



2018

ANNUAL REPORT

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Message from Chairman and Chief Executive Officer

Dear Shareholders,

FN Factory Outlet Public Company Limited (“the Company”) has operated the outlet business for more than 20 years. The Company primarily sells merchandise under its own house brands ranging from consumer goods, bedding, leather goods, furniture, clothes and other household items as well as offers products of other domestic and international brands.

The Company was listed on the Stock Exchange of Thailand on 14 November 2016 and has consistently implemented the plans announced to its shareholders. In 2018, the Company opened 2 new branches, namely the Rayong Branch on 1 November 2018 and the Diana (Hat Yai) Branch on 7 December 2018, increasing the total number of branches to 12 in provinces along major routes to Thailand's top tourist destinations.

With regard to the Company's financial performance in 2018, the Company's total revenue was Baht 1,105 million with a net profit of Baht 29 million. The Company is committed to pursuing growth through the continuous improvement of good quality products, service excellence and innovative propositions with an aspiration to make our customers satisfied and happy with our products and services including impressive experiences through the Company's omni channels that are developed in line with Thailand's developments towards becoming a digital society. These goals have been translated into the Company's actionable strategies and plans which are anchored around the aim of optimizing customer satisfaction in all dimensions.

Driven by the aim of fostering solid growth and prosperity through transparent business operations in accordance with the good corporate governance principles, the Company revisits its vision, strategies and policies annually. This strong determination has led to the Company's achievement of the “Excellent” rating under the corporate governance assessment by the Thai Institute of Directors Association (IOD). In addition, the Company attaches importance to fair and appropriate management of stakeholders' interests in parallel with responsibility towards communities, society and environment in support of sustainable growth.

On behalf of the Board of Directors, executives, and employees, we would like to express our appreciation and gratitude to our shareholders, customers, business partners, public sector, society and all stakeholders for their continued trust and support. In 2019, the Company will continue to pursue its business philosophy of “Selective Life” for the best benefits of our shareholders and stakeholders.

Mr. Visuth Vitayathanagorn

Chairman of the Board of Directors

Mr. Benyiam Songwatana

Chief Executive Officer

Vision, Mission and Core Value

Vision

Design Outlet : FN is the expert in having its one-of-a-kind design outlet and selected to serve our customers exclusively only at FN and to offer a fun and memorable experience to shoppers and travelers.

Deliver Best Value : FN excels in searching, selecting, and providing only the best value-for-money products and services from around the world for our customers.

Delight All Customers : FN selectively expands its business locally and globally through creatively designed outlet, both regular and online stores, using its expertise in best-value selection.

Mission

- Inspire and offer greater choices of lifestyle, shopping and leisure for consumers.
- Source, select and serve best value-for-money products and services from around the world.
- Expand the partnership network of FN family both domestically and internationally.
- Build greater value for investors through corporate responsibility and transparency.

Core Value

- Uniqueness :** Be different, be exclusive
- Openness :** Open to change, open to diversity, open to new creativities, open to new opportunities
- Teamwork :** Embrace differences and work towards the same goal
- Learning :** Never stop learning new things
- Energy :** Eager to serve our customers
- Trust :** Build credibility and create customer loyalty

General Information

Company Name	: FN Factory Outlet Public Company Limited
Registration Number	: 0107559000206
Type of Business	: Factory outlet distributor. Products displayed in stores are house brand products produced by domestic and foreign manufacturers, as well as products of other brands, purchased. The variety of products caters all needs of customers.
Head Office Location	: 991 FN Building, Rama 9 Road, Suan Luang, Suan Luang, Bangkok 10250
Tel	: +66 (0) 2300 4951
Fax	: +66 (0) 2300 4681
Website/Homepage	: http://www.fnoutlet.com
Sector	: Commerce
Industry	: Services
First Trading Date	: 14 November 2016
Authorized capital	: Authorized capital 500,000,000 Baht
and paid-up capital	: Paid-up Capital 500,000,000 Baht
	: Ordinary shares 1,000,000,000 Shares
	: Par Value 0.50 Baht

Number of Branch : 12 Branches

Branch		Location
1	Petchaburi	99/11 Moo 1, Tonmaprao, Muang, Phetchaburi 76000
2	Kanchanaburi	33/3 Moo 3, Tha Lo, Tha Muang Kanchanaburi 71110
3	Pattaya	19/99 Moo 1, Na Klue, Bang Lamung, Chonburi 20260
4	Pakchong	99/9 Moo 9, Klang Dong, Pak Chong, Nakorn Ratchasima 30320
5	Singburi	111/1 Moo 1, Nam Tan, Inburi, Sing Buri 16110
6	Hua Hin	199/99 Phet Kasem (Saitai) Road, Cha-am, Cha-am, Phetchaburi 76120
7	Siracha	111 Moo 8, Bang Phra, Sriracha, Chonburi 20110
8	Phra Nakhon Sri Ayutthaya	65/8 Moo 6, Ban Wa, Bangpa-in, Phra Nakhon Sri Ayutthaya 13160
9	Hat Yai	316 Kanchanavanich Road, Kho Hong, Hat Yai, Songkhla 90110
10	Chachoengsao	3/33 Moo 1 Ladkhwang, Baan Pho, Chachoengsao 24140
11	Rayong	99/19 Moo 5, Tubma, Mueang Rayong, Rayong 21000
12	Diana Hat Yai	55/3 Diana Complex Building, 3rd Floor, Phase 1, Sri Phuwanat Road, Hat Yai, Hat Yai, Songkhla 90110

Subsidiaries Information

Company name (English)	:	SAVE NOW 2494 Company Limited												
Registration number	:	01005558170688												
Type of business	:	Selling cosmetics, household Products and imported snack from abroad.												
Head office	:	991 FN Building, Rama 9 Road, Suan Luang, Suan Luang, Bangkok 10250												
Tel.	:	+66 (0) 2300 4951												
Fax	:	-												
Authorized capital and paid-up capital	:	<table> <tr> <td>Authorized capital</td><td>10,000,000</td><td>Baht</td></tr> <tr> <td>Paid-up capital</td><td>10,000,000</td><td>Baht</td></tr> <tr> <td>Common stock</td><td>100,000</td><td>Share</td></tr> <tr> <td>Par Value</td><td>100</td><td>Baht</td></tr> </table>	Authorized capital	10,000,000	Baht	Paid-up capital	10,000,000	Baht	Common stock	100,000	Share	Par Value	100	Baht
Authorized capital	10,000,000	Baht												
Paid-up capital	10,000,000	Baht												
Common stock	100,000	Share												
Par Value	100	Baht												

Reference Persons

Auditor	:	<p>EY Office Limited</p> <p>193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110</p> <p>Thailand</p> <p>Phone: +66 (0) 2264 9090</p> <p>Fax: +66 (0) 2264 0789-90</p> <p>Website: www.EY.Thailand@th.ey.com</p>
Internal Auditor	:	<p>P & L Internal Audit Company Limited</p> <p>218/158, B Tower, 2nd Floor, The Fifth Avenue Condominium,</p> <p>Krungthep-Nonthaburi Road, Bangkhen, Muang Nonthaburi,</p> <p>Nonthaburi, 11000</p> <p>Telephone: +66 (0) 2526 6100</p> <p>Website: www.plcorporation.com</p>
Registrar of Securities	:	<p>Thailand Securities Depository Company Limited (TSD)</p> <p>The Stock Exchange of Thailand Building</p> <p>93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok</p> <p>10400</p> <p>Tel : +66 (0) 2009 9000</p> <p>Fax : +66 (0) 2009 9991</p> <p>SET Contact Center : +66 (0) 2009 9999</p> <p>Email: SETContactCenter@set.or.th</p> <p>Website: http://www.set.or.th/tsd</p>

Shareholding Structure



Business: Operator of factory outlets selling apparel and non-apparel goods through eight branches, namely Phetchaburi Branch, Kanchanaburi Branch, Pattaya Branch, Pak Chong Branch, Sing Buri Branch, Hua Hin Branch, Sriracha Branch, Phra Nakhon Sri Ayutthaya Branch, Hat Yai Branch, Chachoengsao Branch, Rayong and Diana Hat Yai



Business: Selling cosmetics, household Products and imported snack from abroad.

Subsidiary

Save Now 2494 Company Limited (SN) was established on 22 October 2015. SN is involved in the retail trade of apparel and non-apparel goods at a department store. Its head office locates at 991, Rama 9 Road, Suan Luang, Suan Luang, Bangkok, and its branch office is located at 1468/36, Kanchanavanich Road, Hat Yai District, Songkhla Province, 90110. SN's registered capital is currently Baht 10,000,000, divided into 100,000 ordinary shares at the par value of Baht 100. SN is now a subsidiary of the Company as the Company's equity in SN is equivalent to 99.97% of SN's registered capital. At present, SN has one retail outlet in Hat Yai District of Songkhla Province. SN's products are also available in some FN Outlet.



FN
OUTLET

KEY MILESTONES OF THE COMPANY



Remark : 1. FN Factory Outlet Company Limited (FN)

2. The Boss Forum Company Limited (TBF)

3. Pre-Tact Company Limited (PT)

4. Nova Gen Company Limited (NG)

5. Proof International Tradind Company Limited (PIT)

Key milestones of the Company

Year	Details
2000	<ul style="list-style-type: none"> - FN Factory Outlet Company Limited ("the Company" or "FN") was established with the initial register capital of Baht 1,000,000. - The first outlet, was launched at Phetchaburi Province.
2003	The second outlet, Kanchanaburi Branch, was launched and was managed by The Boss Forum Company Limited (TBF) which was founded in 1996 with the initial registered capital of Baht 1,000,000.
2004	The third outlet, Pattaya Branch, was launched and was managed by TBF. The outlet is located on land leased out by a third party who is not related to the Company's shareholders, directors and executives.
2005	<ul style="list-style-type: none"> - The Company increased its registered capital from Baht 1,000,000 to Baht 10,000,000 for extra working capital. - The fourth outlet, Pak Chong Branch, was launched and was managed by Pre-Tact Company Limited (PT) which was founded in 2002 with the initial registered capital of Baht 1,000,000. The outlet is located on land leased out by a third party who is not related to the Company's shareholders, directors and executives.
2006	<ul style="list-style-type: none"> - The Extraordinary General Meetings of Shareholders No. 1/2006 and No. 2/2006 of PT, respectively, passed special resolutions to approve the increase of PT's registered capital from Baht 1,000,000 to Baht 75,000,000 for extra working capital. - The Extraordinary General Meetings of Shareholders No. 3/2006 and No. 4/2006 of TBF, respectively, passed special resolutions to approve the increase of TBF's registered capital from Baht 1,000,000 to Baht 10,000,000 for extra working capital.
2007	- The fifth outlet, Sing Buri Branch, was launched and was managed by Nova Gen Company Limited (NG) which had the initial registered capital of Baht 1,000,000. Subsequently, the Extraordinary General Meetings of Shareholders No. 2/2007 and No. 3/2007, respectively, passed special resolutions to approve the increase of NG's registered capital from Baht 1,000,000 to Baht 20,000,000 for extra working capital.
2010	- The sixth outlet, Hua Hin Branch, was launched and was managed by NG.
2011	- The seventh outlet, Sriracha Branch, was launched. It is located at 111, Moo 8, Bang Phra Sub-district, Sriracha District, Chon Buri Province, 20110, and was managed by Proof International Trading Company Limited (PIT) which was founded in 2006 with the initial registered capital of Baht 1,000,000. Subsequently, the Extraordinary General Meetings of Shareholders No. 1/2008 and No. 2/2008 of PIT, respectively, passed special resolutions to approve the increase of PIT's registered capital from Baht 1,000,000 to Baht 10,000,000 for extra working capital. The outlet is located on land leased out by a related party of the Company's shareholders, directors and executives.

Year	Details
	- PIT started to manage Phetchaburi Branch for the Company and earned revenue from rental fee instead of from selling the outlet's goods.
2012	A warehouse and distribution center was established in Phetchaburi Province to enhance inventory management and to support the future growth of the factoryoutlet business.
2013	The Extraordinary General Meeting of Shareholders No. 1/2013 of PIT, passed a special resolution to approve the increase of PIT's registered capital from Baht 10,000,000 to Baht 200,000,000 for extra working capital.
2014	In July 2014, the Extraordinary General Meetings of Shareholders of FN, TBF, PT, PIT and NG resolved to approve the amalgamation of the five companies for the purpose of enhancing the factory outlet business management, preventing conflicts of interest that may arise in the future, and supporting the Company's IPO launch. Following the amalgamation which has been in effect since 1 October 2014, the business is operated by FN Factory Outlet Company Limited which has the registered and paid-up capital of Baht 315,000,000, divided into 3,150,000 ordinary shares at the par value of Baht 100 per share.
2015	The Company began the Rama 9 Office construction in 2013. The building was completed in 2015 and has since been used as the Company's head office. The building is located on land owned by QIU Asset Company Limited which is the company Shareholder.
2016	<p>- The 2016 Annual General Meeting of Shareholders which was held on 20 April 2016 resolved to approve the payment of dividends of Baht 222,700,000 to the existing shareholders and the increase of registered capital from Baht 315,000,000 to Baht 375,000,000 through the rights issue.</p> <p>- The Extraordinary General Meeting of Shareholders No. 1/2016 which was held on 9 May 2016 passed resolutions on material matters of the Company as follows:</p> <ul style="list-style-type: none"> • To approve the investment in Save Now 2494 Company Limited (SN) to expand its customer base to middle-to-low income earners by using SN which targets a different customer segment as a fighting brand of FN to compete in major cities and cities having popular tourist attractions. SN is involved in the retail trade of apparel and non-apparel goods at a department store and currently has one retail outlet, Save Now, which is located in a building in Hat Yai District of Songkhla Province and leased out by a third party. The Company acquired 99.97% of SN's registered capital at the book value. SN is now a subsidiary of the Company. • To approve the transformation of the Company from a limited company to a public limited company. • To reduce the par value of the Company's shares from Baht 100 per share to Baht 0.50 per share. The number of FN ordinary shares thus increases to 750,000,000 in total. • To increase the Company's registered capital by Baht 125,000,000 through the initial

Year	Details
	<p>public offering of 250,000,000 new ordinary shares at the par value of Baht 0.50 which will increase the Company's registered capital to Baht 500,000,000.</p> <ul style="list-style-type: none"> - The first trading day on the Stock Exchange of Thailand was on 14 November 2016. - The eighth outlet, Phra Nakhon Sri Ayutthaya Branch, was launched.
2017	<ul style="list-style-type: none"> - The ninth outlet, Hat Yai branch, was launched. - The 2017 Annual General Meeting of Shareholders which was held on 28 April 2017 resolved to approve the payment of dividends of Baht 60,000,000. - The tenth outlet, Chachoengsao branch, was launched.
2018	<ul style="list-style-type: none"> - The 2018 Annual General Meeting of Shareholders which was held on 24 April 2018 resolved to approve the payment of dividends of Baht 36,000,000. - The eleventh outlet, Rayong branch, was launched. - The twelfth outlet, Diana Hat Yai branch, was launched.

Revenue Structure of the Company

The Company's revenue structure broken down by product type for 2016 - 2018 is as shown below:

Product	Year 2016		Year 2017		Year 2018	
	MB	Portion (%)	MB	Portion (%)	MB	Portion (%)
House Brands	702.36	63.93	683.57	62.08	649.08	58.74
Non-Apparel	488.91	44.50	497.25	45.16	480.93	43.52
Apparel	213.45	19.43	186.32	16.92	168.15	15.22
Other Brands	360.67	32.83	371.10	33.70	408.30	36.94
Total Sales Revenue	1,063.03	96.76	1,054.67	95.78	1,057.38	95.68
Other Revenue	35.64	3.24	46.50	4.22	47.74	4.32
Total Revenue	1,098.67	100.00	1,101.17	100.00	1,105.12	100.00

Remark: Other revenue includes rental and service income, interest receivable, profit from sale of investment units, revenue from sale of scraps.

Nature of Business

FN Factory Outlet Public Company Limited operates the outlet business with the concept of “Export Quality at Manufacturer’s Price”. The Company’s nature of business is as follows:

Sales of Products Business

The Company’s core business is sale of consumer products in the types of cloths, beddings, leather items, furniture and household items under the house brands and other brands to ensure variety and response to needs of various ages of purchasers through the distribution channels i.e. the Company’s 12 outlets branches in Phetchaburi, Kanchanaburi, Pattaya, Pak Chong, Sing Buri, Hua Hin, Sriracha, Phra Nakhon Sri Ayutthaya, Hat Yai, Chachoengsao, Rayong, and Diana Hat Yai. The said 12 branches are located on the main roads to important places of the provinces in Thailand, an expansion of urban communities and a growing population. In the previous year, the Company started to expand its distribution channels such as online channel and TV Home Shopping to facilitate its customers who wish to purchase the Company’s products. In addition, the Company has 1 subsidiary i.e. Save Now 2494 Co., Ltd. which carries out the business of selling cosmetics, tourist souvenirs and consumer products in the snack category. This is to ensure that that products in the Company’s outlets fulfills and serve the customers’ needs completely.

Service to Leased Premises

The Company allocated a partial area of some outlets as leased premises for food shop, coffee house, general store, and etc. Other than increasing the Company’s revenue, this also attracts more customers to use services in the Company’s outlets.

Product Types and Characteristics







Products sold in the outlets can be categorized in 2 major groups i.e. 1) house brand products which the Company makes the design and orders the manufactures to do the production and 2) other brand products which are purchased for sale in the outlets and products on consignment. Details of individual products are as follows :

House Brand Products

House brand products are developed by the Company, are of international quality standards and uniqueness and are exclusively available at the Company’s outlets. These products are designed and development by the teams who are field expertise in each group of products based on the customers’ demands and tastes, as well as quality of raw materials. The house brand products are all consumer products which are divided into two categories below:

1) Non-Apparel Products:

Non-apparel products are multi-purpose products, and most of which are and manufactured both domestic and overseas. The Company selects materials and designs from the catalogues of manufacturers to assure that the products are of high quality and durable and match customers' tastes. Available products include bedding goods, home decoration items, home appliances, furniture and portable goods such as suitcases, cosmetic bags, hats and scarves. Product brands and features are as follows:

Brand	Characteristic	Type	Target Group
	Household products in elegant styles and made from superior quality materials	Beddings, household items, kitchenware, home decoration items, furniture	General married customers with stable financial status and high income
	Household products with selection of good quality materials	Beddings, household items, home decoration items,	General customers who are at the working age or start working, single or starts to build their own families, middle class, modern style
	Health products	Health pillows, products for elders	General customers who minds their health and are elders
	Travel accessories with selection of premium quality materials	Suitcase	General customers who love travelling and high-quality products
	Superior quality sunglasses and leather shoes	Sunglasses and leather shoes	General customers having good personality and preferring superior quality products
	Variety of bags	Work bags and shoulder bags	General customers
	Women' fashion products	Ornaments, sunglasses, shoes	Fashionista teenage girls

2) Apparel Products:

Apparel products are designed by the Company's designers, who possess remarkable insights into the market demand, and are manufactured to the Company's orders. These Company's products feature uniqueness and fine quality that are comparable to global brands. Choices of materials and designs are customized to each customer group to match their diverse needs and tastes. Product brands and features are as follows:

Brand	Characteristics	Type	Target Group
	Men's wear finely composed through selection of materials	Men's wear and accessories	Working-age fashionista men
	Premium quality men cloths	Men's apparel	Official and elegant men
	Elegant and fine quality women's apparel	Women's apparel, lingerie, ornaments and accessories	Women loving a contemporary-design apparel, but having a change of body shape
	Apparel for women having a major change of body shape	Women's apparel	Cloths for women with a major change of body shape
	Casual and modern-design men's wear fit for modern lifestyle	Men's wear and accessories	Men aged 20 – 35 years
	Women's casual and modern-design cloths fit for modern lifestyle	Women's cloths, lingerie and accessories	Women aged 20 – 35 years
	Children's colorful cloths with proper patterns	Cloths, underwear and socks for boys and girls	Pre-school children to early teenage boys and girls
	Soft and find quality pajamas for men and women	pajamas for men, women and children	All ages
	Cotton-made comfortable and non-allergenic cloths	Men-women-children's underwear and socks	All ages
	Fashion women's cloths	Women's cloths, ornaments and accessories	Fashionista teenage girls

Other Brands

Besides the sale of house brand products, the Company also selects products under other brands, both domestic and overseas, for sale in its outlets to add greater variety of products for fully responding to the customers' needs. Most of other brand products are consumer products i.e. multi-purpose non-apparel such as beddings, home decoration items, household items, furniture and travel accessories as well as cosmetics and clothes.

In addition, the Company also offers the consumers other brand products for which the Company established its own shops named "Tonkla" located in its 12 outlet branches. Tonkla shops sell products of the King's Projects such as Royal Project, Doi Kham Brand, Doi Tung Development Project, and Royal Chitralada Projects, as well as agricultural products, OTOP products and products from the neighboring communities and other healthy products, so as to be a part of providing the local communities with occupation, income and helping them love their hometowns sustainably and to support the products of the government projects, with establishment of additional distribution channels for the products owners.

Marketing and Competition

Overall Thai Economy and Retail Business

The Office of National Economic and Social Development Council (NESDC) estimated that Thailand's GDP grew at 4.1 percent, a slight increase from 2017, driven by exports, private consumption and investment which expanded by 7.7 percent, 4.6 percent and 3.8 percent, respectively. However, the retail business recorded a slower growth of merely 3.1 percent mainly due to the limitations associated with Thailand's economic structure, the concentration of growth in Bangkok and its vicinities including major tourist destination provinces, the consumption imbalance which skewed towards high income earners, and the unpredictable changes in seasons.

