and short-term loansfrom financial institutions	(11.1)	(1.0)	50.0
Cash received from share capital increase	367.2	-	-
Directly attributable expenses of the initial public offering	(14.6)	-	-
Dividend paid	(60.0)	(36.0)	(24.0)
Net cash from (used in) financing activities	**281.6**	**(37.0)**	**26.0**
Net cash and cash equivalents increased (Decreased)	**(11.5)**	**27.2**	**25.0**
Cash and cash equivalents at the beginning of the years	27.1	15.6	42.7
Cash and cash equivalents at the end of the years	**15.6**	**42.8**	**67.8**

14.3 Table of Significant Financial Ratios

Financial Ratios	หน่วย	Consolidated Financial Statements		
		2015	2016	2017
Liquidity Ratio				
Liquidity Ratio	Time	3.8	2.6	1.7
Quick Ratio	Time	2.5	1.2	0.5
Cash Ratio	Time	0.1	0.3	0.4
Account Receivable Turnover	Time	37.6	53.4	63.5
Average Collection Period	Day	9.7	6.8	5.7
Inventory Turnover	Time	7.4	6.8	6.2
Average selling Period	Day	49.6	53.7	58.5
Payable Turnover	Time	10.0	11.2	10.9
Average Settlement Period	Day	36.6	32.6	33.5
Cash cycle	Day	22.7	28.0	30.7
Profitability Ratio				
Gross Profit Margin	%	11.6	12.7	13.3
Operating Profit Margin	%	3.2	4.1	3.9
Other Profit Margin	%	0.5	0.5	0.6
Cash to Profit Margin	%	50.3	74.4	116.3
Net Profit Margin	%	3.0	3.8	3.8
Return on Equity	%	10.4	9.9	10.4
Efficiency Ratios				
Return on Assets	%	7.4	8.0	8.0
Return on Fixed Assets	%	31.7	28.5	18.9
Asset Turnover	Time	2.5	2.1	2.1
Financial Policy Analysis Ratio				
Debt to Equity Ratio	Time	0.2	0.3	0.4
Interest Coverage Ratio	Time	17.9	243,959.5	5,445.54
Commitment Coverage Ratio	Time	0.1	0.2	0.3
Dividend Payout Ratio	%	153.3	64.7	39.3

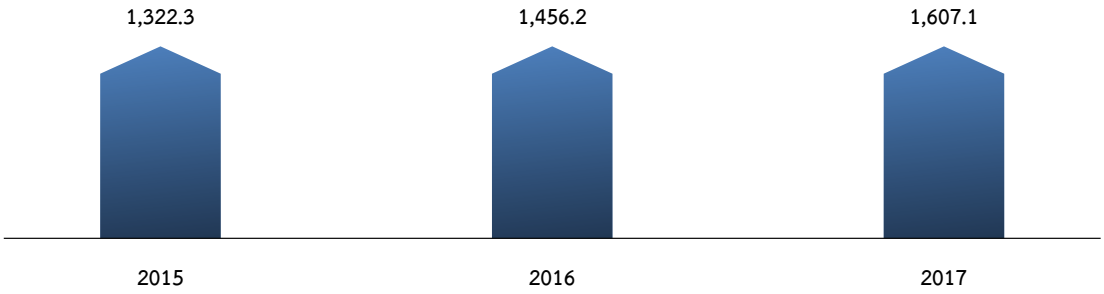
15. Analysis and Explanation of the Management

15.1 Explanation and Analysis of the Financial Position and Overall Operation

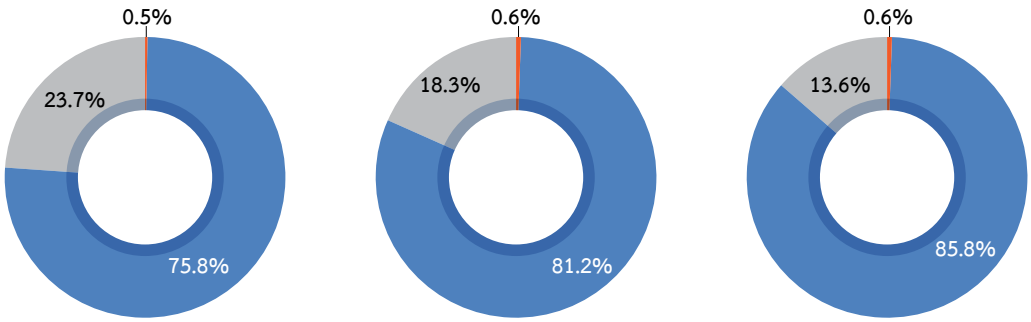
The financial position and overall operation appeared in consolidated financial statements of the Company are derived from retail and wholesale business engagement for consumer products excluding fresh foods under the name of "Thanapiriya". The revenues from sales are from two parts consisting of revenue from sales via branch and revenue from wholesale of Head Office. At present, total branches of the Company have been 19 branches, classifying into supermarket for 18 branches and wholesales center for 1 branch; 17 branches are located in Chiang Rai Province and 2 branches in Phayao Province. Revenue from services is from rental service for product display area and entrance fee. 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

Total Revenue



Revenue Structure



Number of Branches	12	15	19

Revenue from Branch Other Revenues Revenue from Wholesale of Head Office

The Company has had continuous growing revenues. If considering from consolidated financial statements for 2015-2017, total revenues of the Company increased from 1,322.3 million baht to be 1,456.2 million baht and 1,607.1 million baht, respectively. Compound Annual Growth Rate for 3 retroactive year's period was 10.2% per year, which the main cause of increasing the revenue is from the opening of new branches continuously. Opening new branches has resulted in Thanapiriya Store more accessible to target customers. As at December 31, 2017 the Company has more than 94,000 members of Thanapiriya's Store.

	2015		2016		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenue from Sales and Services	1,316.2	100.0	1,448.2	100.0	1,597.7	100.0
Cost of Sales and Services	1,163.8	88.4	1,263.9	87.3	1,384.9	86.7
Gross Profit	152.4	11.6	184.3	12.7	212.8	13.3

Branch Opening during the Year	2015	2016	2017
Number of Branches in Beginning Period	10	12	15
Branch Opening	2	3	4
Number of Branches in Ending Period	12	15	19

In 2015-2017, the Company's total revenues from sales and services were 1,316.2 million baht, 1,448.2 million baht and 1,597.7 million baht respectively or growth rate for 9.9%, 10.0% and 10.3% respectively from previous years due to the Company's new branches opening in 2015 for 2 branches, 3 branches in 2016 and 4 branches in 2017, resulting in total for 19 branches of the Company as at 31 December 2017. 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 the 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 2015-2017, the Company's cost of sales was 1,163.8 million baht, 1,263.9 million baht and 1,384.9 million baht or proportion of cost of sales to revenues from sales for 88.4%, 87.3% and 86.7% 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. In the others word, from additional branch opening for 9 branches in the period of 2015-2016 resulted in 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 2015-2017, the Company's gross profit was 152.4 million baht, 184.3 million baht and 212.8 million baht, or gross profit margin for 11.6%, 12.7% and 13.3% 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 2015-2017 were 110.9 million baht, 124.4 million baht and 150.3 million baht or proportion for 8.4%, 8.5% and 9.3% 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 of rental, public utility expense. In the year 2017, the proportion of selling and administrative expenses increased due to the expansion of 4 branches, resulting in higher expenses of branch staff and depreciation of branch assets compared to the revenue of opening new branch. In addition, in 2017, the company has been opened a new Distribution Center which has the depreciation charge approximately 6 million baht per year.

Selling Expenses

The Company's selling expenses in 2015-2017 were 59.7 million baht, 67.7 million baht and 86.1 million baht respectively. In 2017, the Company's selling expenses increased from last year that had selling expenses for 18.4 million baht or increase in 27.2%. The main cause was from increase in staff expense from increase in number of staffs and depreciation of new branch which the sales volume has under growth on setting target.

Administrative Expenses

The company's administrative expenses in 2015-2017 were 51.2 million baht, 56.7 million baht and 64.2 million baht, respectively. In 2017, the Company's administrative expenses increased from last year for 7.5 million baht or increase for 13.2%, mostly the expenses are causing from staff expenses and the depreciation of new distribution center.

Earnings before Financial Cost and Income Tax

The Company' s profit before financial cost and income tax for 2015-2017 was 47.6 million baht , 67.9 million baht and 71.9 million baht respectively or the rate of earnings before financial cost and income tax for 3.6%, 4.7% and 4.5% respectively. For 2016, increase in earnings before financial cost and income tax was 20.3 million baht or 42.6% from increase in selling and administrative expenses as aforesaid. For 2017, slightly increase in earnings before financial cost and income tax was 4.0 million baht or 5.9% from increase in gross profit with increasing gross profit margin, however, selling and administrative expenses were higher as mentioned above.

Income Tax Expense

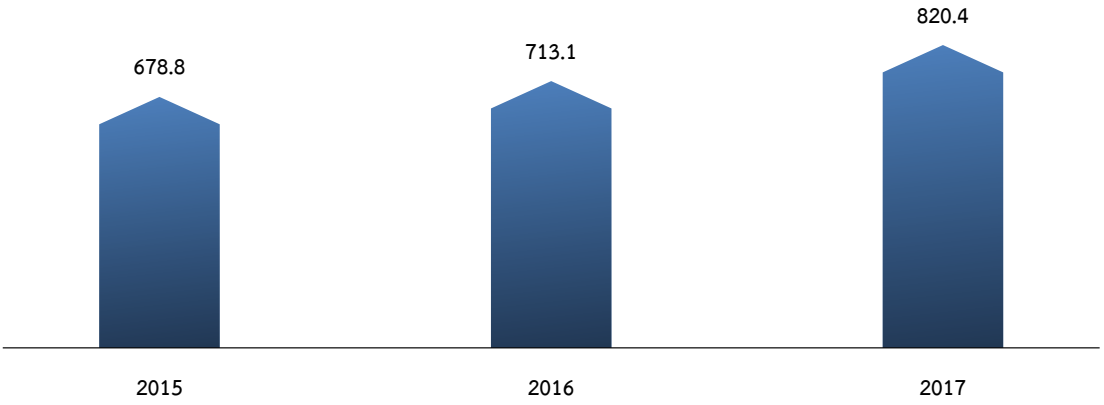
The Company had income tax expenses for the years 2015 - 2017 for 6.4 million baht, 12.2 million baht and 10.6 million baht respectively. The income tax expense for the year 2016 increased from the year 2015 due to the increase of the Company's profit. The income tax expenses for the year 2017 will be lower than in 2016 even the Company had more profit, due to the company has been use the right of tax incentives under the measures to promote fixed-asset investment in the year 2016 and 2017, which the Company has invested in Distribution Centers and branch expansion. The tax deduction will continue to be tax deductible for the next year, depending on the useful life of each asset, which lasts from 5 to 20 years.

Net Profit

The Company's net profit for the period of year 2015-2017 was 39.1 million baht, 55.7 million baht, and 61.3 million baht, representing a net profit margin of 3.0%, 3.8% and 3.8%, respectively. For the year 2016, the net profit increased for 5.6 million baht which had the same net profit margin due to the increase in gross profit but the administrative sales expenses also increased.

Analysis of Financial Position

Total Assets



As at 31 December 2015, 2016 and 2017 total assets of the Company were 678.8 million baht, 713.1 million baht and 820.4 million baht respectively. As at 31 December 2017, main assets of the Company included property, plant and equipment for 456.1 million baht or 55.6% 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 239.0 million baht or 29.1% of total assets which have been stored at Distribution Center and branches; cash and cash equivalents for 67.8 million baht or 8.3% of total assets and account receivables and other receivables for 41.7 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 2016, total assets of the Company were 713.1 million baht, has been increased 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 the 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 causes from the investment in new branches and new distribution center during the year 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 investment in property, plant and improvement of plant, furniture and office equipment. New branches of the Company are Thoeng Branch, Mae Khachan Branch and Baan Mai Branch and new Distribution Center.

As at 31 December 2017, total assets of the Company were 820.4 million baht, increasing from 31 December 2016 for 107.3 million baht or 15.1% under the following main causes.

(1) Increase in cash and cash equivalents for 25.0 million baht under main cause from preparation of cash balance to be used for settlement of account receivables.

(2) Decrease in temporary investment for 82.6 million baht under main cause from sales of investment for use in investment in new branches, new Distribution Center and use for working capital.

(3) Increase in inventory for 34.2 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 131.3 million baht due to the opening of 4 new branches of the Company and the construction of new Distribution Center.

Current Assets

Cash and Cash Equivalents

The Company's cash and cash equivalents as at 31 December 2015, 2016 and 2017 were 15.6 million baht, 42.8 million baht and 67.8 million baht respectively or 2.3%, 6.0% and 8.3% 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 2015, 2016 and 2017, the Company total account receivables were 28.8 million baht, 25.5 million baht and 24.8 million baht or proportion for 4.2%, 3.6% and 3.0% of the total assets respectively. If considering from debt collection efficiency in 2015-2017, the Company's average collection period was 9.7 days, 6.8 days and 5.7 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 2015, 2016 and 2017, the Company's other receivables were 7.7 million baht, 13.6 million baht and 16.9 million baht respectively or the proportion for 1.1%, 1.9% and 2.1% of total assets, respectively. The main cause of increase in other receivables as at 31 December 2016 was from increase in receivable for Customs Department due to the Company's increase in input tax from construction cost expense of the Company's Distribution Center and as at 31 December 2017, the cause of increase in other receivables was from the increasing of deposit of goods purchasing.

Inventory

The Company has no 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 the form of finished goods.

(Unit: Million Baht)	As at 31 December		
	2015	2016	2017
Finished Goods	172.6	211.0	243.8
Less: Reserve of Allowance for Product Loss	(5.2)	(6.2)	(4.8)
Total Inventory	**167.4**	**204.8**	**239.0**
Average of Inventory Selling Period (days)	*49.6*	*53.7*	*58.5*

As at 31 December 2015, 2016 and 2017, the Company's inventory was 167.4 million baht, 204.8 million baht and 239.0 million baht respectively, or the proportion for 24.7%, 28.7% and 29.1% 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 2015, 2016 and 2017, the Company's average inventory conversion period was 49.6 days, 53.7 days and 58.5 days respectively as at 31 December 2017.