NESDC forecasts that Thailand's 2019 GDP will grow within the region of 3.5 – 4.5 percent, fueled by the household consumption which tends to rise on the back of higher income and employment rates and drives the economic growth. Other growth drivers include upward trends in private investments and major investment projects, accelerated public spending on mega projects, growth in the tourism sector as the tourist arrivals and tourism receipts resumes the normal levels, particularly in the Chinese and European segments. It is predicted that the exports, private consumption and investment will increase by 4.1 percent, 4.2 percent and 5.1 percent, respectively, and the inflation rate will range from 0.5 – 1.5 percent. For the 2019 outlook, uncertainties will continue to prevail the retail industry amid the positive yet slow GDP growth, the promising yet ambiguous trends of infrastructure investments, and the absence of measures to promote tourism and tourist spending which are major economic growth engines.

Retail Business Competition

The competition in the retail business among major and minor retailers persists and is intensified by the entry of e-Commerce players. It is vital for business operators to constantly adjust themselves to keep up with the ever-changing needs consumers. Omni-channel retailing practices which bridge online and offline channels will rise in importance. By being able to develop unified online and offline outlets, implement an effective and systematic management, and leverage advanced logistics, distribution centers and technologies, retailers running physical stores will gain substantial competitive advantages through win-win solutions that also positively contribute to customer satisfaction and experience. While online channels offer customers greater convenience in shopping and payments, offline channels allow customers to socialize with others and try products in-store as well as enable entrepreneurs to capitalize on their invested assets and resources more effectively.

Competitive Strategy

The Company is the first operator of outlet business in Thailand, so it has expertise and understands the heart of doing this business by focusing on differentiation in terms of procurement of products in response to the customers' needs as much as possible, reasonable prices, and marketing and promotions. The company's marketing strategies are as follows:

Product Strategy

The Company gave importance to the selection of products for sale in its outlets which must have uniqueness, good quality and variety. These products are grouped in the following 3 categories:

1) House Brand Products:

These products are developed by focusing on achievement of the international quality standards. The unique and tasteful designs differentiate these products and creates the value to the products and brands for well recognition. The Company has more than 15 house brands such as INCO, Cheval, Sleep Mate, Cushy, Cherish and Prim. The house brand products will pass the quality assurance in all processes starting from the selection of manufactures, pre-production process, process in the production line, ex-factory to in-transit quality and delivery to guarantee the customers' satisfaction that they will receive the products with goods quality and reasonable prices.

2) International Brand Products:

The Company selected the products under the international brands for sale at the special prices, and the products under each brand will be analyzed in terms of quality and value-for-money as well as fitness for use.

3) Top Domestic Brand Products:

To provide alternatives to the customers that they can find more products of their tastes, the Company selected the products under the top domestic brands and products designed by the top domestic designers for sales in its outlets.

Furthermore, the Company arranged its staff to station at all branches for giving recommendation on the products and their properties to the customers with the purpose that the customers can select the products comfortably and get the products meeting their needs. These staffs are well trained throughout the year to guarantee that the Company's service quality will bring satisfaction to the customers.

Price Strategy

The Company has the policy for pricing the products based on their origin because the Company has the procurement methods, both direct purchase from the manufacturers, consignment and purchase for sale, their pricings are different as per details below:

1) Director Purchase:

The Company set the price for the products manufactured or sole under the house brands plus a margin or gross profit from the cost which is estimated from the value added from the different design and uniqueness of the products. In this respect, the Company will study and compare the quality and prices of the products from each manufacturer, and the best manufacturer will be selected for manufacturing each type of product. The products from the plants will be directly sold at the outlets by which the cost of sale and marketing is quite low, so the prices of the Company's products are low and well attract the customers.

2) Purchase of Other Brand Products for Sale in the Outlets:

The pricing will be set by adding the margin or gross profit to the cost. However, the selling price will be compared with the market price of the product of similar style and quality as well as the demand of the consumers. The Company also has the price adjustment policy with the objectives to promote the sales and deal with any change of the market and competition and to release the products. In adjustment of prices, the critical factors i.e. shelf life, cost, outdated and deterioration of quality will be taken into consideration. A price adjustment will be discussed between the Company's branches, warehouses, management and counterparty which refer to the owners of other brand products sold in the outlets.

Place Strategy

Currently, the Company's and its subsidiaries' distribution channels are 12 outlet branches in Phetchaburi, Kanchanaburi, Pattaya, Pak Chong, Sing Buri, Hua Hin, Sriracha, Phra Nakhon Sri Ayutthaya, Hat Yai, Chachoengsao, Rayong, and Diana Hat Yai. Each branch is located in the potential area of travel attraction province to accommodate the customers, both Thais travelers and foreigner tourists. The Company has upgraded its outlets to the places where shopping, a rest after driving, meeting with friends or experience of various food shops and stores are offered to the customer's satisfaction and impression for the purpose of continual revisits.

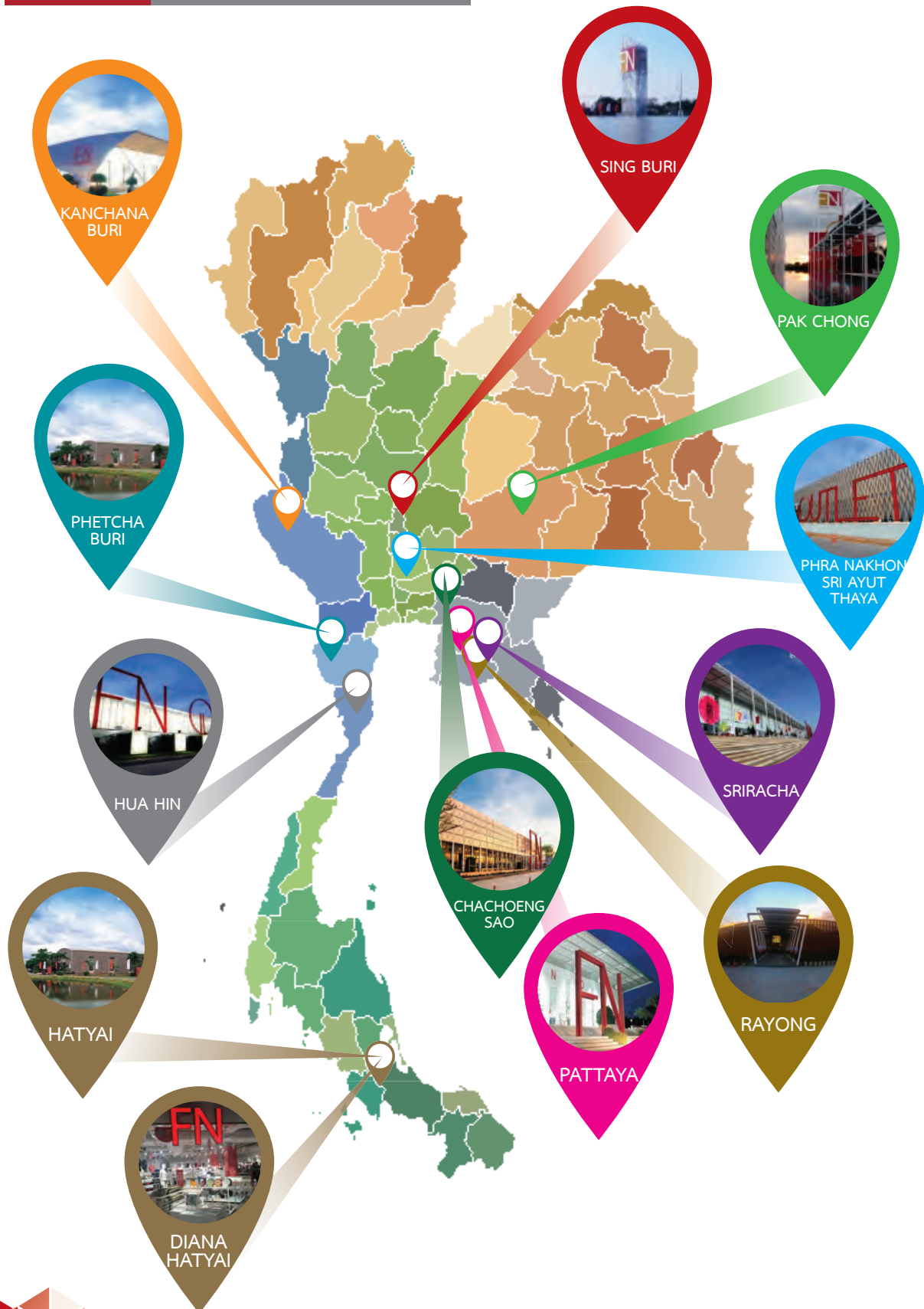
Table of Opening Year and Sale Premises of Each Branch 31 December 2018

Branch	Year of Opening	Sale Premises (sq.m.)
Phetchaburi	2000	1,213
Kanchanaburi	2003	1,125.5
Pattaya	2004	1,244
Pak Chong	2005	3,847.7
Sing Buri	2007	3,104
Hua Hin	2010	3,973.5
Sriracha	2011	4,155.4
Phra Nakhon Sri Ayutthaya	2016	5,330
Hat Yai	2017	2,671
Chachoengsao	2017	2,541
Rayong	2018	3,802
Diana Hat Yai	2018	500

Remark : Sale Premises can adjust according to the plans and policies of the company.

FN
OUTLET

Outlet Location



Other than the above-mentioned distribution channels, the Company also sold the products through new channels to provide convenience to the existing customers who wish to repurchase and increase the number of new customers such as:

- Online Sale e.g. Company's Facebook and Line, E- Market Place such as Shopee LAZADA and JD Central
- Business to Business

In 2018, the Company's revenue from sale through these new channels represented 2.92% of the total revenue from sale of products.

Promotion Strategy

The Company pays special attention to the sales promotion and public relations by issuing a member card called "FN LIFE Card" for the customers to collect points from the total purchase amounts and redeem such points in accordance with specified conditions in order to attract the customers' purchase. In addition, this is also the complete data storage and database set-up (customer relationship management (CRM)) from which the Company can analyze the target groups and customers' needs to break down them by the following groups i.e. family, age, gender for establishing the appropriate channel for brand awareness based on the customer group. Besides the main public relations media of the Company i.e. advertising boards on the highways to its outlets, the Company also gives importance to the online media such as Facebook, Line Official and FN Official Website as link between the customers and the Company for brand awareness. On this online media, there may be a sharing of information or impression; for example, the Company produced a short film with the idea of "Have You Ever Taken Care of Someone Like This?" to broadcast on the online media during the Mother's Day period which received good response.

Furthermore, the Company also conducted the sales promotion activities to activate the spending of consumers in each interval or increase an opportunity to attract the customers to use the services by arranging for activities and promotions at the branches and head office under the names "FN Thank You Sales", "FN Fair", "FN Gift Fair" and "Furniture Fair".

One key strategy is a development of trade model by integrating the marketing channels, both offline and online technology, by which all channels can help and support each other seamlessly (Omni Channel) for convenience in online shopping and payment. In addition, this allows the storage of large custom data, and with the strengths of having actual shops, rest or conjunction area, the consumers can access to products and services at anywhere and anytime.

Target Groups

As the Company operates the outlet business which offers various types of products such as apparel, beddings, leather items, furniture and household items, as well as food center. Furthermore, our 12 outlet branches are located in the tourist attraction provinces. The Company's target groups are travelers or tourists that the locations of the Company's outlet branches are on their travel routes and people in the neighboring communities and provinces. The said customer groups may be families with children, adults or elders whom the products in the outlets can respond to their needs; or traveler groups who can meet, have a meal and shop at our outlets.

Procurement of Products or Services

Procurement of products is considered as the key strategy of the Company as per the vision to ensure that the customers use fine quality and value-for-price products. With more than 18 years of experience in operating this business, the Company has strong relationship and wide network with both domestic and overseas standard suppliers and contract manufacturers. The products sold in all outlet branches are finely selected by the Company's expertise teams, so it is sure that the customers receive good quality and reasonable price products. The procurement of products is different based on their acquisition as detailed below:

House Brand Products

These products are developed by the Company and exclusively available at its branches and distribution channels. The Company will order or purchase directly from the manufactures, both domestic and overseas, whose profiles have been checked, with certification of production standard, satisfactory service provision and operation alignment in order to control the product quality and delivery quality.

Non-Apparel Product



Apparel Product



Other Brand Products

Most of these products are of the popular brands in the market and the leading brands, well recognized, both domestic and overseas, have reputation in niceness, modernity and quality, which are demanded by the general customers e.g. fashion products, shoes, sports items equipment, travel accessories and child products. In this respect, the Company wishes to offer various products and fulfill the customers' needs.



Environmental Impact

The Company and its subsidiaries engage in the retail business in the type of outlet which does not cause any environment impact, and the Company and its subsidiaries have the environmental preservation practice such as use of e-mail instead of paper, turning on air-conditioners only in the required areas, use of energy saving light bulbs and use of heat resistant materials.

Undelivered Works

- None

Risk Factors

The Company gives priority to the rigorous management of risks which potentially affect the Company's strategies, goals and objectives. In this regard, the Risk Management Committee is in charge of the risk management policy formulation and the ongoing supervision and monitoring of the risk management framework and its implementation to ensure that such risks are adequately and properly managed and are within the Company's risk appetite. Risk that are relevant to the Company's operation are as follows:

Strategic Risk

Risk from Economic Conditions and Competition

As the economic changes inevitably affect the spending and purchasing power of consumers and consequently the Company's performance, the Company keeps abreast of economic news and developments in an attempt to dynamically adjust its business plan and respond to the prevailing and changing economic conditions. The competition in the retail segment is relatively stiff amid population growth, urbanization, and constantly changing consumer behaviors, which altogether prompt each retail business operator to rapidly expand its branches and distribution channels to comprehensively address customer needs. Further, the competition in the retail industry is intensified by the entrance of new players. These headwinds may cause the Company's sales to miss the target and its profitability to decline as a result of price competition. However, the Company places importance on the evaluation and monitoring of movements in the retail business as well as the ongoing assessment of business-related risk in support of its proactive strategic adjustments in response to the changing situation. In managing such risk, the Company focuses on the differentiation of diverse products and services and reasonable pricing to sharpen its competitive edge.

Risk from Branch Expansion Failure

The Company plans to continuously expand its outlet branch network. In the event that the branch expansion fails to meet the plan due to uncontrollable factors, the Company's financial performance may consequentially worsen. The Company is aware of the risk and has established a well-defined branch expansion guideline. Before making an investment, the Company will study and analyze the feasibility of each investment project, identify locations which have are economically viable and in line with the Company's strategy, and consider the internal rate of return (IRR) which must be above the defined threshold. In addition, each investment must be proposed to the Risk Management Committee for recommendation and to the Board for approval. When a new branch becomes operative, its performance and progress will be consistently tracked and reviewed to enable the Company to develop a risk management plan and promptly respond to problems that may arise.

Risk from Changes in Consumer Behaviors

Buying behaviors of today's consumers rapidly change and convenience has become increasingly important for consumers. As a result, the e-commerce business has continuously expanded and stolen the market share from the traditional retail stores. The Company is aware of such threat and focuses on the online distribution channel more actively to enable timely and comprehensive response to customer needs. The Company also leverages social media as a channel to communicate and promote its products and activities as well as collect customer data for in-depth analytics and development of products and services that best satisfy customers' needs.

Reputation and Credibility Risk

Building and preserving the Company's reputation was vital for business operations as it affects the customers' perception of products, services and image including their purchase decisions in the current market landscape which is characterized by intense competition. As this risk could have direct, rapid and forceful impact on the organization, it should not be overlooked. Thus, the Company treats the risk as a priority and has developed a strategy to optimize brand awareness among target customers and carefully deliberate on potential favorable and unfavorable impact of the Company's endeavors on its image or reputation including the changes in the business environment in all aspects in pursuance of accurate decision-making and minimal impact on business operations.

Operational Risk

Inventory Risk

The Company's net inventory as of 31 December 2017 and 31 December 2018 was worth Baht 349.04 million and Baht 472.08 million, respectively, accounting for 21.51% and 26.58% of its total assets, respectively. The Company's reserve for devalued, obsolete and slow-moving inventory as of 31 December 2016 and 31 December 2017 was Baht 15.14 million and Baht 22.19 million, accounting for 4.34 % and 4.70 % of the inventory, respectively. Presently, the Company has a main warehouse located at Phetchaburi branch and a branch warehouse at each outlet to stock goods for sale at each branch.

The Company has dynamically improved its the inventory management to maintain an appropriate level of stocks through various approaches such as sales promotions, improvement of product display and branch layout designs to increase the sales volume. The Company has also developed its work proceeds to prevent goods loss and damages or frauds and these efforts include, for example, the inventory management and counting guidelines, the installation of CCTV cameras, and the establishment of stringent work processes to minimize errors.

Risk of Shift in Popularity

The Company also sells products that are sensitive to the popular trends or fashion trends. Thus, the Company needs to regularly update the collection of its products to keep up with the rapidly changing and contemporary fashion trends through joint efforts of the Warehouse Department, the Inventory Management Department, the Procurement Department, and the Design Department which are in charge of planning and selecting a variety of products that match each seasonal trend. However, a shift in popularity and consumer trends could cause the Company's goods to be obsolete and more difficult to sell, adversely affecting the Company's inventory management. To mitigate the risk, the Company uses the sales figures of the prior year to forecast the outlook and trends and accordingly refine its product planning in terms of designs, features, quantity and types of goods in line with customer demands. The Company also has a dedicated team that is specifically in charge of monitoring trends to stay current with the latest developments and movements. Moreover, the Company has maintained good relationship with multiple manufacturers to accommodate its needs for faster production which is vital for its ability to deliver the right products at the right time.

Technology and Information Technology System Risk

The Company and its subsidiary implement integrated information technology systems (IT systems) to centralize the management of all work processes and systems of the Head Office in Bangkok and all outlet branches and facilitate accurate information and communication between head office employees and branch employees. The Company is aware that the IT system failure or instability may obstruct effective operations of the Company as well as recognizes potential risks such as unauthorized access to information, impaired data integrity, and interrupted system access or data availability. To mitigate such risks, the Company has defined an access right matrix based on functional authority and responsibilities of employees at each level, secured back-up database servers which are updated regularly and stored at locations outside the Head Office, and established a disaster recovery site.

Personnel Risk

As the Company distributes products through its outlet branches, it is necessary for the Company to ensure that each branch has adequate and competent personnel to deliver excellent services to customers. To this end, branch personnel, including cashiers and warehouse employees, must possess the desired levels of knowledge, abilities and expertise to effectively management the Company's inventories. Each branch has approximately 60 employees and most of them are locals or residents of nearby towns. If the Company's personnel needs are not met, either quantitatively or qualitatively, the Company's branch management and expansion plan may be affected. As a risk prevention measure, the management team works closely with the Human Resources Department on the branch improvement and expansion plans to facilitate effective and timely recruitment of qualified personnel. Therefore, the Company is confident that the impact of the risk on the Company is minimal.

Corruption and Fraud Risk

The retail business that the Company operates is exposed to both internal and external frauds. Recognizing the threats and their importance, the Company has implemented fraud prevention and management measures such as security-enhanced design of branches, installation of CCTV cameras at every corner of each branch, and reinforcement of the senses of integrity and honesty through the Code of Conduct and regular examinations and audits of the operations of every department. In addition, the Company adopts the Zero-Tolerance Policy that prohibits all directors, executives and employees of the Company from being involved in corruption as well as plans to join the Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) to fight corruption in all forms. With the aforesaid efforts, the Company is confident that the Company's exposure to this risk is minimal.

Financial Liquidity Risk

As of 31 December 2018, the Company's current assets and current liabilities amounted to Baht 823.68 million and Baht 181.78 million, respectively, representing the liquidity ratio of 4.53x which is considered high. In addition, the Company's revenue in cash from sales accounted for above 95% of the total revenue. Thus, the Company's financial liquidity risk was relatively low. However, if the Company experiences revenue declines or needs for additional working capital, the Company may encounter a liquidity issue. Therefore, the Company closely manages this risk, regularly forecasts its future cash flows, spends its capital expenditures with good discipline, and consistently maintains good relationship and credibility with financial institutions.

Regulatory and Legal Risks

Risk from Pending Trademark and Service Mark Registration

The Company and its subsidiaries have a total of 21 registered trademarks and service marks, consisting of 17 trademarks and 4 service marks. At present, the Company is filing additional registration applications for 7 trademarks and 3 service marks with the Department of Intellectual Property, the Ministry of Commerce, in readiness for future business expansion and growth. As the registration is pending, there is an open risk that the Company is not granted approval for the registration. Recognizing the threat, the Company has assigned a responsible team to study the issues of concerns and the probability of successful registration of the said trademarks and service marks in advance of the application filing as well as to regularly check with the officials of the Department of Intellectual Property about the registration progress. Therefore, the Company is confident that the risk of pending trademark and service mark registration will not affect the Company.

Risk from Changes in Laws and Government Policy

The Company operates and manages its business in accordance with the principles of transparency and strict compliance with regulatory rules, legal requirements, and government policies such as the Consumer Protection Act, the Price of Goods and Services Act, the labor laws, including regulations of the Stock Exchange of Thailand and the Office of Securities and Exchange Commission. Changes in applicable legal and regulatory rules and regulations may have material impact on the Company's strategy, goals, and business plans as well as may cause the Company's performance to miss the targets. Therefore, the Company has established the Legal and Compliance Department to monitor and ensure the Company's compliance with relevant laws and regulations to demonstrate transparency in accordance with the corporate governance principles to all stakeholders and ensure the Company's ability to keep pace with regulatory and legal changes in a timely manner and control impact within an acceptable level.

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Operating Asset

Major Fixed Operating Asset of the Company

As of 31 December 2018, the Company's fixed operating assets were:

Asset	Use	Owner	Net Book Value as of 31 December 2018 (MB)	Obligation	Mortgage/Pledge Value (MB)
1. Land and land improvements			266.92	None	None
1) Land under the title deeds nos. 1064, 1065, 1066, 1067, 1088, 1090, 1091, 9680, 28263, 28264, 28268, 29181, 33162 and 65448 in Ton Maphrao Sub-district, Mueang Phetchaburi District, Phetchaburi, with the total size of 49-2-34 rai.	Location of Phetchaburi Branch	The Company			
2) Land under the title deeds nos. 66950, 73530 and 73533 and under Nor.Sor. 3 Gor nos.266 and 2217 in Cha-am Sub-district, Cha-am District, Phetchaburi, with the total size of 32-1-0 rai.	Location of Hua Hin Branch	The Company			
3) Land under Nor.Sor.3 no. 126 in Tha Lo Sub-district, Tha Muang District, Kanchanaburi, with the total size of 15-1-30 rai.	Location of Kanchanaburi Branch	The Company			
4) Land under the title deeds nos. 624 and 16036 in In Buri Sub-district, In Buri District, Sing Buri, with the total size of 26-0-13 rai.	During the process for considering of use	The Company			
5) Land under the title deeds nos. 77083, 77084 and 77085 in Tubma Sub-district, Mueang Rayong District, Rayong, with the total size of 33-2-9.9 rai.					
2. Buildings and Building improvements			526.54	None	None
	Outlet buildings of the 12 branches and the Rama 9 Office which is used as the Company's office	The Company Subsidiary	 2.81	 None	 None

Asset	Use	Owner	Net Book Value as of 31 December 2018 (MB)	Obligation	Mortgage/Pledge Value (MB)
3. Tool, equipment and furniture	Used at office and outlet branches	The Company Subsidiary	116.26	None	None
			1.25	None	None
4. Vehicle	Used at office and outlet branches	The Company Subsidiary	2.89	None	None
			0.19	None	None
5. Construction in progress *	Improvement of outlet branches and Company's office	The Company Subsidiary	2.22	None	None
			-	None	None
Total			919.08		





Remark: * Construction in progress is the construction of Rayong branch.

Intangible Operating Asset




As of 31 December 2018, the Company's net intangible operating assets amounted to Baht 19.08 million and were comprised of computer software and computer software under installation.

Trademark and Service Mark








Trademarks and service marks which have been registered by the Company with the Department of Intellectual Property, Ministry of Commerce, are as detailed below:



Logo	Owner	Type of Product/Service	No. / Country of Registration	Expiry Date
	The Company	Distribution of assorted products to buyers' best interests	Bor31402 /Thailand	10 Nov 25
	The Company	Tops (excluding brassieres and sports tops) and bottoms (excluding underpants and sports bottoms).	Kor245540 Thailand /	10 Nov 25
	The Company	Indoor slippers and robes	Kor245541 / Thailand	10 Nov 25
	The Company	Bed covers, bedsheets, duvet covers, pillowcases, bolster cases, duvets, and towels.	Kor245542 / Thailand	10 Nov 25

Logo	Owner	Type of Product/Service	No. / Country of Registration	Expiry Date
	The Company	Bed covers, bedsheets, duvet covers, pillowcases, bolster cases, duvets, and towels.	Kor245543 / Thailand	10 Nov 25
	The Company	Indoor slippers and robes	Kor268685 / Thailand	10 Nov 25
	The Company	Bed covers, bedsheets, duvet covers, pillowcases, bolster cases, duvets, and towels	Kor245544 / Thailand	10 Nov 25
	The Company	Indoor slippers and robes	Kor245545 / Thailand	10 Nov 25
	The Company	Bed covers, bedsheets, duvet covers, pillowcases, bolster cases, duvets, and towels	Kor245546 / Thailand	10 Nov 25
	The Company	Tops (excluding brassieres and sports tops) and bottoms (excluding underpants and sports bottoms)	Kor254630 / Thailand	1 May 26
	The Company	Bed covers, bedsheets, duvet covers, pillowcases, bolster cases, duvets, and towels.	Kor254686 / Thailand	1 May 26
	The Company	Skirts, trousers, belts, business suits, fabric gloves, neckties, scarves, court's	Kor268574 / Thailand	1 May 26
	The Company	Children's clothes, children's belts, girls' skirts, children's jumpsuits, and children's underwear.	171136451 / Thailand	13 Mar 26
	The Company	Beds, toppers, hangers, and neck pillows.	171136462 / Thailand	13 Mar 26
	The Company	Eyeglasses	171130043 / Thailand	13 Mar 26
	The Company	Suitcases, handbags, wallets	171130047 / Thailand	13 Mar 26

Logo	Owner	Type of Product/Service	No. / Country of Registration	Expiry Date
	The Company	Cans, glasses, ceramic bowls, glass bowls , vaccum flasks	171136465 / Thailand	13 Mar 26
	The Company	Suitcases and backpacks.	171136452 / Thailand	13 Mar 26
	The Company	Distribution of assorted products to buyers' best interests	171136472 / Thailand	13 Mar 26

Trademarks and service marks which are being registered by the Company with the Department of Intellectual Property, Ministry of Commerce, are as detailed below:

Logo	Owner	Type of Product/Service	Application No.
Trademarks			
	The Company	Underwear for men, ladies and children, and long socks.	1032032
	The Company	Children's clothes, children's belts, girls' skirts, children's jumpsuits, and children's underwear.	1032034
	The Company	Clothespins	1032035
	The Company	Duvet covers, pillowcases, bed covers, towels, duvets, and bedsheets	1032036
	The Company	Beds, toppers, hangers, and neck pillows	1032041
	The Company	Shoes (excluding sports shoes) and swimsuits.	1032043
	The Company	Durian chips, coconut chips, Chinese sausages, and chocolate-coated snacks.	1032044

Logo	Owner	Type of Product/Service	Application No.
	The Company	Bed covers, bedsheets, duvet covers, pillowcases, bolster cases, duvets, and towels.	1039801
	The Company	Long-sleeved tops, short-sleeved tops, sweaters, jackets, scarves, neckties, business suits, belts, hats, skirts, trousers, sleepwear, underwear for men and ladies, long socks, court's shoes, indoor slippers, and robes.	1039803
	The Company	Non-medical cooling pillows	170134314
Service Marks			
	The Company	Distribution of assorted products to buyers' best interests	1032045
	The Company	Distribution of assorted goods to buyers' best interests.	1039802
	The Company	Distribution of assorted goods to buyers' best interests.	1041556

Major Operating Lease

Lease Agreement

As of 31 December 2018, major operating leases of the Company and its subsidiary were as follows:

Lease Agreement with Related Party

1) Land Lease Agreement – Location of Si Racha Branch

Counterparty	: Pre-Proud Company Limited (PP) as the lessor. (PP and the Company have common shareholders, directors and executives.)
Leased Asset	: Land under the title deeds nos. 12013 and 16523 in Bang Phra Sub-district, Si Racha District, Chon Buri, with the total size of 17-3-52 rai.
Lease Purpose	: Location of Si Racha Branch.
Lease Term	: 30 years from 1 March 2016 to 28 February 2046
Lease Fee	: Baht 190,000 per month (based on the lease fee appraisal by Modern Property Consultant Company Limited, an appraiser on the SEC's approved list. Mr. Wasant Kongjan, appraiser registration no. WorTor.

003, conducted the appraisal on 29 January 2016). The lease fee is paid monthly by the Company and increased annually based on the Bank of Thailand's inflation rate forecast.

- Other Key Condition : - Within two years from the end of the lease term where the lease agreement is not renewed, the lessor agrees to grant to the lessee the right of first refusal relating to the leased assets under this agreement.
- The lessee may assign the leasehold right or sub-lease the leased assets, either entirely or partly, to other parties.
- Upon the expiry of this lease agreement, the lessor shall advise the lessee to assign the ownership over the buildings and structures to the lessor without any additional charges.

2) Land Lease Agreement – Location of Rama 9 Office and Administration Department

- Counterparty : QUI Asset Company Limited (QA) as the lessor.
(QA is a major shareholder of the Company and has common shareholders, directors and executives.)
- Leased Asset : Land under title deeds nos. 2943, 83869, 134810, 134812, 134817, 134818, 134819, 134820, 134823, 134824, 134825 and 134826 in Suan Luang Sub-district, Suan Luang District, Bangkok, with the total size of 2-0-0 rai.
- Lease Purpose : Location of the Company's office and Administration Department.
- Lease Term : 30 years from 1 March 2016 to 28 February 2046.
- Lease Fee : Baht 230,000 per month (based on the lease fee appraisal by Modern Property Consultant Company Limited, an appraiser on the SEC's approved list. Mr. Wasant Kongjan, appraiser registration no. WorTor. 003, conducted the appraisal on 28 January 2016). The lease fee is paid monthly by the Company and increased annually based on the Bank of Thailand's inflation rate forecast.
- Other Key Condition : - Within two years from the end of the lease term where the lease agreement is not renewed, the lessor agrees to grant to the lessee the right of first refusal relating to the leased assets under this agreement.
- The lessee may assign the leasehold right or sub-lease the leased assets, either entirely or partly, to other parties.
- Upon the expiry of this lease agreement, the lessor shall advise the lessee to assign the ownership over the buildings and structures to the lessor without any additional charges.

3) Land Lease Agreement – Location of Phra Nakhon Sri Ayutthaya Branch

Counterparty	: Pre-Proud Company Limited (PP) as the lessor. (PP and the Company have common shareholders, directors and executives.)
Leased Asset	: Land under title deed no. 5303 in Ban Po (Ban Wa) Sub-district, Bang Pa-in District, Phra Nakhon Sri Ayutthaya, with the total size of 25-0-45.2 rai.
Lease Purpose	: Location of Phra Nakhon Sri Ayutthaya Branch
Lease Term	: 30 years from 15 May 2016 to 14 May 2046.
Lease Fee	: Baht 150,000 per month (based on the lease fee appraisal by Pannas Integrated Property Company Limited, an independent appraiser on the SEC's approved list. Mr. Prapas Boonmasong, appraiser registration no. WorTor. 258, conducted the appraisal on 3 February 2016). The lease fee is paid monthly by the Company and increased annually based on the Bank of Thailand's inflation rate forecast. The lessee shall start paying the lease fee from the construction completion date onwards and the lessee shall notify the lessor of the change of the construction completion date, if any, in advance to mutually agree on the first lease fee payment date.
Other Key Condition	: - Within two years from the end of the lease term where the lease agreement is not renewed, the lessor agrees to grant to the lessee the right of first refusal relating to the leased assets under this agreement. - The lessee may assign the leasehold right or sub-lease the leased assets, either entirely or partly, to other parties. - Upon the expiry of this lease agreement, the lessor shall advise the lessee to assign the ownership over the buildings and structures to the lessor without any additional charges.

Lease Agreement with Third Party

1) Land Lease Agreement – Location of Pattaya Branch

Counterparty	: Mr. Kitja Ratanaprasit, Mrs. Pinyo Sakulpram and Ms. Boonya Ratanaprasit as the lessor.
Leased Asset	: Land under title deed no. 1883 in Na Kluea Sub-district, Bang Lamung District, Chon Buri, with the total size of 9 rai
Lease Purpose	: Location of Pattaya Branch.
Lease Term	: Three years from 1 August 2017 to 31 July 2020.
Lease Fee	: The lease fee is paid yearly by the Company at the agreed rate
Other Key Condition	: - Upon the end of the lease term where the land ownership is not changed, the lessor agrees to grant to the lessee the exclusive right to renew the lease agreement on an annual basis and an increase in the lease fee shall not exceed 10% of the lease fee of the last year.

- The lessee shall be responsible for filing the utility installation requests at the lessee's expenses and for paying the utility bills within due dates.
- The lessee may partially sub-lease the asset whereby the term of the sub-lease agreement shall not outlive this lease agreement.
- The lessee agrees to assign the ownership over the buildings and structures to the lessor upon the lease agreement expiry.

2) *Land Lease Agreement – Location of Pak Chong Branch*

Counterparty	: Mrs. Sisuda Luanprasert as the lessor.
Leased Asset	: 1) Land under the title deeds nos. 1978 and 43392 in Klang Dong Sub-district, Pak Chong District, Nakhon Ratchasima with the total size of 8-1-35 rai. 2) Land under the title deeds nos. 43390 and 43391 in Klang Dong Sub-district, Pak Chong District, Nakhon Ratchasima with the total size of 5-3-0 rai.
Lease Purpose	: Location of Pak Chong Branch.
Lease Term	: 1) 23 years and six months from 1 January 2006 to 1 July 2029. 2) 21 years from 1 July 2008 to 1 July 2029.
Lease Fee	: The lease fee is paid monthly by the Company at the agreed rate which is increased by 10% every three years.
Other Key Condition	: - The lessee shall have the right of first refusal to renew the lease agreement upon its expiry. - The lessee may sub-lease the leased assets to other parties or assign the leasehold right to other parties or permit other parties to possess or use the leased assets either de facto or de jure. - The lessee agrees to assign the ownership over the buildings and structures to the lessor upon the lease agreement expiry.

3) *Land and Building Lease Agreement – Location of Hat Yai Branch*

Counterparty	: Mr. Suphan and Mrs. Somchit Akaraphan as the lessor.
Leased Asset	: Land and building at Hat Yai District, Songkhla with the total size approximately 4 rai.
Lease Purpose	: Location of Hat Yai Branch.
Lease Term	: Two years from 1 February 2017 to 31 January 2019 and renew contract 1 year from 1 February 2019 to 31 January 2020
Lease Fee	: The lease fee is paid monthly by the Company at the agreed rate which is increased by 10% every three years.
Other Key Condition	: - Upon the end of the lease term where the lessor did not use the benefit from the leased asset and the lessee have intend to extend the lease term, the lessor agrees to grant to the lessee of the exclusive right to

renew the lease agreement. However, the lessee shall notify intention at least 30 days prior expiry of this lease agreement.

- The lessee is entitled to sublease and/or permit other parties to use the leased asset in support of the lessee's operations without prior consent from the lessor.

- Upon the expiry of this lease agreement, the lessee shall return all leased assets to the lessor within 15 days since the expiry date without any demolition.

4.) *Land Lease Agreement – Location of Chachoengsao Branch*

- | | |
|---------------------|--|
| Counterparty | : Mr. Narong Kunrawanit as the lessor. |
| Leased Asset | : Land under title deed no. 1632 in Lat Khwang Sub-district, Ban Pho District, Chachoengsao with the total size of 15-2-46 rai. |
| Lease Purpose | : Location of Chachoengsao Branch. |
| Lease Term | : 15 years and eight months from 6 August 2017 to 5 April 2033. |
| Lease Fee | : The lease fee is paid yearly by the Company at the agreed rate which is increased by 5% every five years. |
| Other Key Condition | : - Upon the end of the lease term. The lessee shall inform the lessor in writing at least 120 days before the contract expiration. |
| | - The lessee may sub-lease the leased assets or assign the leasehold right to other parties to possess or use the partial or all leased assets without permission from the lessor. |
| | - Upon the expiry of this lease agreement, the lessee shall demolish the buildings and structures and return all leased assets to the lessor within 30 days since expiry date. |

5.) *Space Lease Agreement – Location of Diana Branch*

- | | |
|---------------------|--|
| Counterparty | : Diana Complex Shopping Center Co.,Ltd. as the lessor. |
| Leased Asset | : Land under title deed no. 1632 in Lat Khwang Sub-district, Ban Pho District, Chachoengsao with the total size of 15-2-46 rai. |
| Lease Purpose | : Location of Diana Branch. |
| Lease Term | : 2 years from 1 December 2018 to 30 November 2020 |
| Lease Fee | : The lease fee is paid monthly by the Company at the agreed rate |
| Other Key Condition | : - Upon the end of the lease term. The lessee shall inform the lessor in writing at least 120 days before the contract expiration and signed a new lease agreement at least 30 days before the end of the contract. |
| | - Upon the expiry of this lease agreement, the lessee shall demolish the buildings and structures and return all leased assets to the lessor within 15 days since expiry date. |

Memorandum of Agreement (MOU) on Trademark and Service Mark

- Counterparty : At Bangkok Company Limited (FLYNOW) as the promisor.
- Date of MOU : 31 May 2016 and its addendum dated 19 May 2016.
- Trademark/ Service Mark : Flynw, the owner of trademarks/service marks under the registration nos. Kor59724, Kor360964, and Kor348053.
- FN, the owner of the trademark under the registration no. Bor31402 and the new service mark which is in the registration process under the registration application no. 1041556.
- Agreed Term : 1. The promisor and the Company both understand that each party to the MOU has created its own trademarks and/or service marks in good faith and does not copy or apply or mimic or infringe upon trademarks and/or service marks of the other party.
2. The promisor agrees not to raise any objections against the trademark/service mark registration applications nor any appeals for the revocation of trademarks/service marks, and not to exercise the right to file any compensation claims or any lawsuits in relation to the trademarks/service marks that the Company has already filed for registration.
3. The promisor agrees that, in the event of the Company's business expansion or registration of additional service marks (exclusive of trademarks), the Company may additionally apply for the registration of other related service marks. The promisor acknowledges the Company's rights and agrees not to raise any objections against the service mark registration application nor any appeals for the revocation, and not to exercise the right to file any compensation claims or any lawsuits in relation to the service marks that the Company may file for registration.

Remark: The Company focuses on designing and manufacturing products under the brands that already have registered trademarks. The Company aims to create unique products and reinforce the brand identity and recognition among consumers. The Company does not use "FN" label on its products in a bid to avoid confusion between the Company's brands and the brands of FLYNOW.

Insurance Policy

The Company has arranged asset insurance for the buildings, equipment and inventories as well as money insurance. As of 31 December 2018, key insurance policies of the Company were as follows:

1) *Asset Insurance (included Money Insurance)*

Insurer	: Bangkok Insurance Public Company Limited			
Policy No.	: 717-21551-30			
Insurance Type	: Asset insurance			
Insured Asset	: 1. Buildings of the 12 outlets and the head office and the subsidiary 2. Equipment, machinery and tools of the 12 outlets and the head office and the subsidiary 3. Inventories of the 12 outlets and the head office and the subsidiary 4. Billboard of container which located at outside the building 5. Loss or damage of money			
Policy Period	: 31 December 2018 to 31 December 2019			
Sum Insured	: 1. Phetchaburi Branch Baht 141.00 million 2. Kanchanaburi Branch Baht 48.55 million 3. Pattaya Branch Baht 100.80 million 4. Pak Chong - Nakhon Ratchasima Branch Baht 145.00 million 5. Sing Buri Branch Baht 127.30 million 6. Hua Hin Branch Baht 219.00 million 7. Si Racha Branch Baht 161.50 million 8. Phra Nakhon Sri Ayutthaya Branch Baht 258.25 million 9. Hat Yai Branch Baht 43.80 million 10. Chachoengsao Branch Baht 172.00 million 11. Rayong Branch Baht 204.50 million 12. Diana Branch Baht 5.40 million 13. Rama 9 Head Office Baht 230.00 million 14. The subsidiary Baht <u>24.30</u> million Total Baht <u>1,881.40</u> million			
Beneficiary	: The beneficiary is the Company and it subsidiary			

Credit Facility Agreement

As of 31 December 2018, the Company had credit facility agreements with 3 banks as detailed below:

Facility Limit	:	Baht 652.00 million	
Facility Type	:	1. Bank Overdraft facility	Baht 22.00 million
		2. Letter of guarantee facility	Baht 30.00 million
		3. Revolving trade finance and B/E facility	Baht 450.00 million
		4. Long Term Loan	Baht 150.00 million
		Total	Baht <u>652.00</u> million

The Company also has a foreign Exchange facility of Baht 70.00 million to mitigate the risks associated with the volatility that affects underlying transactions such as the exchange rate risk and the interest rate risk.

Interest Rate	:	MOR for the overdraft facility, the market rate for the B/E facility and MLR-3.025% for the long term loan.
Purpose	:	Working capital and Rayong branch construction.
Agreement Date	:	5 June 2015, 16 December 2017, 18 July 2018 and 16 October 2018
Other Key Condition	:	For the long term loan, company have to maintain Debt to Equity Ratio not over than 1.5X and Debt Service Coverage Ratio at least 2X

Branch Expansion Policy

The Company has a well-defined branch expansion policy which sets as a framework that the Company's decision to purchase or lease land properties is based on their locations and the willingness of land owners. The lease transaction will be the first priority and the Company will consider the option of land purchase only if the land owners are determined to sell and not lease out the land. In addition, the Company will consider the feasibility of each project and the internal rate of return (IRR) to be above the defined policy. The lease fee or the land price will be based on arm's length basis whereby the lease fee shall be based on the appraisal conducted by an appraiser on the SEC's approval list.

The Company has no policy to purchase or lease land from its related parties. If the Company has to purchase or lease land from its related parties for use of such land as outlet locations in the future, such land must have been possessed by the related parties for at least three years. The Company will strictly comply with the law, rules, regulations, and announcements, orders related to the approval of the related transaction as well as the applicable transaction size according to the Stock Exchange of Thailand, Capital Market Supervisory Board and the Office of the Securities and Exchange Commission, regulations and internal power of the Company under the good corporate governance principle.