Non-Current Assets

Property, Plant and Equipment

Property, Plant and Equipment– Net	As at 31 December					
	2015		2016		2017	
	Million Baht	%[1)]	Million Baht	%[1)]	Million Baht	%[1)]
Property	74.9	11.0	100.4	14.1	113.5	13.8
Plant and Improvement of Plant	51.8	7.6	60.1	8.4	200.0	24.4
Improvement of Leasehold	12.2	1.8	19.3	2.7	24.2	2.9
Furniture and Office Equipment	34.2	5.0	41.3	5.8	92.6	11.3
Vehicle and Accessories	14.6	2.2	21.4	3.0	21.9	2.7
Work in Process	0.3	0.1	82.3	11.6	4.0	0.5
Total	**188.0**	**27.7**	**324.8**	**45.6**	**456.1**	**55.6**

Remark :

1) Proportion to Total Assets

As at 31 December 2015, 2016 and 2017, the Company's net value of property, plant and equipment was 188.0 million baht, 324.8 million baht and 456.1 million baht or 27.7%, 45.6% and 55.6% of total assets respectively. The Company has invested more in these types on non-current assets in the past 3 year's period. Most of them have been invested for continuous branch expansion and the construction of new Distribution Center whereas the investment was commenced in 2016 and opened 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 4 branches which are leasehold, such as Sri Sai Mun Branch, Baan Du Branch, Wiang Pa Pao Branch and Mae Khachan Branch.

As at 31 December 2015, 2016 and 2017, the Company's net leasehold was 6.3 million baht, 9.5 million baht and 8.6 million baht respectively. Amortization of leasehold was 0.6 million baht, 0.8 million baht and 0.8 million baht respectively.

Liquidity

Cash Flow

(Unit: Million Baht)	2015	2016	2017
Net Cash Received from Operating Activity	20.9	44.6	72.7
Net Cash Received from (Used in) Investment Activity	(313.9)	19.6	(73.6)
Net Cash Received from (Used in) Financing Activity	281.6	(37.0)	26.0
Increase and Decrease in Cash and Cash Equivalents- Net	(11.5)	27.2	25.0
Cash and Cash Equivalents at the Beginning Period	**27.1**	**15.6**	**42.7**
Cash and Cash Equivalents at the Ending Period	**15.6**	**42.8**	**67.8**

In 2016, the Company's net cash received from the operating activity was 44.6 million baht. The cash flow from operating profit was 86.3 million baht, due to an increase in trade accounts payable and other payable was 8.7 million baht, inventories increased was 38.5 million baht and income tax payment was 9.3 million baht. Net cash received from investing activities was 19.6 million baht, which was mostly cash for purchase of temporary investment for 178.9 million baht as money received from sales of ordinary shares for capital increase in investment in property, plant and equipments, buy leasehold purchase of intangible assets for 159.4 million baht. In the year 2016, there are 3 branches has been expanded, and the new Distribution Center which will be opened in 2017, the Company has net cash used in financing activities for 37.0 million baht. Most of them were cash dividend payment for 36.0 million baht. Net cash flow increased 27.2 million baht and cash and cash equivalents balance as at 31 December 2019 for 42.8 million baht.

In 2017, the Company's net cash received from operating expense was 72.7 million baht, mostly the total cash flow received from total operating profit for 96.5 million baht from increase in account payables and other payables for 23.2 million baht, increase in use in inventory for 32.7 million baht, payment of income tax for 11.7 million baht. Net cash received from investment activity was 73.6 million baht. Most of them were received from sales of temporary investment for 83.1 million baht and invested in fixed assets for 154.8 million baht. In 2017, there was branch expansion for 4 branches and the continuous of the construction of new Distribution Center from 2016 and opened in 2017. The Company's net cash used for financing activity was 26.0 million baht, cash received from short-term loans from financial institutions amounted to 50 million baht and used to pay dividends for 24.0 million baht. Net cash flow increased for 25.0 million baht and had cash and cash equivalents as at December 31, 2017 for 67.8 million baht.

Liquidity Ratio

The Company's liquidity ratio for 2015, 2016 and 2017 was 3.8 times, 2.6 times an 1.7 times respectively, and quick ratio was 2.5 times, 1.2 times and 0.5 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 decrease in liquidity ratio in 2016 and 2017 due to sales of temporary investment for use in investment in branch and distribution center expansion.

Cash Cycle (Unit: Days)	As at 31 December		
	2015	2016	2017
Average Collection Period	9.7	6.8	5.7
Average Inventory Selling Period	49.6	53.7	58.5
Average Payback Period	36.6	32.6	33.5
Cash Cycle	**22.7**	**27.9**	**30.7**

The Company's average collection period for 2015, 2016 and 2017 was 9.7 days, 6.8 days and 5.7 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 49.6 days, 53.7 days and 58.5 days respectively, from branch opening for 3 branches in 2016 and 4 branches in 2017, resulting in more number of days for average inventory conversion period in 2016 and 2017. The Company's average payback period was 36.6 days, 32.6 days and 33.6 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 22.7 days, 27.9 days and 30.7 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 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 proportion for 18.9% of total liabilities and shareholders' 'equity. Total liabilities decreased from 31 December 2017 for14.6 million baht, the main reason was from other payables increased for 12.0 million baht and payment of accrued income tax for 3.2 million baht.

As at December 31, 2017, total liabilities of the Company were 213.0 million baht, comprising of 50.0 million baht from bank overdrafts and156.1 million baht from other financial institutions and other accounts payable, accounting for 6.1% and 19.0% of liabilities and shareholders' equity, respectively. Total liabilities increased from December 31, 2016 for 70.3 million baht.

Account Payables and Other Payables

(Unit: Million Baht)	As at 31 December		
	2015	2016	2017
Account Payables	113.0	113.0	141.2
Other Payables	9.6	21.8	14.9
Total Account Payables and Other Payables	**122.6**	**134.8**	**156.1**
Total Account Payables and Other Payables			
Average Payback Period (Days)	*36.6*	*32.6*	*33.5*

As at 31 December 2015, 2016 and 2017, the Company's account payables were 113.0 million baht, 113.0 million baht and 141.2 million baht respectively, or the proportion for 16.6%, 15.8% and 17.2% of total liabilities and shareholders' equity, respectively. However, the Company's average payback period in 2015-2017 was 36.6 days, 32.6 days and 33.5 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 2015, 2016 and 2017, The Company's other payables were 9.6 million baht, 21.8 million baht and 14.9 million baht respectively, or proportion of 1.4%, 3.1% and 1.82% of total liabilities and shareholders' 'equity, respectively. As at 31 December 2017, the main cause of other payables was from payable for asset purchase and construction retention that was increase for 5.4 million baht.

Shareholders' Equity

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 increased from the total profit of the year for 55.7 million baht and the dividend payment during the year for 36.0 million baht.