Policy on Investment in Subsidiary and Associate Company

The Extraordinary General Meeting of Shareholders No. 1/2016 on 9 May 2016 resolved to approve the investment in ordinary shares of Save Now 2494 Company Limited (SN) to expand its customer base to middle-to-low income earners by using SN which targets a different customer segment as a fighting brand of FN to enhance competitiveness. At present, SN has the registered capital of Baht 10,000,000, divided into 10,000 ordinary shares at the par value of Baht 100 per share. As a result, SN is now a subsidiary of the Company as the Company's equity in SN is equivalent to 99.97% of SN's registered capital.

When making decisions on investment in subsidiaries, associated companies and projects, the Company carefully considers the return on investment, associated risks, liquidity positions of the Company, including the economic and market conditions. Generally, the Company's investment is focused on businesses that are in the Company's fields of expertise and beneficial to the Company's businesses. Each investment must be proposed to an ad-hoc investment committee, of which members at least two-thirds are independent directors, and the Risk Management Committee prior to proposal thereof to the Board and the meeting of shareholders, as applicable, in accordance with the established approval authority framework. It is the Company's policy to assign its directors and/or executives to serve on the boards of directors of its subsidiaries to ensure that the business directions and key business policies of the subsidiaries are in line with the Company's policies.

Shareholding Structure

“FN” is a listed company on the Stock Exchange of Thailand (SET). Details of the registered capital as of December 2018 were shown below. 31

- 1) Registered and Paid Up Capital : Baht 500,000,000 comprising 1,000,000,000 ordinary shares with the par value at Baht 0.50 per share.

- 2) Shareholders

- (1) As of the share register book record date on 12 March 2018, the top 10 major shareholders, number of shares, and holding percentage are as follows:

Names	Number of Shares	% Shareholding	Names
1.	Qiu Asset Co., Ltd.	314,928,600	31.49
2.	Mr. Varachai Songwatana	134,302,400	13.43
3.	Ms. Chutinart Songwatana	107,070,200	10.71
4.	Mr. Somchai Songwatana	62,400,000	6.24
5.	Ms. Keerada Songwattana	32,500,000	3.25
6.	Mr. Omar Songwattana	28,700,000	2.87
7.	Pre-Proud Co., Ltd	23,700,000	2.37
8.	Bualuang Basic Dividend LTF (BBASICDLTF)	18,875,800	1.89
9.	Ms. Reeva Songwattana	17,747,600	1.78
10.	Mr. Sueksit Petaumpai	16,400,000	1.64

Remarks : - Shareholders can be classified into 4 groups as follows:

1. The group of Mr. Pricha Songwatana comprising of QIU Asset Co., Ltd, Mrs. Chortip Songwatana Vhudhibhong, Ms. Nisanee Songwatana, and Mr. Benyam Songwatana
2. The group of Mr. Varachai Songwatana comprising of Pre-Proud Co., Ltd. and Mr. Somchai Songwatana
3. The group of Mr. Somchai Songwatana comprising of Mr. Somchai Songwatana and Ms. Chutinart Songwatana
4. The group of Mr. Chanachai Songwattana comprising of Ms. Keerada Songwattana Taylor, Ms. Reeva Songwattana, and Mr. Omar Songwattana

- (2) The majority of shareholders are a group whose movement has a marked influence on the establishment of corporate policy and strategy. (As at December 31, 2018)

Shareholding structure of QIU Asset Co., Ltd. as of 31 December 2018

Names	Number of Shares	% Shareholding
1. Mrs. Chortip Songwatana Vhudhibhong	333,332	33.3332
2. Ms. Nisanee Songwatana	333,332	33.3332
3. Mr. Benyam Songwatana	333,332	33.3332
4. Ms. Janjira Siriphan	1	0.0001
5. Ms. Pornpimol Tungkitladawan	1	0.0001
6. Ms. Wanida Sirisombat	1	0.0001
7. Ms. Wanya Sopha	1	0.0001
Total	1,000,000	100.0000

Shareholding structure of Pre-Proud Co., Ltd. as of 31 December 2018

Names		Number of Shares	% Shareholding
1.	QIU Asset Co., Ltd.	840,000	33.3332
2.	Mr. Somchai Songwatana	520,000	33.3332
3.	Mr. Varachai Songwatana	380,000	33.3332
4.	Mr. Chanachai Songwatana	260,000	0.0001
Total		1,000,000	100.0000

Remarks: Among major shareholders, the Company does not have any shareholding agreement, which might affect its management.

(3) Minor Shareholders (As at 12 March 2018) Total number of Minor Shareholders (Free float) is 4,072, equivalent to 32.90%

(4) The Company has imposed limitations on the number of shares which can be held by the foreigners at 49% of fully paid-up capital.

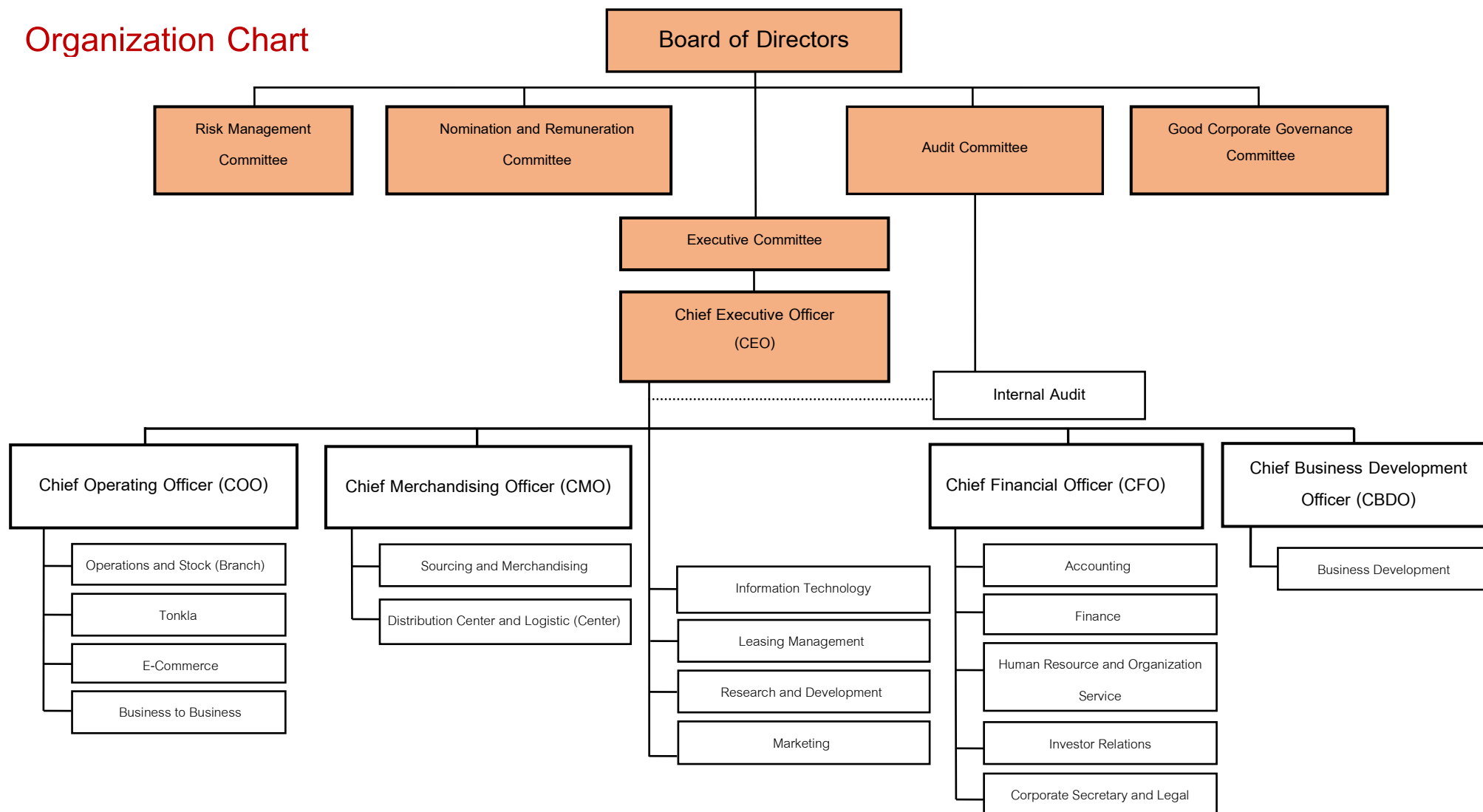
Dividend Policy

The Company has a dividend policy of no less than 40 percent of net profit, after the deduction of all legal reserves based on Separated Financial Statement as required by the law. Dividend payout may be subject to changes, depending on cash flow, investment plan, legal conditions. The Company considers all related factors and needs in the future to ensure that dividend payout does not affect normal business operations. The resolution of the Board of Directors on dividend payment must be submitted to shareholders' meeting for approval, except for in-terim dividend payout which must be approved by the Board of Directors and then reported in the next shareholders' meeting.

Year	EPS (Baht)	Annual Dividends (Baht/share)	Dividend payout ratio on net profit (%)
2559	0.200	0.060	40.41
2560	0.090	0.036	40.42
2561	0.030	0.013*	40.14

Remarks : * The Board of Directors resolved to propose the annual general meeting of shareholders on 24 April 2019, to approve the dividend distribution for the year 2018 at 0.013 Baht per share on 10 May 2019.

Organization Chart



Remark: - The Company appointed P&L Internal Audit Company Limited, an external expert, as its internal auditor reporting to the Internal Audit Department.

- This organization structure is effective on 9 January 2019.

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Management Structure

Board of Directors

As of 31 December 2018, the Board of Directors ("the Board") consists of 10 members as follows:

No.	Names	Position
1	Mr. Visuth Vitayatanagorn	Chairman and Independent Director
2	Mr. Pricha Songwatana	Vice Chairman
3	Mr. Varachai Songwatana*	Director
4	Mrs. Chortip Songwatana Vhudhibhong*	Director
5	Mr. Benyiam Songwatana*	Director
6	Mr. Omar Songwattana	Director
7	Mrs. Pratana Mongkolkul	Independent Director
8	Mr. Poolsak Tansitthipun	Independent Director
9	Mr. Voravat Tantranont	Independent Director
10	Mrs. Saowanee Kamolbutr	Independent Director

Remarks : - The 2018 Annual General Meeting of the Shareholders, held on 24 April 2018, resolved to re-appointed the directors who retired by rotation to continue their office for another term.

Authorized Directors

Mr. Varachai Songwatana or Mr. Omar Songwattana shall co-sign with Mr. Benyiam Songwatana or Mrs. Chortip Songwatana Vhudhibhong with the Company's seal affixed to legally bind the Company.

Limitation of Directors' Authority: -None-

The Company Secretary is Mrs. Jiraporn Rungsrithong.

Remark: - The Board of Directors, at its Meeting No. 1/2018 held on 16 January 2018, resolved to appoint Mrs. Jiraporn Rungsrithong as Company Secretary.

Scope of Authority, Duties and Responsibilities of the Board

- 1) Uphold the roles and responsibilities as specified by laws, business ethics, business objectives, regulations of the Company, and resolutions passed by the meetings of shareholders with honesty, integrity and due care to protect the interest of the Company and shareholders.
- 2) Approve and regularly review the Company's vision, mission, policies, strategies, plans, and budget that are proposed by the management team to ensure the appropriateness thereof in light of the Company's business operations. In addition, the Board oversees the performance of the management team and delegates to ensure performance efficiency and effectiveness, compliance with the policies approved by the Board and optimize the value to the Company and its shareholders.
- 3) Formulate and approve the written Corporate Governance Policy and review the policy and compliance therewith at least annually.
- 4) Establish internal controls over operation, financial reporting, and compliance by appointing independent individuals or entities to audit such internal controls and ensuring that important systems are reviewed at least annually and disclosed in Company's annual reports.

- 5) Establish an enterprise-wide risk management policy and require the management team to regularly report the effectiveness of the risk management policy. Review and assess the risk management system and effectiveness at least annually and disclose such information in the Company's annual reports.
- 6) Take responsibility for Company's performance and the management's operations to ensure earnest dedication, due care, long-term business continuity, employee development plan, and management succession plan.
- 7) Approve important transactions such as new business ventures, purchase and sale of assets, investments, and legal actions.
- 8) Approve or endorse related transactions between the Company and its subsidiaries in accordance with applicable notifications, regulations and guidelines stipulated by the Stock Exchange of Thailand and other relevant agencies. Prudently deliberate on transactions involving conflicts of interest with the aim of protecting the interest of the Company and its shareholders. Exercise oversight to ensure proper compliance with procedures and disclosure requirements applicable to transactions involving potential conflicts of interest.
- 9) Appoint Board committees, such as the Audit Committee, the Risk Management Committee, the Nomination and Remuneration Committee, the Good Corporate Governance Committee, the Executive Committee, and any other committees to assist and support the Board.
- 10) Appoint the company secretary to assist and support the Board with regard to its performance of duties and compliance with applicable laws, regulations, rules and guidelines.

Record of Board and Board Committee Meeting Attendance as of 31 December 2018

Name	Attendance/Total No. of Meetings					
	Board of Director	Audit Committee	Risk Management Committee	Nomination and Remuneration Committee	Good Corporate Governance Committee	Executive Committee
1. Mr. Visuth Vitayatanagorn	7/7	-	-	-	-	-
2. Mr. Pricha Songwatana	5/7	-	-	-	-	11/11
3. Mr. Varachai Songwatana	7/7	-	-	-	-	-
4. Mrs. Chortip Songwatana Vhudhibhong	7/7	-	-	-	2/2	11/11
5. Mr. Benyiam Songwatana	6/7	-	6/6	-	-	11/11
6. Mr. Omar Songwattana	5/7	-	-	-	-	-
7. Mrs. Pratana Mongkolkul	6/7	-	6/6	1/1	2/2	-
8. Mr. Poolsak Tansitthipun	7/7	8/8	-	1/1	-	-
9. Mr. Voravat Tantranont	7/7	8/8	-	1/1	-	-
10. Mrs. Saowanee Kamolbutr	7/7	8/8	6/6	-	2/2	-

* Mrs. Jiraporn Rungsrithong was appointed as a member of the Executive Committee ex officio by the Board at its Meeting No. 3/2018 by starting to attend the meeting in the Executive Committee from No.4/2018, a total of 7 times from 11 times

In 2018, the Company arranged, in addition to the meetings of the Board and the Board committees, a meeting of non-executive directors on 13 December 2018.

Management Team

As of 31 December 2018, the management team consists of five members as follows:

No.	Name	Position
1.	Mr. Benyiam Songwatana	Chief Executive Officer and Acting Chief Merchandising Officer
2.	Mr. Pricha Songwatana*	Acting Chief Operating Officer
3.	Mrs. Chortip Songwatana Vhudhibhong	Chief Business Development Officer
4.	Mrs. Jiraporn Rungsrithong	Chief Financial Officer
5.	Mrs. Kasama Swetwiwathna**	Assistant Vice President, Accounting Department

Remark: - Profiles of directors and the management team are per Attachment 1.

- The Company is seeking a qualified person for the position of Chief Merchandising Officer. If the vacancy is filled, the profile of the incumbent of such position will be added to the Company's director and executive database.

- Mr. Worachai Prayoonpruthamorn resigned as Chief Operating Officer on 31 October 2018.

* Mr. Pricha Songwatana was appointed as Acting Chief Operating Officer on 1 October 2018 by the Executive Committee at its Meeting No. 8/2018.

** Mrs. Kasama Swetwiwathna was appointed as Assistant Vice President, Accounting Department, on 1 March 2018 and resigned from the position on 23 February 2019.

Scope of Authority, Duties and Responsibilities of the Chief Executive Officer

- 1) Oversee and conduct the business of the Company, oversee strategic planning, and manage day-to-day operation of the Company.
- 2) Make key decisions of the Company, set the mission, objectives, direction and policies of the Company, and oversee the operations and management of each division.
- 3) Be vested with the authority to supervise, command, contact, give orders and execute legal acts and contracts, documents, directives or notices within the scope specified in the authority manual.
- 4) Be vested with the authority to hire, appoint and transfer personnel including determine their scope of authority, duties and remuneration as deemed appropriate as well as to remove or dismiss employees at different levels as deemed appropriate and within the scope specified in the authority manual.
- 5) Be vested with the authority to finalize the terms of trade for the benefits of the Company.
- 6) Consider and propose new business investment opportunities or business dissolution to the Executive Committee and/or the Board.
- 7) Perform any other acts as assigned by the Executive Committee and/or the Board.

The delegation of authority, duties and responsibilities by the Chief Executive Officer shall exclude the delegation or sub-delegation of authority to approve any transactions in which the Chief Executive Officer or the delegates have conflicts of interest (as defined by the notifications of the Capital Market Supervisory Board). Such transactions shall be proposed to and approved by the Board and/or the meetings of shareholders (as applicable) in accordance with applicable rules of the Company or laws.

Company Secretary

Pursuant to Section 89/15 of the Public Limited Company Act B.E. 2535, the Board shall appoint a company secretary to be responsible for matters on behalf of the Company and the Board. In this connection, the Board, at its Meeting No. 1/2018 on 16 January 2018 resolved to appoint Mrs. Jiraporn Rungsrithong as the Company Secretary to replace Mr. Weerayut Bunyawad who resigned on 15 November 2017. (Profile of the Company Secretary) Duties and responsibilities of the Company Secretary are as follows:

- 1) Ensure that all required information and reports within responsibility are disclosed to all related regulators as well as retain reports on conflicts of interest declared by directors or executives.
- 2) Prepare and retain the following documents:
 - 1) Director register;
 - 2) Board meeting notices and minutes, annual registration statements, and annual reports of the Company; and
 - 3) Notices and minutes of the meetings of shareholders.
- 3) Retain the reports on conflicts of interest filed by directors or executives and submit the copies thereof to the Board Chairman and the Chairman of the Audit Committee within seven business days from the receipt of such reports.
- 4) Arrange a system for safekeeping of the following documents, evidence and information to ensure that they are complete, correct and available for examination for at least five years from the date such documents or evidence are prepared.

Safekeeping of documents and evidence as mentioned above shall include safekeeping by means of a computerized system or any other systems and must be retrievable without any alteration.

- (1) Supporting information of motions proposed to the meetings of shareholders.
- (2) Financial statements and reports on the financial position and performance of the Company or any other reports that must be disclosed in accordance with Section 56, Section 57, Section 58, or Section 199 of the Securities and Exchange Act B.E. 2535.
- (3) The Company's opinions in the event that a general tender offer for the Company's shares is issued.
- (4) Information or any other reports prepared by the Company for disclosure to shareholders or the public as required by the Capital Market Supervisory Board.
- 5) Perform any other acts as required by the Capital Market Supervisory Board.
- 6) Perform duties with responsibility, due care, and integrity and comply with laws, objectives and articles of association of the Company, and resolutions of the Board and the meetings of shareholders as well as refrain from acts that significant conflict with the interest of the Company.
- 7) Perform duties with responsibility and due care in the same manner to be demonstrated by an ordinary person under the similar circumstance.

- (1) Decisions are made in good faith and on reasonable grounds that they are for the best interest of the Company.
- (2) Decisions are based on information that is believed in good faith to be adequate; and
- (3) Decisions are made without his/her direct or indirect conflicts of interest.
- 8) Provide initial advices to the Board regarding laws, regulations, the Company's articles of association, corporate governance principles, and codes of conduct for directors. Conduct monitoring to ensure proper and consistent compliance and report material changes to the Board.
- 9) Prepare useful documents and information for new directors, as well as provide a briefing on the nature of business and business direction of the Company to new directors.
- 10) Arrange meetings of shareholders and Board meetings in compliance with applicable laws and the Company's articles of association.
- 11) Arrange for training sessions and seminars to expand directors' repertoire of knowledge, skills and experiences that contribute to their performance effectiveness.

In cases where a company secretary vacates his/her position or is incapable of performing his/her duty, the Board shall appoint a new company secretary within ninety days from the date the former company secretary has vacated his/her position or has been incapable of performing his/her duty.

Remuneration of Directors and Executives

A. Remuneration of Directors

- Monetary Remuneration

The General Meeting of Shareholders No. 1/2018 on 24 April 2018 approved the monthly remuneration and meeting allowance of directors according to their positions as follows:

Position	Monthly Remuneration (Baht/Month/Person)	Meeting Allowance (Baht/Meeting)	Remark									
1. Board of Directors - Chairman - Member	45,000 15,000	20,000 20,000	Remuneration of directors who are also the Company's executives shall be as follows: <table><tr><th>Position</th><th>Monthly Remuneration (Baht/Month/Person)</th><th>Meeting Allowance (Baht/Meeting)</th></tr><tr><td>Board Chairman</td><td>10,000</td><td>20,000</td></tr><tr><td>Board members</td><td>10,000</td><td>5,000</td></tr></table> <p><u>Remark:</u> The above rates of remuneration and meeting allowance shall also be applied to non-independent directors of the Company.</p>	Position	Monthly Remuneration (Baht/Month/Person)	Meeting Allowance (Baht/Meeting)	Board Chairman	10,000	20,000	Board members	10,000	5,000
Position	Monthly Remuneration (Baht/Month/Person)	Meeting Allowance (Baht/Meeting)										
Board Chairman	10,000	20,000										
Board members	10,000	5,000										
2. Audit Committee - Chairman - Member	35,000 15,000	20,000 15,000	-									

Position	Monthly Remuneration (Baht/Month/Person)	Meeting Allowance (Baht/Meeting)	Remark
3. Nomination and Remuneration Committee			
- Chairman	-	20,000	-
- Member	-	15,000	
4. Risk Management Committee			
- Chairman			Members who were employees of the Company are not entitled to the meeting allowance.
- Member	25,000 10,000	20,000 15,000	
5. Good Corporate Governance Committee			
- Chairman	-	20,000	-
- Member	-	15,000	

As of 31 December 2018, the meeting allowances received by the Board and the Board committees are as detailed below.