As at 31 December 2017, the total shareholders' equity of the Company was 607.3 million baht, increasing from the previous year for 37.0 million baht increased from the total profit of the year for 61.0 million baht and the dividend payment during the year for 24.0 million baht.

Appropriateness of Capital Structure

As 31 December 2015, 2016 and 2017, the Company's Debt to Equity Ratio was 0.2 times, 0.3 times and 0.4 times respectively. Debt to equity Ratio as at 31 December 2016 and 2017 has debt to equity ratio increased slightly from December 31, 2015 and 2016 due to the 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 2015, 2016 and 2017 was 16.6%, 15.8% and 17.2% of total liabilities and shareholders' 'equity, respectively. If considering from Debt to Equity Ratio with interest burden to shareholders' equity in 2015-2017, it was 0.0 times, 0.0 times and 0.1 times respectively. Therefore, the Company has been liquid in borrowing money from the financial institution for liquidity reinforcement.

15.1 Report on the Board of Directors' Responsibility towards the Financial Statements

The Board of Directors is responsible for the Company and its subsidiaries' consolidated financial statements as well as financial information system which were presented in the Company's Annual Report. The financial statements were prepared in accordance with generally accepted accounting standards, using appropriate and consistent accounting policy, careful consideration, most appropriate estimation with sufficient significant information disclosed in the notes to the financial statements. Thus, the Company's financial statements were audited with unqualified opinions by the authorized external auditors.

The Board of Directors consecutively recognizes and promotes the importance of Good Corporate Governance as well as the Board of Directors' structure development in order to be able to operate the Company's business efficiently and transparently. The Board of Directors, therefore, appointed the Audit Committee which comprises of three independent directors to be responsible for the quality of financial reports, internal audit and internal control system. The Audit Committee's opinion is stated in the Audit Committee Report which is included in the Company's Annual Report.

As a result, the Board of Directors believes that the Company's internal control system is appropriate and adequate so as to ensure the reliability of the Company's financial statements as of 31 December 2017.

(Dr. Pisanu Kantipong)
Chairman of the Company

Independent Auditor's Report

To the Shareholders and the Board of Directors of Thanapiriya Public Company Limited

Opinion

I have audited the 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, 2017, the 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 notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated and separate financial statements referred to above present fairly, in all material respects, the consolidated and separate financial position of the Thanapiriya Public Company Limited and its subsidiary, and of Thanapiriya Public Company Limited, respectively, as at December 31, 2017, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards (TFRSs).

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' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the 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, 2017, the Company has inventories in the amount of Baht 238.99 million. These inventories are stored at 18 branches and 3 warehouses. There is a risk that inventory quantities will be misstated. The Company established a provision for losses at 1% of the outstanding inventories at warehouses and 3% of the outstanding inventories at branches in comparison with practices 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 1 warehouse and 4 branches 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 Annual Report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The Annual Report for the year is expected to be made available to me after the date of this auditor's report.

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 correction of the misstatement.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

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

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

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

(Yuttapong Chuamuangpan)
Certified Public Accountant Registration Number 9445
ANS Audit Co., Ltd.
Bangkok, February 18, 2018

THANAPIRIYA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2017

Unit : Baht

	Notes	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Assets					
Current assets					
Cash and cash equivalents	6	67,808,222.39	42,774,035.63	65,537,745.32	41,928,044.61
Temporary investment - net	7	325,712.35	82,938,891.91	325,712.35	82,938,891.91
Trade and other receivables	5, 8	41,706,266.38	39,081,464.27	41,956,053.68	39,328,122.74
Inventories - net	9	238,990,737.34	204,783,230.66	238,990,737.34	204,783,230.66
Total current assets		348,830,938.46	369,577,622.47	346,810,248.69	368,978,289.92
Non-current assets					
Deposit for acquisitions and constructions of building		-	4,000,000.00	-	4,000,000.00
Short-term loan to third party	10	684,000.00	-	684,000.00	-
Investments in subsidiary	11	-	-	60,000,000.00	60,000,000.00
Leasehold rights - net	12	8,640,880.67	9,482,036.38	8,640,880.67	9,482,036.38
Property, plant and equipment - net	13	456,145,679.80	324,828,435.15	395,979,828.08	264,406,854.19
Intangible assets - net	14	2,641,015.31	2,351,313.24	2,641,015.31	2,351,313.24
Deferred tax assets - net	15	1,933,340.15	2,070,417.57	1,933,340.15	2,070,417.57
Other non-current assets		1,479,021.00	756,321.00	1,468,021.00	745,321.00
Total non-current assets		471,523,936.93	343,488,523.34	471,347,085.21	343,055,942.38
Total assets		820,354,875.39	713,066,145.81	818,157,333.90	712,034,232.30

THANAPIRIYA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2017

Unit : Baht

	Notes	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Liabilities and shareholders' quity					
Current liabilities					
Short-term loan from financial institutions	16	50,000,000.00	-	50,000,000.00	-
Trade and other payables	17	156,127,216.23	134,773,785.36	156,009,186.01	134,742,598.64
Accrued income tax		3,733,787.14	5,100,000.29	3,638,531.73	5,011,725.18
Total current liabilities		209,861,003.37	139,873,785.65	209,647,717.74	139,754,323.82
Non-current liabilities					
Provision for long-term employee benefits	18	3,144,292.92	2,860,058.92	3,144,292.92	2,860,058.92
Total non-current liabilities		3,144,292.92	2,860,058.92	3,144,292.92	2,860,058.92
Total liabilities		213,005,296.29	142,733,844.57	212,792,010.66	142,614,382.74
Shareholders' Equity					
Share capital					
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	15,976,608.71	12,965,451.76	15,976,608.71	12,965,451.76
Unappropriated		93,731,647.21	59,447,861.07	91,747,391.35	58,535,409.39
Other components of shareholders' equity		589.38	278,254.61	589.38	278,254.61
Total shareholders' equity of the company		607,349,579.10	570,332,301.24	605,365,323.24	569,419,849.56
Non-controlling interests		-	-	-	-
Total shareholders' equity		607,349,579.10	570,332,301.24	605,365,323.24	569,419,849.56
Total liabilities and shareholders' equity		820,354,875.39	713,066,145.81	818,157,333.90	712,034,232.30