Name	Meeting Allowance					
	Board of Directors	Audit Committee	Risk Management Committee	Nomination and Remuneration Committee	Good Corporate Governance Committee	Total (Baht)
1. Mr. Visuth Vitayatanagorn	140,000	-	-	-	-	140,000
2. Mr. Pricha Songwatana	25,000	-	-	-	-	25,000
3. Mr. Varachai Songwatana	35,000	-	-	-	-	35,000
4. Mrs. Chortip Songwatana Vhudhibhong	35,000	-	-	-	30,000	65,000
5. Mr. Benyiam Songwatana	30,000	-	-	-	-	30,000
6. Mr. Omar Songwattana	25,000	-	-	-	-	25,000
7. Mrs. Pratana Mongkolkul	120,000	-	120,000	15,000	30,000	285,000
8. Mr. Poolsak Tansitthipun	140,000	160,000	-	20,000	-	320,000
9. Mr. Voravat Tantranont	140,000	120,000	-	15,000	-	275,000
10. Mrs. Saowanee Kamolbutr	140,000	120,000	90,000	-	40,000	390,000
Total	840,000	400,000	210,000	50,000	100,000	1,590,000

● Other Remuneration

- None -

B. Executive Remuneration

Executive Remuneration	2018	
	No. of Persons	Baht
Salary, allowance, and bonus	5*	16,954,167
Social security fund	5*	33,750
Provident fund contribution	4	465,376
Total	6	17,453,293

- Remark:
- The provident fund was established by the Company on 1 May 2016 and is managed by Kasikorn Asset Management Company Limited.
 - This excludes the remuneration of Assistance Vice President, Accounting Department.
 - * This includes executives who resigned during 2018.

Number of Employees

Number of employees by department and branch as of 31 December 2018 is as shown below.

Category/Department	No. of Persons
	2018
Executives	4
Employees	
Sales Department	12
Inventory and Delivery Department	3
Product Management Department *	39
Shop Decoration Department	12
Domestic Marketing Department	1
Research and Design Development Department**	6
Marketing and Communication Department	6
Accounting Department	13
Finance Department	5
Information and Technology Department	7
Strategy Planning and Business Development Department	4
Investor Relations Department	2
Corporate Secretary & Legal Department	8
Human Resource and Organization Service Department	20
Total	142

Remark: * The Company's in-house designers are in the Product Management Department.

** The Research and Product Development Department is responsible for design, media development, marketing activities and promotions for specific groups of customers.

Branch	No. of Persons
	2018
Petchaburi Branch	58
Kanchanaburi Branch	30
Pattaya Branch	30
Pak-Chong Branch	53
Singburi Branch	46
Hua Hin Branch	70
Siracha Branch	46
Phra Nakhon Sri Ayutthaya Branch	61
Hatyai Branch	27
Chachoengsao Branch	46
Rayong Branch	55
Diana Hatyai Branch	1
Total	523

Employee Remuneration

As of 31 December 2018, the total employee remuneration is as detailed below.

Employee Remuneration (Unit: Baht)	2018
Salary, allowance, and bonus*	139,913,899
Social security fund	4,161,317
Provident fund contribution	2,070,135
Total	146,145,351

Remark: * This excludes executive remuneration.

Major Labor Dispute in Past 3 Years

-None-

Human Resource Development Policy

In 2018, the Company treated human resource development as a top priority with the aim of enhancing skills and knowledge of employees and their performance. The development programs comprehensively addressed core competencies, management competencies and functional competencies and were designed to promote the career growth of employees. Highlights of the Company's human resource development initiatives are as follows:

1. Organizational restructuring to enhance the effectiveness of business administration.
2. Arrangement of 11 in-house training programs covering topics such as FN service excellence, product knowledge, leadership, KPI setting, and action plan development in addition to occupational safety and discipline courses such as 5S methodology and FN Good Place Safety. Above 80 percent of employees at the head office and branches record the average in-house training hours per employee of 6 hours.
3. Enrolment for a total of 15 training courses organized by external organizations for employees to sharpen their functional skills and competencies such as Achieving 10x Revenue Growth with Facebook Marketing, labor law, and online marketing strategy for business growth.
4. Arrangement of the train-the-trainer programs to develop branch trainers who facilitate training courses relating to product knowledge and desired core competencies for employees such as service excellence.
5. Development of training manuals and learning materials that are electronically stored on the file server which is accessible by employees wishing to refresh their knowledge. These manuals and materials are also used in training programs for new employees.
6. Launch of career advancement program to offer job promotions to qualified employees who successfully pass prerequisite knowledge, competency and attitude tests.
7. Arrangement of activities to disseminate knowledge and policies. These activities include knowledge sessions on new products, sale-in activities, meetings and seminars, and town hall meetings which were regularly held as a forum for promoting the communication between executives and employees, particularly about the Company's business directions and policies, and strengthening the rapport between executives and employees and among employees themselves.
8. Arrangement of activities such as an annual merit-making ceremony, religious ceremonies and annual party to boost employee morale and engagement.

Good health and fitness of employees are also high on the Company's agenda. The Company encouraged employees to regularly work out by organizing football practice matches, yoga and aerobics classes including other sports events. In addition, employees are offered suitable annual health check-up packages and on-site health check-up services are made available for employees at offices and branches of the Company.

Board of Directors

As of 31 December 2018



Mr. Visuth Vitayatanagorn
Chairman and Independent
Director



Mr. Pricha Songwatana
Vice Chairman



Mr. Varachai Songwatana
Director



**Mrs. Chortip Songwatana
Vhudhibhong**
Director



Mr. Benyiam Songwatana
Director



Mr. Omar Songwattana
Director



Mrs. Pratana Mongkolkul
Independent Director



Mr. Poolsak Tansitthipun
Chairman of the Audit
Committee and
Independent Director



Mr. Voravat Tantranont
Audit Director and
Independent Director



Mrs. Saowanee Kamolbutr
Audit Director and
Independent Director

Company's Management

As of 31 December 2018



Mr. Benyiam Songwatana
Chief Executive Officer /
Chief Merchandising Officer
(Acting)



**Mrs. Chortip Songwatana
Vudhibhong**
Chief Business Development
Officer



Mr. Pricha Songwatana
Chief Operating Officer
(Acting)



Mrs. Jiraporn Rungsrihong
Chief Financial Officer



Mrs. Kasama Swetwiwathna
Assistance Vice President
Accounting

Details of Directors, Executives, Control Persons, and Company Secretary

No.	Name/Position	Age (Yrs).	Education	Family Relationship with Executive	Shareholding in the Company (%)	Work Experience in the Past 5 Years			
						Period	Position	Company/Organization	Type of Business
1.	Mr. Visuth Vitayatanagorn - Chairman of the Board - Independent Director	65	- Honorary Doctorate of Philosophy, Faculty of Business Administration (Marketing), Ramkhamhaeng University	-	-	2016 - Present	- Chairman of the Board of Directors - Independent Director	FN Factory Outlet Pcl.	Factory outlet business
			- Master of Business Administration, Kasetsart University			2011 - Present	- Executive Chairman - Director	NA KOB Co., Ltd.	Rice product packaging, distribution and quality development
			- Master of Arts (Political Science), Ramkhamhaeng University			2011 - Present	- Director	Chumseensup Co., Ltd.	Distributor of goods that are in line with the company's purpose.
			- Bachelor of Arts (Political Science), Ramkhamhaeng University			2010 - Present	-Director	Vapo Friendship Co., Ltd.	Real Estate
			- Bachelor of Business Administration, Suan Dusit Rajabhat Institute			2004 - Present	- Chairman of the Board of Directors	Chaiphirom Co., Ltd.	Development Legal, accounting, tax, management, engineering, architecture, and advertising services

No.	Name/Position	Age (Yrs).	Education	Family Relationship with Executive	Shareholding in the Company (%)	Work Experience in the Past 5 Years			
						Period	Position	Company/Organization	Type of Business
1.	Mr. Visuth Vitayatanagorn (Cont.)	65	Certification Program by Thai Institute Directors Association (IOD) - Director Accreditation Program (DAP), Class 43/2005 - Finance for Non-Finance Director (FN), Class 31/2006			2004 - Present	- Member of Executive Committee - Director	Thai Ha Pcl.	Rice product packaging, distribution and quality development
						1992 – Present	- Director	Prodigy Pcl.	Plastic package Manufacturing
						1989 – Present	- Director - Vice Chairman of The Board of Directors	Management and Psychology Co., Ltd.	Leadership development and Training service.
						1988 – Present	- Director	Cheer (Thailand) Co., Ltd.	Investment in listed securities/ companies/ real estate properties.
						1973 – Present	- Director	Seng Heng Industry Co., Ltd.	Distributor of Sewing threads.
						1967 – Present	- Director	Nakhonchaisi Oil Refinery Co., Ltd.	Long-term Investment in other entities.

No.	Name/Position	Age (Yrs).	Education	Family Relationship with Executive	Shareholding in the Company (%)	Work Experience in the Past 5 Years			
						Period	Position	Company/Organization	Type of Business
2.	Mr. Pricha Songwatana - Vice Chairman of the Board of Directors - Executive Chairman - Acting Chief Operating Officer - Advisor	67	- Master of Business Administration, Kasetsart University Certification Program by Thai Institute Directors Association (IOD) - Director Accreditation Program (DAP), Class 129/2016	Father of Mrs. Chortip, Miss Nisane, and Mr. Benyiam; and elder brother of Mr. Varachai	-	2000- Present	- Vice Chairman of The Board of Director - Executive Chairman - Advisor	FN Factory Outlet Pcl.	Factory outlet business
						2018 – Present	- Acting Chief Operating Officer		
						1989 - Present	- Director	Management and Psychology Co., Ltd.	Leadership development and training services
						2004 -2017	- Director	THAI HA Pcl.	Rice product packaging and distribution
						1994 -2017	- Director	Thai Vegetable Oil Pcl.	Distribution of animal feed and refined soybean oil

No.	Name/Position	Age (Yrs).	Education	Family Relationship with Executive	Shareholding in the Company (%)	Work Experience in the Past 5 Years			
						Period	Position	Company/Organization	Type of Business
3.	Mr. Varachai Songwatana - Director	50	- Master of Business Administration (Marketing), The Western Campus University London	Younger brother of Mr. Pricha	12.817	2015 - Present	- Director	The F1 Co., Ltd.	Real property trading
			2014 - Present			- Director	FN Factory Outlet Pcl.	Factory outlet business	
			2014 - Present			- Director	Be Wise (Thailand) Co., Ltd.	Retailer of cosmetics	
			2014 - Present			- Managing Director	Living Etcetera Co., Ltd.	Wholesaler of household items	
			2007 - Present			- Managing Director	Pre-Proud Co., Ltd.	Wholesaler of ready-to-wear clothes	
			2004 - Present			- Director	Chareanchai and Son Agriculture Co., Ltd.	Warehouse Leasing	
			2004 - Present			- Director	White Magnolia Co., Ltd.	Wholesaler of food product and ready-to-eat food.	
			1998 - Present			- Director	Power Now Co., Ltd.	Uniform Design	

No.	Name/Position	Age (Yrs).	Education	Family Relationship with Executive	Shareholding in the Company (%)	Work Experience in the Past 5 Years			
						Period	Position	Company/Organization	Type of Business
4.	Mrs. Chortip Songwatana Vudhibhong - Director - Member of the Good Corporate Governance Committee - Member of the Executive Committee - Chief Business Development Officer	44	- Master of Business Administration, Sasin Graduate Institute of Business Administration of Chulalongkorn University	Daughter of Mr. Pricha; and elder sister of Mr. Benyiam and Miss Nisanee	0.003	2017 – Present	- Director	Save Now 2494 Co., Ltd.	Wholesale and retail store
			- Bachelor of Communication Arts, Assumption University			2015 – Present	- Director	The F1 Co., Ltd.	Real property development
			- Certification Program by Thai Institute Directors Association (IOD)			2018 – Present	- Chief Business Development Officer	FN Factory Outlet Pcl.	Factory outlet business
			- Accreditation Program (DAP), Class 124/2016			2016 - Present	- Director - Member of the Good Corporate Governance Committee - Member of the Executive Committee	FN Factory Outlet Pcl.	Factory outlet business
			- Director Certification Program (DCP), Class 219/2016			2014 - Present	- Director	Be Wise (Thailand) Co., Ltd.	Sale of food and beverage/consign or of mother and baby products and cosmetics.
						2007 – Present	- Director	Pre –Pround Co., Ltd.	Real estate

No.	Name/Position	Age (Yrs).	Education	Family Relationship with Executive	Shareholding in the Company (%)	Work Experience in the Past 5 Years			
						Period	Position	Company/Organization	Type of Business
4.	Mrs. Chortip Songwatana Vudhibhong (Cont.)	44	- Financial Statements for Directors (FSD), Class 26/2014	-	-	2008 – Present	- Director	Q Farm Co., Ltd.	Agricultural product processing
						2006 – Present	- Director	QIU Asset Co., Ltd.	Real property development
						2004 - Present	- Director	Chareanchai and Son Agriculture Co., Ltd.	Warehouse leasing.
						2000 – Present	- Director	Ka-Nomjeen Bangkok Co., Ltd.	Thai cuisine restaurant
						2012 – 2017	- Director	P. Villa Co., Ltd.	Real property Development
						2013 – 2016	- Director	Key Point Construction Co., Ltd.	Construction service and distribution of construction materials
						2006 - 2016	- Director	Bonne Sante Co., Ltd.	Importer and distributor of health product.

No.	Name/Position	Age (Yrs).	Education	Family Relationship with Executive	Shareholding in the Company (%)	Work Experience in the Past 5 Years			
						Period	Position	Company/Organization	Type of Business
5.	Mr. Benyiam Songwatana - Director - Member of Risk Management Committee - Member of the Executive Committee - Chief Executive Officer - Acting Chief Merchandising Officer	38	- Master of Business Administration, University of Bradford, England	Son of Mr. Pricha; and younger brother of Mrs. Chortip and Miss Nisanee	0.003	2014 – Present	- Director - Member of Risk Management Committee - Member of the Executive Committee - Chief Executive Officer - Acting Chief Merchandising Officer	FN Factory Outlet Pcl.	Factory outlet business
			- Bachelor of Engineering (Electrical Engineering), University of the Thai Chamber of Commerce			2008 – Present	- Director	Q Farm Co., Ltd.	Agricultural product processing
			Certification Program by Thai Institute of Directors (IOD)			2006 – Present	- Director	QIU Asset Co., Ltd.	Real property Development
			- Director Certification Program (DCP), Class 219/2016			2000 - Present	- Director	Ka-Nomjeen Bangkok Co., Ltd.	Thai cuisine restaurant

No.	Name/Position	Age (Yrs).	Education	Family Relationship with Executive	Shareholding in the Company (%)	Work Experience in the Past 5 Years			
						Period	Position	Company/Organization	Type of Business
5.	Mr. Benyiam Songwatana (Cont.)	38				2012 – 2017	- Director	P. Villa Co., Ltd.	Real property development
						2006 – 2016	- Director	Bonne Sante Co., Ltd.	Importer and distributor of health products.
6.	Mr. Omar Songwattana - Director	28	- Master of Science (Management), Brunel University	-	2.87	2016 - Present	- Business Development	3 Link and Friend Co., Ltd.	Real estate business chattel serving locations for various products.
			- Bachelor of Engineering (Mechanical Engineering), Kasetsart University			2015 - Present	- Director	FN Factory Outlet Pcl.	Factory outlet business
			Certification Program by Thai Institute of Directors (IOD)			2010 – Present	- Director	Arting Co., Ltd.	Distributor of furniture
			- Director Accreditation Program (DAP), Class 124/2016			2012 - 2013	Management Trainee	FN Factory Outlet Pcl	Factory outlet business

No.	Name/Position	Age (Yrs).	Education	Family Relationship with Executive	Shareholding in the Company (%)	Work Experience in the Past 5 Years			
						Period	Position	Company/Organization	Type of Business
7.	Mrs. Pratana Mongkolkul - Independent Director - Chairman of Risk Management Committee - Member of the Nomination and Remuneration Committee - Member of the Good Corporate Governance Committee	55	- Master of Business Administration, Thammasat University	-	-	2017 - Present	- Independent Director	Thai Airways International Pcl.	Transport and Logistics
			- Bachelor of Accounting, Thammasat University			2017 - Present	- Director - Member of the Audit Committee	Aisance Co., Ltd.	Manufacture of Medical Cometics.
			Certification Program by Thai Institute Directors Association (IOD)			2016 - Present	- Independent Director - Chairman of Risk Management Committee - Member of the Nomination and Remuneration Committee - Member of the Good Corporate Governance Committee	FN Factory Outlet Pcl.	Factory Outlet Business
			- Advanced Audit Committee Program (AACP), Class 22/2016			2014 – Present	- Director	Boutique Property Management Co., Ltd.	Land, property and factory leasing
			- Director Certification Program (DCP), Class 39/2003						
			- Director Accreditation Program (DAP), Class 2/2003						
			- Public Director Certification Program, Public Director Institute, Class 13/2015			2014 – Present	- Director	Boutique International Group Co., Ltd.	Financial, capital and raw material planning

No.	Name/Position	Age (Yrs).	Education	Family Relationship with Executive	Shareholding in the Company (%)	Work Experience in the Past 5 Years			
						Period	Position	Company/Organization	Type of Business
7.	Mrs. Pratana Mongkolkul (Cont.)	55	<ul style="list-style-type: none"> - Thai Intelligent Investors Program, Thai Investors Academy, Class 1/2008 - Top Management Program Class 6/2008, Capital Market Academy - Director Diploma Examination, The Australian Institute of Directors Association 2008 - Chief Financial Officer Certification Program Class 1 - Advance Management Program, 180 Harvard Business School 			2013 – Present	<ul style="list-style-type: none"> - Independent Director - Member of the Audit Committee - Chairman of Risk Management Committee 	T.K.S. Technologies Pcl.	Manufacturer of forms, continuous paper, security forms, other printing materials and continuous label stickers
						2011 – Present	- Chairman of the Board of Director	Boutique Consulting Group Co., Ltd.	Business Support service
						2015 – 2019	- Director	Thailand post Co., Ltd.	Postal Services
						2015 - 2017	- Director	Government Saving Bank	Saving Bank
						2014 – 2018	- Director	Port Authority of Thailand	Water Transportation
						2014 – 2019	- Lay Judge	Central Intellectual Property and International Trade Court	Court
						2013 - 2017	- Director	Dusit Thani Pcl.	Hotel and resort business and office management service
						2012 – 2017	- Director	Orpak Solution Co., Ltd.	Computer programming

No.	Name/Position	Age (Yrs).	Education	Family Relationship with Executive	Shareholding in the Company (%)	Work Experience in the Past 5 Years			
						Period	Position	Company/Organization	Type of Business
8.	Mr. Voravat Tantranont - Independent Director - Member of the Audit Committee - Member of the Nomination and Remuneration Committee	60	<ul style="list-style-type: none"> - Master of Business Administration, Saint Louis University, Missouri State, USA. - Barrister-at-law, Institute of Legal Education Thai Bar Association - Bachelor of Laws, Chulalongkorn University - Certification Program by Thai Institute Directors Association (IOD) - Director Accreditation Program (DAP), Class 43/2005 			2016 - Present	- Director	Choice Property Co., Ltd.	Building and land leasing and sale
						2015 - Present	- Independent Director / Member of the Audit Committee / Member of the Nomination and Remuneration Committee	FN Factory Outlet Pcl.	Factory outlet business
						2014 - Present	- Director	Choice Training Co., Ltd.	Training courses and seminars
						2013 - Present	- Director	T.T. Ceramic PCL	Manufacturer and distributor of ceramic tiles
						2002 - Present	- Director - Executive Vice President	Union Mosaic Industry PCL	Distributor, exporter and manufacturer of floor and wall tiles
						1995 - Present	- Director	CR Chiangmai (Thailand) Co., Ltd.	Retailer of general goods
						1994 - Present	- Director	Tantraphan Supermarket (1994) Co., Ltd.	Rim Ping Supermarket
						1988 - Present	- Director - Executive	Choice Mini Store Co., Ltd.	Convenience store (7- eleven)

No.	Name/Position	Age (Yrs).	Education	Family Relationship with Executive	Shareholding in the Company (%)	Work Experience in the Past 5 Years			
						Period	Position	Company/Organization	Type of Business
9.	Mr. Poolsak Tansitthipun - Independent Director - Chairman of the Audit Committee - Chairman of Nomination and Remuneration Committee	60	<ul style="list-style-type: none"> - Master of Business Administration, Kasetsart University - Bachelor of Laws, Ramkhamhaeng University - Certification Program by Thai Institute Directors Association (IOD) - Director Accreditation Program (DAP), Class 51/2006 - Director Certification Program (DCP), Class 144/2011 - Advanced Audit Committee Program (AACP), Class 31/2010 - Role of the Chairman Program (RCP), Class 35/2014 	-	-	2015 - Present	<ul style="list-style-type: none"> - Vice Chairman of the Board - Chairman of the Audit Committee - Member of Risk Management Committee - Member of the Nomination and Remuneration Committee 	Ananda Development Pcl.	Condominium and housing project
						2015 - Present	- Vice Chairman	Chachoengsao Chamber Of Commerce	Private entity
						2015 - Present	- Secretary-General	Chachoengsao Foundation	Foundation
						2014 - Present	<ul style="list-style-type: none"> - Independent Director - Chairman of the Audit Committee - Chairman of Nomination and Remuneration Committee 	FN Factory Outlet Pcl.	Factory outlet business

No.	Name/Position	Age (Yrs).	Education	Family Relationship with Executive	Shareholding in the Company (%)	Work Experience in the Past 5 Years			
						Period	Position	Company/Organization	Type of Business
9.	Mr. Poolsak Tansitthipun (Cont.)	60	- Anti-Corruption for Executive Program (ACEP), Class 13/2014			2017 - Present	- Chairman of the Audit Committee	Union Petrochemical Pcl.	Distributor of chemical products
			Professional Level			2005 – Present	- Independent Director		
			- Graduate Diploma in Taxation, University of the Thai Chamber of Commerce			2005 - 2017	- Audit Committee		
			- Certificate in Advance Legal Studies Lawyers Council			1996 - Present	- Chairman of the Board of Directors	Sappakit Business Co., Ltd.	Legal, accounting and taxation consultancy services
			- Graduate Diploma in Taxation, Institute of Legal Education of Thai Bar Association under the Royal Patronage						
			- Labor law certificate						
			- Certificate of Patent Agent Professional Law School By the cooperation of the Department of Intellectual Property.						
			- "THE BOSS" Certificate, Institute of Management and Psychology						

No.	Name/Position	Age (Yrs).	Education	Family Relationship with Executive	Shareholding in the Company (%)	Work Experience in the Past 5 Years			
						Period	Position	Company/Organization	Type of Business
10.	Mrs. Saowanee Kamolbutr - Independent Director - Member of the Audit Committee - Member of Risk Management Committee - Chairman of the Good Corporate Governance Committee	66	- Master of Political Science (Public Administration), Thammasat University	-	-	2016 - Present	- Independent Director - Member of the Audit Committee - Member of Risk Management Committee - Chairman of the Good Corporate Governance Committee	FN Factory Outlet Pcl.	Factory outlet business
			- Bachelor of Political Science (Public Administration), Thammasat University			2016 - Present	- Independent Director - Member of the Audit Committee	Glow Energy Pcl.	Energy and Utilities
			Certification Program by Thai Institute Directors Association (IOD)			2014 - Present	- Qualified advisors	SME Development Bank	Bank
			- Director Certification Program (DCP), Class 69/2006			2014 - Present	- Expert Member of the Institute Council	Rajapark Institute	Educational institute
			- Role of the Compensation Committee (RCC), Class 8/2009			2014 - Present	- Advisor	Committee on Economics, Money and Finance, The National Legislative Assembly	The National Legislative Assembly
			- Role of the Chairman Program (RCP), Class 23/2010						
			- Financial Institutions Governance Program (FGP), Class 1/2010						

No.	Name/Position	Age (Yrs).	Education	Family Relationship with Executive	Shareholding in the Company (%)	Work Experience in the Past 5 Years			
						Period	Position	Company/Organization	Type of Business
10.	Mrs. Saowanee Kamolbutr (Cont.)	66	- Advanced Audit Committee Program (AACP), Class 17/2014			2016 - 2017	- Financial Expert	Port Authority of Thailand	Water transportation
			- Certificate of Senior Executive Program, Sasin Graduate Institute of Business Administration, Chulalongkorn University			2014 - Present	- Independent Director - Chairman of the Audit Committee - Chairman of Risk Management Committee - Chairman of the Good Corporate Governance Committee	Carabao Group Pcl.	Energy drink manufacturer
			- The Management Development Program (Wharton School) Certificate in Public Sector Reform, University of Victoria, New Zealand			2013 - 2017	- Independent Director - Audit Committee	Interlink Communication Pcl.	Distributor of computer network devices
			- Certificate of National Defense, National Defense College (Class of 2005)			2012 - Present	- Independent Director - Audit Committee	T.K.S. Technologies Pcl.	Manufacturer of forms and continuous paper
			- Course Certificate Senior Executive, Capital Market Academy (Class 7)			2012 - 2013	- Chairman of the Board of Directors	Thaiyarnyon Co., Ltd.	Car dealer
						2009 - 2013	- Director	Don Muang Tollway Pcl.	Infrastructure

No.	Name/Position	Age (Yrs).	Education	Family Relationship with Executive	Shareholding in the Company (%)	Work Experience in the Past 5 Years			
						Period	Position	Company/Organization	Type of Business
10.	Mrs. Saowanee Kamolbutr (Cont.)	66	- Advanced Security Management Course (Class 4), National Defense College			2009 - 2013	- Chairman of the Board of Directors	TMB Bank Pcl.	Saving Bank
						2009 - 2012	- Deputy Permanent Secretary, Ministry of Finance	Ministry of Finance	Ministry
11.	Mrs. Jiraporn Rungsritthong - Chief Financial Officer - Member of the Executive Committee - Company Secretary - Secretary of the Audit Committee - Secretary to the Risk Management Committee	50	- Master of Business Administration, Winthrop University, SC, USA - Bachelor of Arts (German), Silpakorn University Certification Program by Thai Institute Directors Association (IOD) - Director Certification Program (DCP), Class 167/2012	-	-	2018 - Present	- Member of the Executive Committee	FN Factory Outlet Pcl.	Factory outlet business
						2018 - Present	- Company Secretary		
						2017 - Present	- Chief Financial Officer - Secretary of the Audit Committee - Secretary to the Risk Management Committee		
						2017 - Present	- Director	Save Now 2494 Co., Ltd.	Retail Stores
						2011 - Present	- Director	Thai Investor Relations Club	Club

No.	Name/Position	Age (Yrs).	Education	Family Relationship with Executive	Shareholding in the Company (%)	Work Experience in the Past 5 Years			
						Period	Position	Company/Organization	Type of Business
11.	Mrs. Jiraporn Rungsrithong (Cont.)	50	- Role of the Nomination and Governance Committee (RNG), Class 2/2013			2015 - 2016	- Director	Exact Scenario Co., Ltd.	TV production activities
			- Leadership Development Program (LDP), Class 1/2013			2015 - 2016	- Director	GMM Z Co., Ltd	Cable / TV Transmission Services
			- Advanced Audit Committee Program (AACP), Class 14/2014			2015 - 2016	- Director	GMM ONE TV Co., Ltd	Broadcasting (Except online)
			- Board Matters & Trends (BMT), Class 2 / 2017			2015 - 2016	- Director	Memiti Co., Ltd.	TV production activities
			- TLCA Executive Development Program (EDP2), Class 2/2008, Thai Listed Companies Association			2015 - 2016	- Director	Acts Studio Co., Ltd.	Studio business Shooting location
						2015 - 2016	- Director	GMM CJ O Shopping Co., Ltd.	Retail sale by mail order, television, radio and telephone.
						2012 - 2016	- Member of the Risk Management Committee - Member of the Group Executive Committee - Chief Investment Officer	GMM Grammy Pcl.	Publishing, selling or distributing music

No.	Name/Position	Age (Yrs).	Education	Family Relationship with Executive	Shareholding in the Company (%)	Work Experience in the Past 5 Years			
						Period	Position	Company/Organization	Type of Business
11.	Mrs. Jiraporn Rungsrihong (Cont.)	50	- Capital Market Academy Leader Program, Class 2/2006, Capital Market Academy			2012 - 2014	- Acting Chief Administrative Officer	GMM Grammy Pcl.	Publishing, selling or distributing music
						2012 - 2016	- Secretary of the Nomination and Remuneration Committee		
						2014 - 2015	- Director	SE-EDUCATION Pcl.	Books producing and academic journals / book distribution.
						2013	- Director	SE-EDUCATION Pcl.	Books producing and academic journals / book distribution.
						2013 - 2016	- Director	Family Know-How Co., Ltd.	Produce media to educate financial and investment knowledge to the general public.

No.	Name/Position	Age (Yrs).	Education	Family Relationship with Executive	Shareholding in the Company (%)	Work Experience in the Past 5 Years			
						Period	Position	Company/Organization	Type of Business
12.	Mrs. Kasama Swetwiwathna - Assistant Director Accounting Department	33	<div>- Master's Degree Master of Business Administration, National Institute of Development Administration (NIDA)</div> <div>- Bachelor Degree in Accounting Chulalongkorn University</div> <div>- Federation of Accounting Professions - Certified public accountant (CPA)</div> <div>- Course of contract revenue with customers., Chulalongkorn University</div> <div>- Curriculum Vitae of TFRS, Federation of Accounting Professions under the Royal Patronage</div>	-	-	2018 - Present	- Assistant Director Accounting Department	FN Factory Outlet Pcl.	Factory outlet business
						2017 – 2018	- Accounting Manager		
						2012 – 2016	- Audit Manager	EY Company Limited	Auditing and other services.
						2007 - 2012	- Audit Senior, Audit Assistant		

Positions as Executives and Control Persons of Entities

Name of Director / Executive / Control Person	The Company	Subsidiary	Related Companies			
	FN Factory Outlet Pcl.	1	2	3	4	5
1. Mr. Visuth Vitayatanagorn	x, xxxx					
2. Mr. Pricha Songwatana	xx, /, //					
3. Mr. Varachai Songwatana	xx, @, /// (12.82%)					xx, @, /// (0.03%), ** (19.00%)
4. Mrs. Chortip Songwatana Vudhibhong	xx, @, /, //, /// (0.0024%), * (33.33%)	xx, @	xx, @, /// (35.00%)	xx, @, /// (33.33%)		xx, @, /// (0.03), * (33.33%)
5. Mr. Benyiam Songwatana	xx, @, /, //, /// (0.0024%), * (33.33%)		xx, @, /// (35.00%)	xx, @, /// (33.33%)		
6. Mr. Omar Songwattana	xx, @, /// (2.87%)					
7. Mrs. Pratana Mongkolkul	xxxx				xxx, xxxx	
8. Mr. Poolsak Tansitthipun	xxx, xxxx					
9. Mr. Voravat Tantranont	xxx, xxxx					
10. Mrs. Saowanee Kamolbutr	xxx, xxxx				xxx, xxxx	
11. Mrs. Jiraporn Rungsrihong	/, //	xx, @				
12. Mrs. Kasama Swetwiwathna	//					

- Remark: 1) x = Chairman of the Board, xx = Director, xxx = Member of the Audit Committee, xxxx = Independent Director, @ = Director with Signing Authority, / = Member of the Executive Committee, // = Executive, /// = Shareholder
- 2) Subsidiary under consolidated control and consolidated financial statements of the Company and subsidiary which are audited/reviewed by the auditor.
- 3) The figure in the parenthesis represents the shareholding in that company.
- 4) * = Proportion of shareholding through QIU Asset Co., Ltd. (relating to Mrs. Chortip Songwatana Vudhibhong, Mr. Benyiam Songwatana and Mrs. Nisanee Songwatana).
- 5) ** = Proportion of shareholding through Pre-Proud Co., Ltd. (relating to QIU Asset Co., Ltd. and Mr. Varachai Songwatana).
- 6) *** = Proportion of shareholding through Cheer (Thailand) Co., Ltd. (relating to Mr. Relating to Mr.Visuth Vitayatanagorn).
- 7) # = Proportion of shareholding through Boutique International Group Co., Ltd. (relating to Boutique Consulting Group Co., Ltd. and Mrs. Pratana Mongkolkul).
- 8) & = Proportion of shareholding through Boutique Consulting Group Co., Ltd. (relating to Mrs. Pratana Mongkolkul).

Positions as Executives and Control Persons of Entities

Name of Director / Executive / Control Person	Related Companies				
	6	7	8	9	10
1. Mr. Visuth Vitayatanagorn					
2. Mr. Pricha Songwatana					
3. Mr. Varachai Songwatana	xx, @, /// (19.00%)				
4. Mrs. Chortip Songwatana Vudhibhong	xx, @, * (33.33%)	/// (30.00%)		xx, @, /// (33.33%)	* (33.33%)
5. Mr. Benyiam Songwatana	* (33.33%)	/// (40.00%)		xx, @, /// (33.33%)	* (33.33%)
6. Mr. Omar Songwattana					
7. Mrs. Pratana Mongkolkul					
8. Mr. Poolsak Tansitthipun					
9. Mr. Voravat Tantranont					
10. Mrs. Saowanee Kamolbutr			xxx, xxxx		
11. Mrs. Jiraporn Rungsritthong					
12. Mrs. Kasama Swetwathna					

- Remark: 1) x = Chairman of the Board, xx = Director, xxx = Member of the Audit Committee, xxxx = Independent Director, @ = Director with Signing Authority, / = Member of the Executive Committee, // = Executive, /// = Shareholder
- 2) Subsidiary under consolidated control and consolidated financial statements of the Company and subsidiary which are audited/reviewed by the auditor.
- 3) The figure in the parenthesis represents the shareholding in that company.
- 4) * = Proportion of shareholding through QIU Asset Co., Ltd. (relating to Mrs. Chortip Songwatana Vudhibhong, Mr. Benyiam Songwatana and Mrs. Nisanee Songwatana).
- 5) ** = Proportion of shareholding through Pre-Proud Co., Ltd. (relating to QIU Asset Co., Ltd. and Mr. Varachai Songwatana).
- 6) *** = Proportion of shareholding through Cheer (Thailand) Co., Ltd. (relating to Mr. Relating to Mr.Visuth Vitayatanagorn).
- 7) # = Proportion of shareholding through Boutique International Group Co., Ltd. (relating to Boutique Consulting Group Co., Ltd. and Mrs. Pratana Mongkolkul).
- 8) & = Proportion of shareholding through Boutique Consulting Group Co., Ltd. (relating to Mrs. Pratana Mongkolkul).

Positions as Executives and Control Persons of Entities

Name of Director / Executive / Control Person	Related Companies				
	11	12	13	14	15
1. Mr. Visuth Vitayatanagorn					
2. Mr. Pricha Songwatana					
3. Mr. Varachai Songwatana	xx, @				
4. Mrs. Chortip Songwatana Vudhibhong	xx				
5. Mr. Benyiam Songwatana					
6. Mr. Omar Songwattana					
7. Mrs. Pratana Mongkolkul					
8. Mr. Poolsak Tansitthipun					
9. Mr. Voravat Tantranont		xx, @, /// (20.00%)	xx, @, /// (20.00%)	xx, @, /// (20.95%)	xx, @, /// (10.00%)
10. Mrs. Saowanee Kamolbutr					
11. Mrs. Jiraporn Rungsritthong					
12. Mrs. Kasama Swetwiwathna					

- Remark: 1) x = Chairman of the Board, xx = Director, xxx = Member of the Audit Committee, xxxx = Independent Director, @ = Director with Signing Authority, / = Member of the Executive Committee, // = Executive, /// = Shareholder
- 2) Subsidiary under consolidated control and consolidated financial statements of the Company and subsidiary which are audited/reviewed by the auditor.
- 3) The figure in the parenthesis represents the shareholding in that company.
- 4) * = Proportion of shareholding through QIU Asset Co., Ltd. (relating to Mrs. Chortip Songwatana Vudhibhong, Mr. Benyiam Songwatana and Mrs. Nisanee Songwatana).
- 5) ** = Proportion of shareholding through Pre-Proud Co., Ltd. (relating to QIU Asset Co., Ltd. and Mr. Varachai Songwatana).
- 6) *** = Proportion of shareholding through Cheer (Thailand) Co., Ltd. (relating to Mr. Relating to Mr.Visuth Vitayatanagorn).
- 7) # = Proportion of shareholding through Boutique International Group Co., Ltd. (relating to Boutique Consulting Group Co., Ltd. and Mrs. Pratana Mongkolkul).
- 8) & = Proportion of shareholding through Boutique Consulting Group Co., Ltd. (relating to Mrs. Pratana Mongkolkul).

Positions as Executives and Control Persons of Entities

Name of Director / Executive / Control Person	Related Companies				
	16	17	18	19	20
1. Mr. Visuth Vitayatanagorn	xx, @, ///, ***, **** (75.79%)				
2. Mr. Pricha Songwatana					
3. Mr. Varachai Songwatana			xx, @, /// (0.00005%)		
4. Mrs. Chortip Songwatana Vudhibhong			xx, @, ///, ** (33.33%)		
5. Mr. Benyiam Songwatana			** (33.33%)		
6. Mr. Omar Songwattana					
7. Mrs. Pratana Mongkolkul		xx			
8. Mr. Poolsak Tansitthipun	xx, @, ///, ***, **** (16.00%)				
9. Mr. Voravat Tantranont	xx, @, ///, ***, **** (75.79%)			xx, @, /// (20.00%)	xx, @
10. Mrs. Saowanee Kamolbutr					
11. Mrs. Jiraporn Rungsrithong					
12. Mrs. Kasama Swetwiwathna					

- Remark: 1) x = Chairman of the Board, xx = Director, xxx = Member of the Audit Committee, xxxx = Independent Director, @ = Director with Signing Authority, / = Member of the Executive Committee, // = Executive, /// = Shareholder
- 2) Subsidiary under consolidated control and consolidated financial statements of the Company and subsidiary which are audited/reviewed by the auditor.
- 3) The figure in the parenthesis represents the shareholding in that company.
- 4) * = Proportion of shareholding through QIU Asset Co., Ltd. (relating to Mrs. Chortip Songwatana Vudhibhong, Mr. Benyiam Songwatana and Mrs. Nisanee Songwatana).
- 5) ** = Proportion of shareholding through Pre-Proud Co., Ltd. (relating to QIU Asset Co., Ltd. and Mr. Varachai Songwatana).
- 6) *** = Proportion of shareholding through Cheer (Thailand) Co., Ltd. (relating to Mr. Relating to Mr.Visuth Vitayatanagorn).
- 7) # = Proportion of shareholding through Boutique International Group Co., Ltd. (relating to Boutique Consulting Group Co., Ltd. and Mrs. Pratana Mongkolkul).
- 8) & = Proportion of shareholding through Boutique Consulting Group Co., Ltd. (relating to Mrs. Pratana Mongkolkul).

Positions as Executives and Control Persons of Entities

Name of Director / Executive / Control Person	Related Companies				
	21	22	23	24	25
1. Mr. Visuth Vitayatanagorn	xx, @, /, ///, *** (6.41%)	xx, @, /, ///, *** (15.94%)			
2. Mr. Pricha Songwatana	xx	xx			
3. Mr. Varachai Songwatana					
4. Mrs. Chortip Songwatana Vudhibhong	* (33.33%)				
5. Mr. Benyiam Songwatana	* (33.33%)				
6. Mr. Omar Songwattana					
7. Mrs. Pratana Mongkolkul			x, @, /// (95.99%)	xx, @, /// (50.80%)	xx, @, ///, & (96.00%)
8. Mr. Poolsak Tansitthipun					
9. Mr. Voravat Tantranont					
10. Mrs. Saowanee Kamolbutr					
11. Mrs. Jiraporn Rungsritthong					
12. Mrs. Kasama Swetwiwathna					

- Remark:
- 1) x = Chairman of the Board, xx = Director, xxx = Member of the Audit Committee, xxxx = Independent Director, @ = Director with Signing Authority, / = Member of the Executive Committee, // = Executive, /// = Shareholder
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 - 5) ** = Proportion of shareholding through Pre-Proud Co., Ltd. (relating to QIU Asset Co., Ltd. and Mr. Varachai Songwatana).
 - 6) *** = Proportion of shareholding through Cheer (Thailand) Co., Ltd. (relating to Mr. Relating to Mr.Visuth Vitayatanagorn).
 - 7) # = Proportion of shareholding through Boutique International Group Co., Ltd. (relating to Boutique Consulting Group Co., Ltd. and Mrs. Pratana Mongkolkul).
 - 8) & = Proportion of shareholding through Boutique Consulting Group Co., Ltd. (relating to Mrs. Pratana Mongkolkul).

Positions as Executives and Control Persons of Entities

Name of Director / Executive / Control Person	Related Companies				
	26	27	28	29	30
1. Mr. Visuth Vitayatanagorn			xx, @		
2. Mr. Picha Songwatana			xx, @		
3. Mr. Varachai Songwatana		xx, @, /// (87.00%)			xx, @, /// (96.98%)
4. Mrs. Chortip Songwatana Vudhibhong					
5. Mr. Benyiam Songwatana					
6. Mr. Omar Songwattana					
7. Mrs. Pratana Mongkolkul	xx, @				
8. Mr. Poolsak Tansitthipun				xxx, xxxx	
9. Mr. Voravat Tantranont					
10. Mrs. Saowanee Kamolbutr					
11. Mrs. Jiraporn Rungsritthong					
12. Mrs. Kasama Swetwiwathna					

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- 5) ** = Proportion of shareholding through Pre-Proud Co., Ltd. (relating to QIU Asset Co., Ltd. and Mr. Varachai Songwatana).
- 6) *** = Proportion of shareholding through Cheer (Thailand) Co., Ltd. (relating to Mr. Relating to Mr.Visuth Vitayatanagorn).
- 7) # = Proportion of shareholding through Boutique International Group Co., Ltd. (relating to Boutique Consulting Group Co., Ltd. and Mrs. Pratana Mongkolkul).
- 8) & = Proportion of shareholding through Boutique Consulting Group Co., Ltd. (relating to Mrs. Pratana Mongkolkul).