THANAPIRIYA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2017

Unit : Baht

		Consolidated financial statements		Separate financial statements	
	Notes	2017	2016	2017	2016
	3, 5, 23				
Revenues from sales and services		1,597,705,251.05	1,448,198,533.26	1,597,705,251.05	1,448,198,533.26
Costs of sales and services		(1,384,939,178.88)	(1,263,902,242.38)	(1,384,939,178.88)	(1,263,373,363.85)
Gross profit		212,766,072.17	184,296,290.88	212,766,072.17	184,825,169.41
Other income	7	9,361,192.19	7,994,013.22	9,355,005.73	8,000,565.69
Profit before expenses		222,127,264.36	192,290,304.10	222,121,077.90	192,825,735.10
Expenses					
Selling expenses		(86,072,128.92)	(67,742,903.27)	(87,716,299.68)	(69,720,005.13)
Administrative expenses		(64,186,670.24)	(56,655,326.50)	(63,876,117.74)	(56,308,397.14)
Total expenses		(150,258,799.16)	(124,398,229.77)	(151,592,417.42)	(126,028,402.27)
Profit before finance costs and income tax		71,868,465.20	67,892,074.33	70,528,660.48	66,797,332.83
Finance costs		(18,082.19)	(220.96)	(18,082.19)	(220.96)
Profit before income tax		71,850,383.01	67,891,853.37	70,510,578.29	66,797,111.87
Income tax expenses	15	(10,555,439.92)	(12,231,017.82)	(10,287,439.38)	(12,005,054.45)
Profit for the years		61,294,943.09	55,660,835.55	60,223,138.91	54,792,057.42
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Profit on revaluation of available-for-sale investment - net from tax		589.39	278,254.62	589.39	278,254.62
Reversal for gain on changes in value of available-for-sale investment - net from tax		(278,254.62)	(221,585.23)	(278,254.62)	(221,585.23)
Total comprehensive income for the years		61,017,277.86	55,717,504.93	59,945,473.68	54,848,726.80
Profit attributable to					
Equity holders of the Company		61,294,943.09	55,660,835.55	60,223,138.91	54,792,057.42
Non-controlling interests		-	-	-	-
		61,294,943.09	55,660,835.55	60,223,138.91	54,792,057.42
Total comprehensive income attributable to					
Equity holders of the Company		61,017,277.86	55,717,504.93	59,945,473.68	54,848,726.80
Non-controlling interests		-	-	-	-
		61,017,277.86	55,717,504.93	59,945,473.68	54,848,726.80
Basic earnings per share (Baht)		0.08	0.07	0.08	0.07
Weighted average number of issued and fully paid-up common shares (shares)		800,000,000	800,000,000	800,000,000	800,000,000

THANAPIRIYA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2017

Unit : Baht

		Consolidated financial statements							
				Retained earnings		Other components of shareholders' equity			
	Notes	Issued and paid-up Share capital	Premiums on common shares	Appropriated Legal Reserve	Unappropriated	Gain (Loss) on revaluation of available-for-sale investment	Total shareholders' equity attributable to owners of the Company	Non-controlling Interest	Total
Balance as at January 1, 2016		200,000,000.00	297,640,733.80	10,225,848.89	42,526,628.39	221,585.23	550,614,796.31	-	550,614,796.31
Legal reserve	19	-	-	2,739,602.87	(2,739,602.87)	-	-	-	-
Dividend paid	20	-	-	-	(36,000,000.00)	-	(36,000,000.00)	-	(36,000,000.00)
Total comprehensive income for the year		-	-	-	55,660,835.55	56,669.38	55,717,504.93	-	55,717,504.93
Balance as at December 31, 2016		200,000,000.00	297,640,733.80	12,965,451.76	59,447,861.07	278,254.61	570,332,301.24	-	570,332,301.24
Legal reserve	19	-	-	3,011,156.95	(3,011,156.95)	-	-	-	-
Dividend paid	20	-	-	-	(24,000,000.00)	-	(24,000,000.00)	-	(24,000,000.00)
Total comprehensive income (loss) for the year		-	-	-	61,294,943.09	(277,665.23)	61,017,277.86	-	61,017,277.86
Balance as at December 31, 2017		200,000,000.00	297,640,733.80	15,976,608.71	93,731,647.21	589.38	607,349,579.10	-	607,349,579.10

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

THANAPIRIYA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2017

Unit : Baht

		Separate financial statements					
				Retained earnings		Other components of shareholders' equity	
	Notes	Issued and paid-up Share capital	Premiums on common shares	Appropriated legal reserve	Unappropriated	Gain (Loss) on revaluation of available-for-sale investment	Total
Balance as at January 1, 2016		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	19	-	-	2,739,602.87	(2,739,602.87)	-	-
Dividend paid	20	-	-	-	(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
Legal reserve	19	-	-	3,011,156.95	(3,011,156.95)	-	-
Dividend paid	20	-	-	-	(24,000,000.00)	-	(24,000,000.00)
Total comprehensive income (loss) for the year		-	-	-	60,223,138.91	(277,665.23)	59,945,473.68
Balance as at December 31, 2017		200,000,000.00	297,640,733.80	15,976,608.71	91,747,391.35	589.38	605,365,323.24

THANAPIRIYA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash Flows from Operating Activities:				
Profit before income tax	71,850,383.01	67,891,853.37	70,510,578.29	66,797,111.87
Adjustments to reconcile profit before income tax to cash provided by (used in) operating activities				
Depreciation and amortization	26,598,825.86	18,714,790.86	26,343,096.62	18,458,361.00
(Reversed) Allowance for losses on inventories	(1,478,571.61)	1,081,523.83	(1,478,571.61)	1,081,523.83
Gain on disposal of temporary investment	(827,308.93)	(1,480,985.35)	(827,308.93)	(1,480,985.35)
(Gain) Loss on disposal of fixed assets	92,544.02	(215,981.26)	92,544.02	(215,981.26)
Provision for long-term employee benefit	284,234.00	323,314.92	284,234.00	323,314.92
Interest expenses	18,082.19	220.96	18,082.19	220.96
Profit from operating activities before changes in operating assets and liabilities	96,538,188.54	86,314,737.33	94,942,654.58	84,963,565.97
Operating assets increased				
Trade and other receivables	(2,624,802.11)	(2,628,024.55)	(2,627,930.94)	(2,624,744.34)
Inventories	(32,728,935.07)	(38,464,488.48)	(32,728,935.07)	(38,464,488.48)
Operating liabilities increased				
Trade and other payables	23,214,327.25	8,683,068.80	23,127,483.75	8,702,318.98
Cash received from operating activities	84,398,778.61	53,905,293.10	82,713,272.32	52,576,652.13
Interest paid	(4,520.55)	(220.96)	(4,520.55)	(220.96)
Income tax paid	(11,715,159.35)	(9,314,172.53)	(11,454,139.11)	(9,176,484.27)
Net cash from operating activities	72,679,098.71	44,590,899.61	71,254,612.66	43,399,946.90

THANAPIRIYA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash Flows from Investing Activities:				
Cash received from sale of temporary investments	137,393,406.96	605,003,599.64	137,393,406.96	605,003,599.64
Cash paid for acquisition of temporary investments	(54,300,000.00)	(426,104,099.64)	(54,300,000.00)	(426,104,099.64)
Cash received from short-term loans to related party	-	-	-	500,000.00
Cash paid for short-term loans to related party	-	-	-	(500,000.00)
Cash paid for long-term loans to third party	(684,000.00)	-	(684,000.00)	-
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	138,112.63	269,626.18	138,112.63	269,626.18
Cash paid for acquisition of fixed assets	(154,752,981.54)	(150,890,303.78)	(154,752,981.54)	(150,390,303.78)
Cash paid for acquisition of intangible assets	(716,750.00)	(557,786.36)	(716,750.00)	(557,786.36)
Other non-current assets increased	(722,700.00)	(102,934.64)	(722,700.00)	(138,000.00)
Net cash from (used in) investing activities	(73,644,911.95)	19,618,101.40	(73,644,911.95)	20,083,036.04
Cash Flows from Financing Activities:				
Increase (decrease) in bank overdraft and short-term loans from financial institutions	50,000,000.00	(1,047,243.20)	50,000,000.00	(1,047,243.20)
Dividend paid	(24,000,000.00)	(36,000,000.00)	(24,000,000.00)	(36,000,000.00)
Net cash from (used in) financing activities	26,000,000.00	(37,047,243.20)	26,000,000.00	(37,047,243.20)
Net cash and cash equivalents increased	25,034,186.76	27,161,757.81	23,609,700.71	26,435,739.74
Cash and cash equivalents at the beginning of the years	42,774,035.63	15,612,277.82	41,928,044.61	15,492,304.87
Cash and cash equivalents at the end of the years	67,808,222.39	42,774,035.63	65,537,745.32	41,928,044.61
Supplemental Disclosures of Cash Flows Information				
Increase (decrease) in accounts payable for purchase of assets	(1,874,458.02)	3,449,129.92	(1,874,458.02)	3,449,129.92
Assets increased from deposit for acquisitions and constructions of building	4,000,000.00	-	4,000,000.00	-