Positions as Executives and Control Persons of Entities

Name of Director / Executive / Control Person	Related Companies				
	31	32	33	34	35
1. Mr. Visuth Vitayatanagorn					
2. Mr. Pricha Songwatana					
3. Mr. Varachai Songwatana	xx, @, /// (2.10%)				
4. Mrs. Chortip Songwatana Vudhibhong					
5. Mr. Benyiam Songwatana					
6. Mr. Omar Songwattana					
7. Mrs. Pratana Mongkolkul					xx, & (95.99%)
8. Mr. Poolsak Tansitthipun		x, /// (20.00%)		xxx	
9. Mr. Voravat Tantranont			xx, @		
10. Mrs. Saowanee Kamolbutr					
11. Mrs. Jiraporn Rungsrithong					
12. Mrs. Kasama Swetwiwathna					

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- 5) ** = Proportion of shareholding through Pre-Proud Co., Ltd. (relating to QIU Asset Co., Ltd. and Mr. Varachai Songwatana).
- 6) *** = Proportion of shareholding through Cheer (Thailand) Co., Ltd. (relating to Mr. Relating to Mr.Visuth Vitayatanagorn).
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- 8) & = Proportion of shareholding through Boutique Consulting Group Co., Ltd. (relating to Mrs. Pratana Mongkolkul).

Positions as Executives and Control Persons of Entities

Name of Director / Executive / Control Person	Related Companies				
	36	37	38	39	40
1. Mr. Visuth Vitayatanagorn			x, @, /// (50.00%)	xx, @, ///, ***** (8.63%)	xx, @, /// (4.19%)
2. Mr. Pricha Songwatana					
3. Mr. Varachai Songwatana					
4. Mrs. Chortip Songwatana Vudhibhong					
5. Mr. Benyiam Songwatana					
6. Mr. Omar Songwattana	xx, @, /// (50.00%)				
7. Mrs. Pratana Mongkolkul					
8. Mr. Poolsak Tansitthipun					
9. Mr. Voravat Tantranont					
10. Mrs. Saowanee Kamolbutr		xxx, xxxx			
11. Mrs. Jiraporn Rungsritthong					
12. Mrs. Kasama Swetwiwathna					

- Remark: 1) x = Chairman of the Board, xx = Director, xxx = Member of the Audit Committee, xxxx = Independent Director, @ = Director with Signing Authority, / = Member of the Executive Committee, // = Executive, /// = Shareholder
- 2) Subsidiary under consolidated control and consolidated financial statements of the Company and subsidiary which are audited/reviewed by the auditor.
- 3) The figure in the parenthesis represents the shareholding in that company.
- 4) * = Proportion of shareholding through QIU Asset Co., Ltd. (relating to Mrs. Chortip Songwatana Vudhibhong, Mr. Benyiam Songwatana and Mrs. Nisanee Songwatana).
- 5) ** = Proportion of shareholding through Pre-Proud Co., Ltd. (relating to QIU Asset Co., Ltd. and Mr. Varachai Songwatana).
- 6) *** = Proportion of shareholding through Cheer (Thailand) Co., Ltd. (relating to Mr. Relating to Mr. Visuth Vitayatanagorn).
- 7) # = Proportion of shareholding through Boutique International Group Co., Ltd. (relating to Boutique Consulting Group Co., Ltd. and Mrs. Pratana Mongkolkul).
- 8) & = Proportion of shareholding through Boutique Consulting Group Co., Ltd. (relating to Mrs. Pratana Mongkolkul).

Positions as Executives and Control Persons of Entities

Name of Director / Executive / Control Person	Related Companies				
	41	42	43	44	45
1. Mr. Visuth Vitayatanagorn	xx, @, /// (9.27%)	xx, @, /// (99.98%)	xx, @, /// (12.20%)	xx, @, /, /// (89.99%)	xx, @, /// (30.70%)
2. Mr. Pricha Songwatana					/// (18.75%)
3. Mr. Varachai Songwatana					
4. Mrs. Chortip Songwatana Vudhibhong					
5. Mr. Benyam Songwatana					
6. Mr. Omar Songwattana					
7. Mrs. Pratana Mongkolkul					
8. Mr. Poolsak Tansitthipun					
9. Mr. Voravat Tantranont					
10. Mrs. Saowanee Kamolbutr					
11. Mrs. Jiraporn Rungsritthong					
12. Mrs. Kasama Swetwathna					

- Remark: 1) x = Chairman of the Board, xx = Director, xxx = Member of the Audit Committee, xxxx = Independent Director, @ = Director with Signing Authority, / = Member of the Executive Committee, // = Executive, /// = Shareholder
- 2) Subsidiary under consolidated control and consolidated financial statements of the Company and subsidiary which are audited/reviewed by the auditor.
- 3) The figure in the parenthesis represents the shareholding in that company.
- 4) * = Proportion of shareholding through QIU Asset Co., Ltd. (relating to Mrs. Chortip Songwatana Vudhibhong, Mr. Benyam Songwatana and Mrs. Nisanee Songwatana).
- 5) ** = Proportion of shareholding through Pre-Proud Co., Ltd. (relating to QIU Asset Co., Ltd. and Mr. Varachai Songwatana).
- 6) *** = Proportion of shareholding through Cheer (Thailand) Co., Ltd. (relating to Mr. Relating to Mr.Visuth Vitayatanagorn).
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- 8) & = Proportion of shareholding through Boutique Consulting Group Co., Ltd. (relating to Mrs. Pratana Mongkolkul).

Positions as Executives and Control Persons of Entities

Name of Director / Executive / Control Person	Related Companies				
	46	47	48	49	50
1. Mr. Visuth Vitayatanagorn					
2. Mr. Picha Songwatana					
3. Mr. Varachai Songwatana					
4. Mrs. Chortip Songwatana Vudhibhong					
5. Mr. Benyiam Songwatana					
6. Mr. Omar Songwattana	/// (8.56%)	//			
7. Mrs. Pratana Mongkolkul			xxxx	xx, xxx	
8. Mr. Poolsak Tansitthipun					
9. Mr. Voravat Tantranont					
10. Mrs. Saowanee Kamolbutr					xxxx, xxx
11. Mrs. Jiraporn Rungsritthong					
12. Mrs. Kasama Swetwathna					

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- 2) Subsidiary under consolidated control and consolidated financial statements of the Company and subsidiary which are audited/reviewed by the auditor.
- 3) The figure in the parenthesis represents the shareholding in that company.
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- 5) ** = Proportion of shareholding through Pre-Proud Co., Ltd. (relating to QIU Asset Co., Ltd. and Mr. Varachai Songwatana).
- 6) *** = Proportion of shareholding through Cheer (Thailand) Co., Ltd. (relating to Mr. Relating to Mr.Visuth Vitayatanagorn).
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- 8) & = Proportion of shareholding through Boutique Consulting Group Co., Ltd. (relating to Mrs. Pratana Mongkolkul).

Subsidiary and Related Companies

Company Name	Business
Subsidiary	
Save Now 2494 Co., Ltd.	Wholesale and retail store
Related Companies	
Ka-Nomjeen Bangkok Co., Ltd.	Thai cuisine restaurant.
QIU Asset Co., Ltd.	Real property development.
T.K.S. Technologies Pcl.	Manufacturer of forms, continuous paper, security forms, other printing materials and continuous label stickers.
Be Wise (Thailand) Co., Ltd.	Sale of food and beverage/consignor of mother and baby products and cosmetics products branded Be Wise.
Pre-Proud Co., Ltd.	Owner of land properties on which Sriracha Branch is located.
P. Villa Co., Ltd.	Real property development.
Carabao Group Pcl.	Investment in other companies.
Q Farm Co., Ltd.	Agricultural product processing.
Key Point Construction Co., Ltd.	Construction service and distribution of construction materials.
Chareanchai and Son Agriculture	Warehouse leasing.
Choice Training Co., Ltd.	Training and seminar service provider.
Choice Property Co., Ltd.	Land and building leasing.
Choice Mini Store Co., Ltd.	Convenience store.
CR Chiangmai (Thailand) Co., Ltd.	Retailer of general goods.
C.E.O. Private Club Co., Ltd.	Consultancy and management service.
Dusit Thani Pcl.	Hotel and resort business and office management service.
The F1 Co., Ltd.	Real property development.
Tantraphan Supermarket (1994) Co., Ltd.	Supermarket.
T.T. Ceramic Pcl.	Manufacturer and distributor of ceramic tiles.
THAI HA Pcl.	Rice production, packaging and quality development.
Thai Vegetable Oil Pcl.	Distribution of animal feed and refined soybean oil
Boutique Consulting Group Co., Ltd.	Financial planning and solution services.
Boutique Property Management Co., Ltd.	Land, property and factory leasing.
Boutique International Group Co., Ltd.	Financial and capital planning services.
Thailandpost Co., Ltd.	Postal services.
Power Now Co., Ltd.	Uniform design.
Management and Psychology Co., Ltd.	Leadership development and training services.
Union Petrochemical Pcl.	Distributor of chemical products.
Living Etcetera Co., Ltd.	Distributor of household goods.
White Magnolia Co., Ltd.	Clothing retail store

Company Name	Business
Sappakit Administration Co., Ltd,	Legal and accounting consultancy services and accounting service.
Union Mosaic Industry Pcl.	Distributor, exporter and manufacturer of floor and wall tiles.
Ananda Development Pcl.	Real estate development and real estate project management.
Orpak Solution Co., Ltd.	IT programming service.
Arting Co., Ltd.	Distributor of furniture.
Interlink Communication Pcl.	Distributor of computer network devices and computer network installation service provider.
Chaiphirom Co., Ltd.	Legal, accounting, tax, management, engineering, architecture, and advertising services.
Prodigy Pcl.	Plastic package manufacturing.
Cheer (Thailand) Co., Ltd.	Investment in listed securities/companies/real estate properties.
Nakhonchaisi Oil Refinery Co., Ltd.	Long-term investment in other entities.
Chumseensup Co., Ltd.	Distributor of goods that are in line with the company's purpose.
Seng Heng Industry Co., Ltd.	Distributor of sewing threads.
Na Kob Co., Ltd.	Film and advisement.
Vapo Friendship Co., Ltd.	Real estate development.
At Bangkok Co., Ltd.	Manufacturer, designer and distributor of apparel products branded Flynow.
3 Link and friend Co., Ltd.	Real estate business chattel serving locations for various products.
Thai Airways International Pcl.	Transport and Logistics.
Aisance Co., Ltd.	Manufacture of Medical Cosmetics.
Glow Energy Pcl.	Energy and Utilities

Detail of the Subsidiary's directors

No.	Name/Position	Age (Yrs).	Education	Family Relationship with Executive	Shareholding in the Company (%)	Work Experience in the Past 5 Years			
						Period	Position	Company/Organization	Type of Business
1.	Ms. Nisanee Songwatana - Member of the Board of Director	40	Master of Business Administration, Strayer University, USA - Bachelor of Arts, Stamford International University	Daughter of Mr. Pricha; younger sister of Mrs. Chorthip; and elder sister of Mr. Benyiam	0.003	2016 - Present	- Director	Save Now 2494 Co., Ltd.	Retail Stores
						2017-2018	- Managing Director		
						2014 - 2017	- Chief Operating Officer	FN Factory Outlet Pcl.	Factory outlet business
						2000 - Present	- Director	Ka-Nomjeen Bangkok Co., Ltd.	Restaurant
						2006 - Present	- Director	QIU Asset Co., Ltd.	Real property trading
						2006 - Present	- Director	Bonne Sante Co., Ltd.	Distributor of health products
						2012 - Present	- Director	P. Villa Co., Ltd.	Real property trading
						2008 - Present	- Director	Q Farm Co., Ltd.	Agricultural product processing
						2014 - Present	- Director	Be Wise (Thailand) Co., Ltd.	Retailer of cosmetics
						2010 - 2016	- Assistant Manager	Jones Lang LaSalle Co., Ltd.	Real estate services
						2010 - 2014	- Director (Marketing)	FN Factory Outlet Co., Ltd.	Factory outlet business

No.	Name/Position	Age (Yrs).	Education	Family Relationship with Executive	Shareholding in the Company (%)	Work Experience in the Past 5 Years			
						Period	Position	Company/Organization	Type of Business
2.	Mrs. Chortip Songwatana Vhudhibhong - Member of the Board of Director	Details of Directors, Executives, Control Persons, and Company Secretary							
3.	Mrs. Jiraporn Rungsritthong - Member of the Board of Director								

Detail of the Subsidiary's directors

Name	Save Now 2494 Co., Ltd.
Mrs. Jiraporn Rungsritthong	X , @
Mrs. Chortip Songwatana Vhudhibhong	X , @
Ms. Nisanee Songwatana	X , @ , // , /// (0.01%)

Remarks: 1) X = Director, @ = Director with Signing Authority, // = Executive, /// = Shareholder

Report on Changes in Shareholding by Directors as of 31 December 2018

Name	Position	Number of Shares			% of Shareholding
		as of 31 December 2017	as of 31 December 2018	Increase/ (Decrease) in 2018	
Mr. Visuth Vitayatanagorn	- Chairman of the Board - Independent Director	-	-	-	-
Spouse and minor children		-	-	-	-
Mr. Pricha Songwatana	- Vice Chairman of the Board of Directors	-	-	-	-
Spouse and minor children		-	-	-	-
Mr. Varachai Songwatana	- Director	134,302,400	128,172,400	(6,130,000)	12.8172
Spouse and minor children		-	-	-	-
Mrs. Chortip Songwatana Vudhibhong	- Director	23,800	23,800	-	0.0024
Spouse and minor children		-	-	-	-
Mr. Benyiam Songwatana	- Director	23,800	23,800	-	0.0024
Spouse and minor children		-	-	-	-
Mr. Omar Songwattana	- Director	28,700,000	28,700,000	-	2.8700
Spouse and minor children		-	-	-	-
Mrs. Pratana Mongkolkul	- Independent Director	-	-	-	-
Spouse and minor children		-	-	-	-
Mr. Poolsak Tansitthipun	- Independent Director	-	-	-	-
Spouse and minor children		-	-	-	-
Mr. Voravat Tantranont	- Independent Director	-	-	-	-
Spouse and minor children		-	-	-	-
Mrs. Saowanee Kamolbutr	- Independent Director	-	-	-	-
Spouse and minor children		-	-	-	-

Report on Changes in Shareholding by Executives as of 31 December 2018

Name	Position	Number of Shares			% of Shareholding
		as of 31 December 2017	as of 31 December 2018	Increase/ (Decrease) in 2018	
Mr. Benyiam Songwatana	- Chief Executive Officer - Acting Chief Merchandising Officer	23,800	23,800	-	0.0024
Spouse and minor children		-	-	-	-
Mr. Pricha Songwatana	- Acting Chief Operating Officer	-	-	-	-
Spouse and minor children		-	-	-	-
Mrs. Chortip Songwatana Vudhibhong	- Chief Business Development Officer	23,800	23,800	-	0.0024
Spouse and minor children		-	-	-	-
Mrs. Jiraporn Rungsrithong	- Chief Financial Officer	-	-	-	-
Spouse and minor children		-	-	-	-
Mrs. Kasama Swetwiwathna	- Assistant Director Accounting Department	-	-	-	-
Spouse and minor children		-	-	-	-

Remark :

- Mr. Worachai Prayoonpruthamorn resigned as Chief Operating Officer position on 1 October 2018.
- Mrs. Kasama Swetwiwathna was appointed as Assistant Vice President, Accounting Department on 1 March 2018 and resigned from the position on 23 February 2019.

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Corporate Governance

Corporate Governance Policy

The Board has established the Corporate Governance Policy according to corporate governance principles, rules and regulations of the Stock Exchange of Thailand and applied the 2017 Corporate Governance Code (CG Code) issued by the Securities and Exchange Commission as operational framework of the Company's business. The Board annually reviews and updates the Corporate Governance Policy in light of changing situations and gives priority to the observance of the Corporate Governance Policy to ensure equitable and fair treatment of shareholders, transparency and accurate and adequate disclosure.

In addition, the Board has appointed Board committees to oversee internal audit, internal control, risk management, and corporate governance. Also, executives and employees are encouraged to work with transparency, fairness, and social and environmental responsibility to promote the confidence of all stakeholders in the Company's adherence to the corporate governance principle and potentials for sustainable growth.

The Corporate Governance Policy, Code of Conduct, whistle blowing channel, and the Anti-Corruption Policy are available on the Company's website to promote understanding and compliance by the directors, executives, employees at all levels, and all stakeholders and are also included in the onboarding programs for new directors, executives and employees of the Company.

The Board is committed to ensuring strict compliance with the policies and best practices and continuously improving the corporate governance practices of the Company to meet internationally-recognized corporate governance standards, particularly the ASEAN corporate governance standards, with the aim of building the stability, continuous growth and sustainability for the Company, its shareholders and all stakeholders. To this end, the Company focuses on maintaining and enhancing its corporate governance standards as well as fostering the corporate governance culture through the following activities:

- Prepare a corporate governance handbook and the Code of Conduct. Employees are required to study the Code of Conduct and pledge in writing their compliance therewith. This activity has been ongoing since 2016 and applied to both existing and new employees.
- Arrange onboarding program for new employees to facilitate their assimilation in relation to the corporate culture, corporate governance practices, Code of Conduct, and the spirit of the Company's Anti-Corruption Policy.
- Arrange training programs concerning the Corporate Governance Policy and the Anti-Corruption Policy to ensure that executives and employees understand and recognize the importance of the said policies as well as properly comply with the policies in order to lead the Company towards sustainable growth.

In 2018, the Company's corporate governance scores and recognition are as follows:

- The Company was rated "Very Good" in the 2018 Corporate Governance Report of Thai Listed Companies (CGR) by the Thai Institute of Directors Association.
- The Company was rated within the range of 80-89 points under the 2018 AGM Checklist assessment conducted by the Thai Investors Association.

Accordingly, the Company has formulated the Corporate Governance Policy which was divided into sections as follows:

Section 1: Rights of Shareholders and Equitable Treatment of Shareholders

Rights of Shareholders and Meetings of Shareholders

1. Shareholders shall have the right to buy, sell and transfer shares as well as to access accurate, complete, and transparent disclosure of news and information both in Thai and English regarding the Company's financial performance, important information to be released periodically through the Company's website and the Stock Exchange of Thailand's information system for the purpose of inclusive information dissemination.

2. Shareholders shall have equal rights to attend and exercise their voting rights at shareholder meetings, to receive profit sharing/dividends, and to be treated equally in the Company's share buyback.

3. Shareholders shall have the right to appoint their proxies to participate in such meeting by filling out the proxy forms developed by the Department of Business Development, Ministry of Commerce, in the event that shareholders are unable to attend the meeting in person. For their convenience, shareholders may appoint the Company's independent directors as their proxies who execute acts per the shareholders' expressed intents. Details of such independent directors and proxy forms are made available in the notice of meeting and on the Company's website.

4. Shareholders shall have the right to attend and exercise voting right during the meeting, except for the agenda items in which they have conflicts of interest. In addition, the chairman of the meeting shall allow shareholders to express their opinions and ask questions, which will also be recorded in the minutes of the meeting in order that shareholders who do not attend the meeting do not miss such information.

5. Shareholders shall have the right to make decisions on important matters motioned at the meetings of shareholders, other than matters that have been delegated to the Board such as the adoption of the minutes of the previous meeting, approval of annual financial statements, approval of profit allocation and dividend payment/omission, election of new directors to replace those who retire by rotation, determination of meeting allowance, bonus/reward, and other benefits of the directors, auditor appointment and audit fee, related-party transactions, and significant asset acquisition transactions.

6. Prior to each shareholder meeting, the Company shall arrange for independent inspectors who do not have any interest in the Company and/or institution representatives to examine meeting documents, check a quorum, count votes, and validate voting results and resolutions to ensure transparency and compliance with laws and the Company's Articles of Association.

7. The Company shall not add agenda items or change important information without prior notice to shareholders in advance of the meetings of shareholders.

8. The Company shall facilitate convenience of shareholders and encourage them to attend the meetings of shareholders by holding meetings in at a venue that is easily accessible.

Rights to receive information relevant to the meetings of shareholders

1. The Company shall prepare a notice of meeting, with the agenda of the meeting and related information, including the opinion of the Board on each proposed agenda item, related rules and procedures applicable to meeting participation. The notice of meeting shall be sent to shareholders at least 14 days prior to the meeting date and posted on the Company's website at least 28 days before the meeting date.

2. Shareholders shall have the right to receive information and details pertaining to the agenda item of director election. The notice of meeting shall have the profiles of persons nominated for election as directors, the types of directors to be nominated, their attendance of meetings in the previous year, and the date of their first appointments as directors. Voting shall be cast for each nominee individually to allow shareholders the freedom to elect the directors as they see fit.

3. Shareholders shall have the right to receive information and details pertaining to the agenda item of auditor appointment and audit fee. The notice of meeting shall contain clear details of the auditors nominated for appointment, their companies, experience, competence, independence, and fee.

4. Shareholders shall have the right to be clearly informed of the voting procedure, the use of ballots, and vote counting applicable to each agenda item prior to the meeting.

5. For transparency and verifiability, ballots shall be used for every item on the meeting agenda. For the accurate and fast vote counting, the Company uses a computerized system for registration and voting.

6. Shareholders shall have the right to be informed of the Board's resolutions pertaining to the details of the meeting, record dates for the meeting and dividend entitlement, and meeting agenda in advance of the meeting date through the Company's website and the Stock Exchange of Thailand's information system.

7. After the meeting of shareholders, the minutes of the meeting, which contain records of matters discussed according to the meeting agenda, resolutions, numbers of approval votes, disapproval votes and abstentions, and opinions and questions raised at the meeting, shall be prepared and submitted to the Securities and Exchange Commission and the Stock Exchange of Thailand within 14 days from the meeting date. The minutes of meeting shall also be disseminated on the Company's website.

Rights to propose items to be included in the agenda of the meeting of shareholders and to nominate qualified candidates for directorship

The Company shall allow shareholders to propose items to be included in the meeting agenda, to nominate qualified candidates for directorship, and to submit their opinions and questions regarding the Company to the Board at least 1 month in advance of the date of the annual general meeting of shareholders according to the criteria announced on the Company's website.