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

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 its conversion to a limited company on December 21, 2012 and then became a public company limited on April 22, 2015. The Company is operates retail and wholesale superstores. The Company has its registered office at 661, Moo 24, Rob Wiang Sub-district, Muang Chiangrai District, Chiangrai, Thailand. On September 5, 2017, the Company relocated its registered office to 329, Moo 8, Ban Du Sub-district, Muang Chiangrai District, Chiangrai, Thailand. The Company owns 18 superstores and 3 distribution centers.

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 presentation of the financial statements has been made in compliance with the 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 its subsidiary have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are 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 adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiary' financial statements.

(b) Financial reporting standards 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 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The management of the Company and its subsidiary believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

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.

Fair value measurement

Fair value is the price that would be received to sell an asset or that paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except where there is no active market for an identical asset or liability or when a quoted market price is not available, the Company measures fair value using valuation techniques appropriate in the circumstances and maximizes the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy into three levels based on categories of input to be used in fair value measurement as follows:

Level 1 Use of quoted market prices in an observable active market for such assets or liabilities.

Level 2 Use of other observable inputs for such assets or liabilities, whether directly or indirectly.

Level 3 Use of unobservable inputs such as estimates of future cash flows.

At the end of each reporting period, the Company determines whether transfers that have occurred between the levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period are measured at fair value on a recurring basis.

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 amortization.

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:

	Useful lives (Years)
Building and improvements	20 - 40
Leasehold improvements	Over the period of lease agreement
Tools, Furniture, fixtures and office equipment	5 – 20
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 – defined contribution plan

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	
	2017	2016	2017	2016
Subsidiary				
Rental and service expenses	-	-	1,899,900.00	1,703,900.00
Utilities expenses	-	-	145,186.70	262,988.76
Interest income	-	-	-	8,938.35
Directors and shareholders				
Rental and service expenses	2,305,600.00	2,588,600.00	2,305,600.00	2,588,600.00

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	
	2017	2016
Short-term benefits	11,094,520.00	11,530,790.00
Post-employment benefits	251,380.02	236,485.00
Total management compensation	11,345,900.02	11,767,275.00

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

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Subsidiary				
Prepaid rental	-	-	250,000.00	250,000.00
Accrued expenses	-	-	5,785.26	25,583.44

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	
	2017	2016	2017	2016
Short-term loans to related party				
Subsidiary				
Balance at beginning of the year	-	-	-	-
Increase during the year	-	-	-	500,000.00
Decrease during the year	-	-	-	(500,000.00)
Balance at end of year	-	-	-	-

Short-term loans to the subsidiary are not governed by an agreement and 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	
	2017	2016	2017	2016
Cash on hand	4,760,089.00	3,861,143.75	4,759,450.50	3,861,143.75
Cash at banks - current accounts	34,655,976.90	22,922,382.01	34,653,876.90	22,920,902.01
Cash at banks - savings accounts	26,717,836.49	15,329,054.78	24,450,097.92	14,484,543.76
Cheque due	1,674,320.00	661,455.09	1,674,320.00	661,455.09
Total cash and cash equivalents	67,808,222.39	42,774,035.63	65,537,745.32	41,928,044.61

7. TEMPORARY INVESTMENTS - NET

Temporary investment as at December 31, consisted of:

Unit : Baht

	Consolidated and Separate financial statements			
	2017		2016	
		Fair value		Fair value
	Cost price	Level 2	Cost price	Level 2
Open-end Fund-Debt securities - at cost	324,975.61	324,975.61	82,591,073.64	82,591,073.64
Add unrealized gain on investment revaluation	-	736.74	-	347,818.27
Total temporary investment - net	324,975.61	325,712.35	82,591,073.64	82,938,891.91

During the year ended December 31, 2017 and 2016, the Group sold the investment with a gain of Baht 0.83 million and Baht 1.48 million, respectively, which is shown as “other income” in the statement of profit or loss for the years ended December 31, 2017 and 2016.

8. TRADE AND OTHER RECEIVABLES

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

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Trade receivables	24,800,221.37	25,496,239.82	24,800,221.37	25,496,239.82
Other receivables				
Loans to employees	504,954.00	624,054.00	504,954.00	624,054.00
Deposit for goods	7,159,356.34	4,951,680.38	7,159,356.34	4,951,680.38
Prepaid insurance premiums	549,319.44	581,282.91	549,319.44	581,282.91
Prepaid rental	63,157.89	172,631.54	313,157.89	422,631.54
Deferred consumables	450,920.37	610,717.17	450,920.37	610,717.17
Revenue Department receivable	5,691,865.45	4,697,432.49	5,691,865.45	4,694,090.96
Other	2,486,471.52	1,947,425.96	2,486,258.82	1,947,425.96
Total other receivables	16,906,045.01	13,585,224.45	17,155,832.31	13,831,882.92
Total trade and other receivables	41,706,266.38	39,081,464.27	41,956,053.68	39,328,122.74

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

Unit : Baht

	Consolidated and Separate financial statements	
	2017	2016
Current	19,273,930.97	22,150,579.49
Over due		
Not over 3 months	4,282,431.20	2,848,930.09
Over 3 - 6 months	1,200,790.00	461,420.24
Over 6 - 12 months	43,069.20	35,310.00
Total trade receivables	24,800,221.37	25,496,239.82

9. INVENTORIES - NET

Inventories as at December 31, consisted of:

	Unit : Baht	
	Consolidated and Separate financial statements	
	2017	2016
Finished goods	243,753,440.34	211,024,505.27
Less Allowance for losses on inventories	(4,762,703.00)	(6,241,274.61)
Total inventories - net	238,990,737.34	204,783,230.66

10. LONG-TERM LOAN TO THIRD PARTY

During the year ended December 31, 2017, the Company agreed to purchase three plots of land under a sales agreement with redemption rights. The redemption value is Baht 0.98 million and will be made within 4 years from September 27, 2017. The difference between the cash paid and the redemption value of the land under the agreement is amortized to income as loan interest at an annual rate of 9.02%. Currently, the Company is granted the right to lease such land for one of its superstores.

11. INVESTMENTS IN THE SUBSIDIARY

Investments in the subsidiary as at December 31, 2017 and 2016, consisted of:

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

12.LEASEHOLD RIGHTS - NET

Leasehold rights as at December 31, 2017, consisted of:

	Unit : Baht			
	Consolidated and Separate financial statements			
	As at	Movement during the year		As at
	January 1, 2017	Increase	Decrease	December 31, 2017
Leasehold rights				
Cost	13,460,262.28	-	-	13,460,262.28
Less Accumulated amortization	3,978,225.90	841,155.71	-	4,819,381.61
Net book value	9,482,036.38			8,640,880.67

13. PROPERTY, PLANT AND EQUIPMENT - NET

Property, plant and equipment at December 31, 2017, consisted of:

Unit : Baht

	Consolidated financial statements						
	Land and improvements	Building and improvements	Leasehold improvements	Tools, Furniture, fixtures and office equipment	Vehicles	Work in progress	Total
Cost							
As at January 1, 2017	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
Purchasing	13,220,089.48	13,741,987.56	-	23,539,923.76	3,479,412.56	102,897,110.16	156,878,523.52
Transferred in/out	-	130,536,400.62	6,654,000.10	44,037,437.77	6,494.84	(181,234,333.33)	-
Disposal	(135,532.33)	-	-	(857,971.23)	(545,794.39)	-	(1,539,297.95)
As at December 31, 2017	113,459,925.07	211,486,998.34	32,756,516.90	147,521,025.83	42,666,074.28	4,008,127.78	551,898,668.20
Accumulated depreciation							
As at January 1, 2017	10,092.58	7,079,027.64	6,829,414.20	39,532,096.04	18,280,377.02	-	71,731,007.48
Depreciation	6,776.41	4,438,403.48	1,738,101.77	16,104,304.21	3,043,036.35	-	25,330,622.22
Disposal	(16,868.99)	-	-	(745,979.92)	(545,792.39)	-	(1,308,641.30)
As at December 31, 2017	-	11,517,431.12	8,567,515.97	54,890,420.33	20,777,620.98	-	95,752,988.40
Net book value							
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
As at December 31, 2017	113,459,925.07	199,969,567.22	24,189,000.93	92,630,605.50	21,888,453.30	4,008,127.78	456,145,679.80

	Land and improvements	Building and improvements	Leasehold improvements	Tools, Furniture, fixtures and office equipment	Vehicles	Work in progress	Total
Cost							
As at January 1, 2017	47,068,615.92	59,163,810.16	26,102,516.80	80,801,635.53	39,725,961.27	82,345,350.95	335,207,890.63
Purchasing	13,220,089.48	13,741,987.56	-	23,539,923.76	3,479,412.56	102,897,110.16	156,878,523.52
Transferred in/out	-	130,536,400.62	6,654,000.10	44,037,437.77	6,494.84	(181,234,333.33)	-
Disposal	(135,532.33)	-	-	(857,971.23)	(545,794.39)	-	(1,539,297.95)
As at December 31, 2017	60,153,173.07	203,442,198.34	32,756,516.90	147,521,025.83	42,666,074.28	4,008,127.78	490,547,116.20
Accumulated depreciation							
As at January 1, 2017	10,092.58	6,149,056.60	6,829,414.20	39,532,096.04	18,280,377.02	-	70,801,036.44
Depreciation	6,776.41	4,182,674.24	1,738,101.77	16,104,304.21	3,043,036.35	-	25,074,892.98
Disposal	(16,868.99)	-	-	(745,979.92)	(545,792.39)	-	(1,308,641.30)
As at December 31, 2017	-	10,331,730.84	8,567,515.97	54,890,420.33	20,777,620.98	-	94,567,288.12
Net book value							
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
As at December 31, 2017	60,153,173.07	193,110,467.50	24,189,000.93	92,630,605.50	21,888,453.30	4,008,127.78	395,979,828.08

Depreciation for the years ended December 31, 2017 and 2016 in the consolidated statements of profit of loss are Baht 25.33 million and Baht 17.43 million, respectively, and the separate statements of profit or loss are Baht 25.07 million and Baht 17.17 million, respectively.

As at December 31, 2017 and 2016, the Group's equipment and vehicles, which have been fully depreciated but are still in use, amounted to Baht 26.43 million and Baht 24.15 million, respectively.

Parts of the Group's land and buildings have been mortgaged as collateral for bank overdrafts, short-term loans, promissory notes, and long-term loans. (Note 16).

14. INTANGIBLE ASSETS – NET

Intangible assets as at December 31, 2017, consisted of:

Unit : Baht

	Consolidated and Separate financial statements			
	As at	Movement during the year		As at
	January 1, 2017	Increase	Decrease	December 31, 2017
Computer software				
Cost	4,745,537.14	716,750.00	-	5,462,287.14
Less Accumulated amortization	2,394,223.90	427,047.93	-	2,821,271.83
Net book value	2,351,313.24			2,641,015.31

Amortization for the years ended December 31, 2017 and 2016 amounted to Baht 0.43 million and Baht 0.44 million, respectively and are included in the related consolidated and separate statements of profit or loss.

15. DEFERRED TAX ASSETS - NET

Deferred tax assets and liabilities as at December 31, 2017, consisted of:-

Unit : Baht

	Consolidated and Separate financial statements			
		Movement increase (decrease)		
	As at January 1, 2017	Profit or loss	Other comprehensive income	As at December 31, 2017
Deferred tax assets				
Allowance for losses on inventories	1,248,254.92	(295,714.32)	-	952,540.60
Rental expenses	386,831.15	82,249.86	-	469,081.01
Provisions for liabilities	78,202.94	5,030.13	-	83,233.07
Provision for long-term employee benefits	572,011.78	56,846.80	-	628,858.58
Total deferred tax assets	2,285,300.79	(151,587.53)	-	2,133,713.26
Deferred tax liabilities				
Depreciation	145,319.56	54,906.20	-	200,225.76
Unrealized gains on valuation of available-for-sale investments	69,563.66	-	(69,416.31)	147.35
Total deferred tax liabilities	214,883.22	54,906.20	(69,416.31)	200,373.11
Deferred tax assets - net	2,070,417.57	(206,493.73)	69,416.31	1,933,340.15

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

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Profit before income tax	71,850,383.01	67,891,853.37	70,510,578.29	66,797,111.87
Income tax rate	20%	20%	20%	20%
Current income tax expenses as tax rate	14,370,076.60	13,578,370.67	14,102,115.66	13,359,422.37
Non-deductible expenses by the Revenue Code	23,772.27	12,965.79	23,732.67	5,950.72
Expenses allowed by the Revenue Code	(3,838,408.95)	(1,360,318.64)	(3,838,408.95)	(1,360,318.64)
Income tax expenses	10,555,439.92	12,231,017.82	10,287,439.38	12,005,054.45
The effective tax rate	14.69%	18.02%	14.59%	17.97%

The Company used income tax rate of 20% for the calculation of corporate income tax for the years ended December 31, 2017 and 2016.

16. SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

Short-term loans from financial institutions as at December 31, consisted of:

	Unit : Baht	
	Consolidated and Separate financial statements	
	2017	2016
Promissory note	50,0000,000.00	-
Total Short-term loans from financial institutions	50,0000,000.00	-

On December 28, 2017, the Company issued promissory note amount of Baht 50 million to a local financial institution. The promissory note has a term of 90 days and bears interest at the MLR - 3.475 per annum.

As at December 31, 2017 and 2016, 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	
	2017	2016
Thanapiriya Public Company Limited and its subsidiary	250	105
Thanapiriya Public Company Limited	220	75

As at December 31, 2017, 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 mortgages on land and building of the Group and its Directors.

As at December 31, 2016, 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.

17. TRADE AND OTHER PAYABLES

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

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Trade payables	141,197,546.21	112,980,868.04	141,197,546.21	112,980,868.04
Other payables				
Accrued bonus	3,311,208.59	4,143,500.00	3,311,208.59	4,143,500.00
Withholding tax payables	145,343.28	1,030,515.96	145,343.28	1,030,245.80
Accrued rental expenses	2,111,821.85	1,504,674.40	2,111,821.85	1,754,674.40
Payable for purchase of the assets	1,574,671.90	3,449,129.92	1,574,671.90	3,449,129.92
Guarantee received from employees	13,561.64	1,455,450.00	13,561.64	1,455,450.00
Accrued expenses	4,603,991.18	2,615,564.70	4,489,776.44	2,586,148.14
Retention	483,108.32	4,012,745.32	483,108.32	4,012,745.32
Other	2,685,963.26	3,581,337.02	2,682,147.78	3,329,837.02
Total other payables	14,929,670.02	21,792,917.32	14,811,639.80	21,761,730.60
Total trade and other payables	156,127,216.23	134,773,785.36	156,009,186.01	134,742,598.64

18. 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	
	2017	2016
Provision for long-term employee benefits beginning of the years	2,860,058.92	2,536,744.00
Included in profit or loss:		
Current service costs	177,170.00	213,312.00
Cost of interest	107,064.00	110,002.92
Provision for long-term employee benefits ending of the years	3,144,292.92	2,860,058.92

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

	Unit : Baht	
	Consolidated and Separate financial statements	
	2017	2016
Current service cost	177,170.00	213,312.00
Cost of interest	107,064.00	110,002.92
Total employee benefits expenses	284,234.00	323,314.92

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	
	2017	2016
Selling expenses	7,272.00	6,843.96
Administrative expenses	276,962.00	316,470.96
Total employee benefits expenses	284,234.00	323,314.92

Principal actuarial assumptions at the valuation date are as follow:

	(Percentage (%)/annum)
	Consolidated and Separate financial statements
Discount rate	
Monthly salary staff	4.00
Daily salary staff	4.13
Future monthly salary increase rate	5.00
Future daily salary increase rate	5.00
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 December 31, are summarized below:

	Unit : Million Baht			
	Consolidated and Separate financial statements			
	2017		2016	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	3.08	3.21	2.80	2.92
Salary increase rate	3.23	3.06	2.93	2.79
Turnover rate	3.04	3.25	2.78	2.95

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

	Unit : Baht	
	Consolidated and Separate financial statements	
	2017	2016
Within 1year	494,168.00	402,180.00
Over 1 and up to 5 years	4,239,426.00	3,984,142.00
Over 5 and up to 10 years	102,929.00	52,610.00
Over 10 years	287,866.00	215,000.00

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

On August 1, 2017, the meeting of the Board of Directors No3/2017 has resolved to pay an interim dividend from operating performance for the period from January 1, 2017 to June 30, 2017 for 800 million shares at the rate of Baht 0.015 per share, amounting Baht 12 million. Dividends were paid to shareholders in August 2017.

On April 25, 2017, the Annual General Meeting of Shareholders for the year 2017 has resolved to pay a dividend from its operating result for the year ended December 31, 2016 for 800 million shares at the rate of Baht 0.03 per share, amounting Baht 24 million. The Company already paid an interim dividend in September 2016 at the rate of Baht 0.015 per share, amounting Baht 12 million. The remaining dividend was paid at the rate of Baht 0.015 per share, amounting Baht 12 million in May 2017.

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

On April 25, 2016, the resolution of the Annual General Meeting of Shareholders for the year 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. Dividends were paid to shareholders in May 2016.

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, 2017 and 2016, the Company contributed a total of Baht 482,135 and Baht 263,890 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 years ended December 31, consisted of:-

Unit : Million Baht

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Changes in finished goods increase	(32.73)	(38.46)	(32.73)	(38.46)
Purchase of finished goods	1,419.15	1,301.29	1,419.15	1,301.29
(Reversal) Allowance for loss inventory	(1.48)	1.08	(1.48)	1.08
Raw materials and consumable materials used	8.10	8.34	8.10	8.34
Depreciation and amortization	26.60	18.71	26.34	18.46
Employee benefit expenses	83.72	70.72	83.59	70.58
Rental expenses	4.80	4.55	6.70	6.26
Utilities expenses	9.08	7.56	9.22	7.83
Advertising and promotion expenses	1.05	0.88	1.05	0.88
Vehicles and travel expenses	4.57	3.87	4.57	3.87

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, 2017			
			Fixed interest	No interest	
Description	Notes	Inflate	rate	rate	Total
Financial asset					
Cash and cash equivalents	6	26.72	-	41.09	67.81
Temporary investment - net	7	0.33	-	-	0.33
Trade and other receivables	8	-	-	41.71	41.71
Long-term loans to third party	10	-	0.68	-	0.68
Financial liabilities					
Short-term loans from financial institutions	16	50.00	-	-	50.00
Trade and other payables	17	-	-	156.13	156.13

		Unit : Million Baht			
		Consolidated financial statements as at December 31, 2016			
Description	Notes	Inflate	Fixed interest rate	No interest rate	Total
Financial asset					
Cash and cash equivalents	6	15.33	-	27.44	42.77
Temporary investment - net	7	82.94	-	-	82.94
Trade and other receivables	8	-	-	39.08	39.08
Financial liabilities					
Trade and other payables	17	-	-	134.77	134.77

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 Company 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	
	2017	2016	2017	2016
Due within 1 year	4.54	4.38	5.94	6.03
Due over 1 year but not exceeding 5 years	19.66	7.51	21.44	9.34
Due over 5 year	47.42	18.73	50.09	18.73
Total	71.62	30.62	77.47	34.10

25.2 As at December 31, 2017 and 2016, the Group has a contractual obligation under construction agreements and agreement for the purchase of buildings in the amount of Baht 5.43 million and Baht 60.83 million, respectively.

26. EVENT AFTER THE REPORTING PERIOD

On February 18, 2018, the meeting of the Board of Directors No.1/2018 has resolved to pay a dividend from its operating result for the year ended December 31, 2017 for 800 million shares at the rate of Baht 0.03 per share, amounting Baht 24 million. After deducting the interim dividends paid to shareholders in August 2017 at the rate of Baht 0.015 per share, amounting Baht 12 million, the remaining dividends will be paid at the rate of Baht 0.015 per share, amounting Baht 12 million. 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 18, 2018.

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