In 2018, the Company invited shareholders to propose items to be included in the meeting agenda, to nominate qualified candidates for directorship, and to submit their opinions and questions regarding the Company to the Board in advance whereby the applicable means and procedures were disclosed on the Company's website from 25 October 2018 to 31 December 2018.

Rights of the Board and Board committees to Attend the Meeting of Shareholders

1. The Company shall encourage and urge the chairman of the Board, directors, chief executive officer and executives of the Company to attend every meeting of the shareholders to meet with shareholders and answer their questions.

2. The Company shall encourage and urge the chairman of every Board committee of the Company to attend every meeting of the shareholders to answer shareholders' questions that concern such Board committees.

Section 2: Roles of Stakeholders

The Company recognizes the equal rights of all stakeholders, whether external stakeholders such as shareholders, customers, business partners, competitors, creditors, society, communities, environment and relevant government agencies, and internal stakeholders such as employees. These stakeholders are key to the Company's development, success, continuous growth, and sustainability.

Therefore, the Company has defined and published on its website the Corporate Governance Policy and the Code of Conduct enumerating practices applicable to the treatment of each stakeholder in order to promote good understanding among stakeholders and provide guidelines for directors, executives and employees at all levels. Details are as follows:

Shareholders: The Company recognizes the basic rights that all shareholders equally share, clearly defines operating guidelines based on the corporate governance principles, and makes accurate and transparent disclosure of information. In addition, the Company implements effective internal control and risk management system and the Anti-Corruption Policy and adequately provides communication channels. These efforts are made to bolster shareholders' confidence that the Company conducts its business with transparency, strives to achieve solid growth and returns for shareholders in the long run.

Customers: The Company is committed to achieve the highest level of customer satisfaction. To this end, the Company is committed to the continuous development of products and services and their quality with environmental considerations in mind. Materials are carefully selected and the production processes of satisfactory standards are implemented to ensure the quality of goods, products and services delivered at reasonable prices. In addition, customer satisfaction surveys are regularly conducted and multiple channels for customer complaints are provided, including the channel of the Company's website. Information of customers filing complaints is treated with confidentiality and complaints that are considered significant are escalated to the Board for resolution.

Business Partners: In conducting business, the Company gives consideration to equality on the basis of fairness and mutual benefit. The business partner selection processes, procedures and practices are clearly defined and developed in recognition of fairness and transparency to protect the Company's reputation and uphold standards and good corporate governance principles. Contracts and business conditions are fair and compliant with laws. It is the Company's policy to not accept money, assets or benefit that are considered undue from its business partners and not support business partners committing misconduct, being involved in corruption, or infringing human rights.

Competitors: The Company conducts its business in accordance with the fair competition principles, trade competition laws, and business ethics. The Company refrains from committing corruption, defaming its competitors, directly or indirectly obtaining trade secrets of competitors through unlawful means, disclosing competitors' information in all circumstances, and infringing intellectual properties of others.

Creditors: The Company treats all debtors equally and fairly by strictly complying with contractual terms and conditions to assure the creditors of the Company's financial position and ability to service all debts punctually. If there are changes of terms and conditions or incidents that significantly affect the Company's financial position with potential impact on its debt servicing ability, the Company shall inform its creditors accordingly to jointly identify solutions.

Community, Society, and Environment: In conducting its business, the Company gives consideration to the impact on communities, society, and environment and attaches importance to social activities and activities of communities in which it operates. In addition, the Company enforces the Occupational Health, Safety and Environment Policy and urges executives and employees at all levels to use resources efficiently and effectively and operate with safety consciousness, environmental concerns, and stakeholder consideration to drive the Company towards sustainable growth.

Employees: The Company recognizes that employees are valuable resources and key drivers of the Company's success. The Company observes the principles of the human rights and treats all level of employees and stakeholders equally without distinction of any kind, such as race, religion, sex and culture as well as does not violate the basic human rights. The Company also upholds labor laws and fair employment practices. Employment contracts contain fair conditions and the pay structure is based on competencies, capability and functional responsibilities with appropriate compensation and benefit system. The Company provides appropriate welfare packages that are commensurate with its position to executives and employees and ensures that work environment is conducive to the safety of lives, health and assets. Employees are entitled to take leave and apply for job transfer as appropriate and the channels for communication between employees and senior executives are established. Employees are continuously encouraged to regularly participate in internal and external training programs as appropriate and necessary to develop their skills and knowledge according to their positions. The Company respects the principles of human rights and treats all employees equally without relationship-based preferential treatment.

Government: The Company supports operations of the government sector and complies with the regulations and policies of the regulators. In parallel, the Company consistently supports and participates in activities organized by the governmental organizations with the aim of contributing to the nation's growth and stability. The Company respects intellectual property and proprietary rights and conforms with laws and rules governing this aspect. The Company shall not commit or support violation of intellectual properties, whether copyright, patent, trade secret, trademark, information, trade name and geographical indication and any other types of intellectual properties. In this respect, the Company has set the policy that its directors, executives, employees and staff shall comply with the said laws to ensure transparency, fairness and verifiability of the Company's business conducts. Furthermore, the Company shall not do business or work with individuals or entities infringing intellectual property rights.

Section 3: Disclosure and Transparency

The Company attaches importance to accurate, complete and transparent disclosure of information in accordance with guidelines set forth by the Stock Exchanges of Thailand with a view to enabling all stakeholders, investors, analysts, related parties, and interested persons to equally receive information, both Thai and English, disclosed according to accounting periods and upon important incidents as detailed below.

1. The Company's important documents, the Corporate Governance Policy, the Code of Conduct, the certification of incorporation, the Articles of association, the Memorandum of Association, and notices and minutes of meetings of shareholders.

2. Financial information, reports of the Board of Directors' responsibility for financial reporting together with auditor's reports, management discussion and analysis, general information and important information disclosed in annual reports, and annual registration statement that are correct, complete, timely and in accordance with requirements stipulated by the Securities and Exchange Commission and the Stock Exchanges of Thailand.

3. Structure, roles and responsibilities of the Board and Board committees including the number of meetings held and the number of meetings attended by individual director.

4. Remunerations of directors, Chief Executive Officer and executives and comparable industry benchmark. Remunerations of Chief Executive Officer and executives are based on the guidelines and policies given by the Board in accordance with the framework approved by the meetings of shareholders and in the Company's best interest. Such remunerations are performance-based and reviewed by the Nomination and Remuneration Committee before being proposed to the Board and subsequently to the meeting of shareholders.

5. Reports on conflicts of interest of directors, executives and related parties. Upon the first appointment of each individual as director or executive or upon the change of information about conflicts of interest, the Company Secretary will prepare the report to be completed by directors and its copy must be submitted to the Chairman of the Board and the Chairman of the Audit Committee within 7 business days from the date the report is received.

6. The Company consistently updates information and publishes important information through the Company's website and the information system of the Stock Exchange of Thailand.

The Company's Investor Relations Department is responsible for communicating with institutional investors, retail investors, shareholders, analysts and relevant government agencies equally and fairly. Shareholders may contact the Investor Relations Department via e-mail at ir@fnoutlet.com to request additional information. In 2018, meetings between the Chief Executive Officer or senior executives and institutional investors, analysts, retail investors, and shareholders were held regularly in the forms of, for example, site visits at outlets for clearer picture of the Company's business, company visit, one-on-one meetings, conference calls, and the opportunity day event organized by the Stock Exchange of Thailand as a forum for investors to gain information about the Company's business directions and strategy.

Section 4: Board Responsibilities

As the representatives of the shareholders, the Board is chiefly responsible for formulating the Company's vision, mission, policies and strategies, overseeing the management's performance for alignment with established policies and strategies for the best interest of shareholders, and reviewing the performance of the Company against predetermined plans. It is therefore imperative for the Board to consist of qualified individuals with diverse knowledge, abilities and experiences in order for it to be able to develop policies that will direct the Company toward success.

In addition, the Board recognizes the importance of accurate, complete, transparent, inclusive and timely disclosure to shareholders and all related parties. Information disclosed includes financial reports, performance, other relevant information, including information that may affect the share price. Such disclosure is intended to support decisions of shareholders, investors and other related parties in accordance with the corporate governance principles and is made via mail, the Company's website, and the information system of the Stock Exchange of Thailand.

Board Structure

The Board has mandated that the Board structure reflect a diverse mix of gender, skills, experience and abilities that benefits and adequately contributes to the Board's effective performance. The Board consist of 10 directors, of which one-half or 5 are independent directors to ensure proper checks balances. The qualifications of independent directors comply with criteria stipulated by the Securities and Exchange Commission under Clause 17 of the Capital Market Supervisory Board's Notification No. ThorJor. 39/2559 Re: Application for Approval and Granting of Approval for Offering of Newly Issued Shares dated 30 September 2016 (Codified). The Board appointed Board committees, namely the Audit Committee, the Nomination and Remuneration Committee, the Risk Management Committee, the Good Corporate Governance Committee, and the Executive Committee. The charters of the Board and the 5 Board committees which sets out their composition, qualifications, tenure, quorum, and scope of duties and responsibilities have been developed by the Company and published on the Company's website separately. (The scope of duties and responsibilities of the Board is disclosed under Part Management Structure.)

The quorum of the Board and Board committees is defined to require at least two-thirds of the total seats to vote. Tenure is additionally incorporated in the qualification criteria applicable to independent directors as follows:

Tenure of Directors

The tenure of independent directors shall not exceed 3 consecutive terms (9 years in total). This rule shall be effective as of the Extraordinary General Meeting of Shareholders No. 1/2016 held on 9 May 2016 per the resolution to approve the appointment of the Board. Each director shall be deemed to have completed an office term at an annual general meeting of shareholders (AGM) in a year that he/she is due to retire by rotation and may be nominated by the Board, as it deems appropriate, to the AGM for re-election by shareholders but such director shall no longer be considered an independent director.

Code of Conduct

The Board ensures that the Code of Conduct is developed as a guideline that directors, executives and employees and compliance therewith is considered their common duty and responsibility for the best interest of the stakeholders and the Company's credibility and sustainable growth.

Risk Management Policy

The Board has established the Risk Management Policy that is enterprise-wide and covers the end-to-end risk management process, from risk identification, risk assessment, risk monitoring and control, and risk management standards, for effective and continuous risk management.

Director and Executive Remuneration Criteria

The Company has a clear and transparent set of remuneration criteria. The Nomination and Remuneration Committee is responsible for proposing the director and executive remuneration to the Board for endorsement and the shareholders for approval. The remuneration criteria are based on the financial position of the Company and the scope of work and responsibilities of each director and executive to ensure that the remuneration is competitive, comparable with the benchmarks of the same or similar industry, and effective in attracting and retaining competent directors. All directors understand their duties as Board members and are committed to independently and freely sharing their opinions and relentlessly develop themselves. In addition, they perform duties with integrity, prudence and due care for the best interest of the Company and fairness to all shareholders. Each and every director has devoted their time to fully and adequately fulfill their duties and responsibilities and to attend all meetings regularly, except in case of unavoidable necessity.

Succession Plan

The Company is cognizant of the importance of effective performance and business continuity and thus has established executive selection policies and criteria and succession planning policies which promote transparent nomination and selection processes that are based on knowledge, abilities, experience and ethics as follows:

- 1) Identify key positions of each business/unit/department.
- 2) Identify the desired qualifications of successors.
- 3) Draw up a list of executives in each business/unit/department who are qualified and ready to be successors.
- 4) Draw up a list of employees who are considered talents and potential successors in the future.
- 5) Formulate development plans for the successors and employees and executives who are potential successors.
- 6) Prepare and review a succession plan annually and propose it to the Board.

Section 5: Internal Control and Risk Management

Internal Control and Internal Audit

Recognizing the importance of the internal control and internal audit, the Company assigns the Audit Committee to oversee the internal control and the internal audit, review the adequacy of the internal control, undertake the analysis, management and improvement of internal audit and internal control for optimized effectiveness and suitability to the Company's business, and exercise oversight in a bid to prevent conflicts of interest, corruption or misconduct in a bid to promote the Company's performance effectiveness. The Audit Committee is also responsible for enabling and ensuring the Company's compliance with the Corporate Governance Policy, the Code of Conduct and applicable regulations and laws. In addition, Internal Audit team as a mechanism for proper audit and checks and balances and is mandated to directly report to the Audit Committee to ensure its independence in auditing and reviewing the effectiveness and adequacy of internal control.

Risk Management

The Company gives importance to the management of risks that may arise in business operations as a result of internal and external factors in recognition that effective risk management is a foundation for the Company's achievement of its goals and mission set out in its strategy. Therefore, the Company appointed the Risk Management Committee to oversee the Company's risk management. The Risk Management Committee to oversee the Company's risk management performance against targets, establish risk management policies and measures to be upheld by executives and employees at all levels, and assess and manage all risk associated with the Company, i.e. strategic risk, operational risk, financial risk, IT risk, political risk and natural disaster risk. The Risk Management Committee is mandated to report these risks to the Board in order to identify effective risk management solutions and methods.

Section 6: Avoidance in Conflicts of Interest

The Board has established measures to prevent potential conflicts of interest and rules that directors, executives and employees at all levels shall not seek personal gain that involves potential conflicts of interest or material transactions of the Company such as related-party transactions and/or the acquisition or disposal of the Company's assets. Accordingly, policies, practices and procedures governing the consideration and approval of these transactions have been established in accordance with the applicable internal control framework applicable to related-party transactions, the rules of authorities regulating listed companies, and the relevant laws.

Section 7: Business Ethics and Code of Conduct

Observance of the highest standards of ethics for the benefit of stakeholders is crucial to Company's positive image and reputation. The Board has established the Code of Conduct which sets out practices that directors, executives, and employees should uphold to demonstrate responsibility, honesty, integrity, confidentiality, professional ethics, and compliance with rules and regulations that are a foundation for bolstering the trust and confidence of all stakeholders and related parties in the Company.

Board Committees

The Company has 5 Board committees, namely the Audit Committee, the Nomination and Remuneration Committee, the Risk Management Committee, the Good Corporate Governance Committee, and the Executive Committee, as detailed under Part : Management Structure. The Board, at its Meeting No. 1/2018 on 28 February 2018, reviewed and approved the scope of duties and responsibilities of each Board committee as follows:

Audit Committee

As of 31 December 2018, the Audit Committee is comprised of 3 members as follows:

No.	Name	Position
1.	Mr. Poolsak Tansitthipun	Chairman of the Audit Committee / Independent Director
2.	Mr. Voravat Tantranont	Member of the Audit Committee / Independent Director
3.	Mrs. Saowanee Kamolbutr	Member of the Audit Committee / Independent Director

Remark: - The member of the Audit Committee with knowledge and experience in auditing financial statements is Mrs. Saowanee Kamolbutr who received a Bachelor's Degree in Political Science from Thammasat University and a Master's Degree in Political Science from Thammasat University. Currently, she serves on the audit committees of 3 listed companies, namely Carabao Group Public Company Limited, Glow Energy Public Company Limited and T.K.S. Technology Public Company Limited.

- Secretary to the Audit Committee is Mrs. Jiraporn Rungsritthong.

Scope of Authority, Duties and Responsibilities of the Audit Committee

- 1) Review and ensure the Company's compliance with securities and exchange laws, regulations of the Stock Exchange of Thailand, relevant laws governing the Company's business, and the Company's policies, rules and regulations.

- 2) Review the Company's financial reporting to ensure their accuracy and conformity to the generally accepted accounting standards and other relevant specific laws. The Audit Committee is to ensure accurate, adequate and complete disclosure of information, especially in case of transactions that involve connected interests or conflicts of interest.
- 3) Review and ensure that the financial reporting system is in accordance with the generally accepted accounting standards.
- 4) Consider and propose the appointment of an external auditor and the auditor's fee to the Board and assess the independence and performance effectiveness of the appointed external auditor. The Audit Committee shall hold a meeting with the auditor without participation by the management at least once a year.
- 5) Coordinate with the external auditor to ensure the independence and fairness of the audit process.
- 6) Consider and review the observations raised by the external auditor and the internal auditor regarding transactions with connected interest and potential conflicts of interest in compliance with applicable laws and rules of the Stock Exchange of Thailand to ensure reasonableness of such transaction and the best interest of the Company.
- 7) Conduct a review to ensure that the Company's internal control and internal audit are appropriate and effective according to international standards and practices.
- 8) Review and approve the Internal Audit Charter, the internal audit plan and methodology. Assess the Company's audit performance and other operations according to the generally accepted standards and methodologies.
- 9) Exercise oversight to ensure that the Company has preventive measures and processes to mitigate or prevent the loss and waste of resources with a view to optimize benefits and operational efficiency and effectiveness of the Company.
- 10) Review the Company's risk management system and recommend improvements thereto for the continuous effectiveness of the system.
- 11) Review the suitability of IT systems that are relevant to internal control, financial reporting, and risk management, as well as recommend improvements thereto for the continuous effectiveness of the systems.
- 12) Review the internal fraud monitoring and detection system of the Company.
- 13) Approve budget and manpower plan of the Internal Audit Department.
- 14) Appoint, dismiss, transfer, or terminate the employment of the Head of the Internal Audit Department.
- 15) The Audit Committee has the authority to engage professional consultants, subject to the Board's sign-off, to provide independent opinions on matters as and when necessary. The expenses incurred shall be absorbed by the Company and the hiring process shall follow the Company's rules and regulations regarding such matter.

- 16) Perform any other tasks as required by laws or assigned by the Board. In conducting businesses under the scope of its duties and authority, the Audit Committee is vested with the authority to invite or instruct the management or department heads or employees to provide opinions, participate in meetings, or submit any document as it deems relevant and necessary.
- 17) Conduct an annual self-assessment of according to the assessment process established by the Audit Committee and report the assessment results to the Board.

Tenure of the Audit Committee Members

Each member of the Audit Committee has an office term of 3 years. In the event that a seat on the Audit Committee becomes vacant for any reasons other than the retirement by rotation, the Board may appoint an individual who is fully qualified as a replacement to fill the vacancy according to the number of total seats specified in the Charter of the Audit Committee. The term of the replacement shall be equal to the remainder of the term of the member whom he/she replaces. Members of the Audit Committee shall be considered to have vacated their office upon:

- Office term completion
- Disqualification as a member of the Audit Committee
- Death
- Resignation
- Removal from office by laws
- Being sentenced by the court's final order or lawful order to imprisonment except for offences of negligence or petty offences
- Being incompetent or quasi-incompetent
- Being bankrupt
- In cases where a member of the Audit Committee wishes to resign before the expiry of office term, he/she should notify the Company of the resignation and reasons at least 1 month in advance. The Board shall appoint an individual who is fully qualified to replace the resigned member and report the changes to the Securities and Exchange Commission and the Stock Exchange of Thailand.

Executive Committee

As of 31 December 2018, the Executive Committee is comprised of 4 members as follows:

No.	Name	Position
1.	Mr. Pricha Songwatana	Chairman of the Executive Committee
2.	Mr. Benyiam Songwatana	Member of the Executive Committee
3.	Mrs. Chortip Songwatana Vhudhibhong	Member of the Executive Committee
4.	Mrs. Jiraporn Rungsritthong	Member of the Executive Committee

Scope of Authority, Duties and Responsibilities of the Executive Committee

- 1) Manage and operate the Company's business in accordance with policies, guideline, handbooks, and as established, approved, endorsed or assigned by the Board and assess the performance in this respect.
- 2) Consider and review the business plan and annual budget plan before proposed thereof to the Board.
- 3) Set, review, revise and update the corporate business direction and strategy for alignment with the Company's business policies.
- 4) Consider and approve investment, asset acquisition and divestment, procurement, lending and borrowing, asset leasing, and expense disbursement according to the authority matrix and limits approved by the Board and the cancellation of agreements or acts relating to such transactions.
- 5) Consider and endorse the organization structure of the Company from the management level down.
- 6) Consider, appoint or assign the appointment of executives at the C-level.
- 7) Approve policies, handbooks, operating procedures, rules, and regulations as well as promote innovations that create value for the business and benefits for customers and stakeholders with social and environmental responsibility.
- 8) Consider annual increase and bonus payment criteria applicable to executives and employees of the Company prior to proposal thereof to the Nomination and Remuneration Committee for consideration.
- 9) Oversee the management's performance to alignment with policies, criteria, manuals, and business plans established or approved by the Board.
- 10) Screen and give recommendation on the matters to be proposed to the Board.
- 11) Consider, execute and approve any other matters as assigned by the Board.

The delegation of aforementioned authority, duties and responsibilities by the Executive Committee shall exclude the delegation or sub-delegation of authority to approve any transactions in which the Executive Committee or the delegates have conflicts of interest (as defined by the notifications of the Capital Market Supervisory Board). Such transactions shall be proposed to and approved by the Board and/or the meetings of shareholders (as applicable) in accordance with applicable rules of the Company or laws.

Tenure of the Executive Committee Members

- 1) The office term of each member of the Executive Committee shall be as stipulated by the Board, i.e. 3 years or equal to the remainder of the term of the member whom he/she replaces.
- 2) Members of the Executive Committee who has completed their office term may be re-appointed by the Board.

Nomination and Remuneration Committee

As of 31 December 2018, the Executive Committee is comprised of 3 members as follows:

No.	Name	Position
1.	Mr. Poolsak Tansithipun	Chairman of the Nomination and Remuneration Committee
2.	Mr. Voravat Tantranont	Member of the Nomination and Remuneration Committee
3.	Mrs. Pratana Mongkolkul	Member of the Nomination and Remuneration Committee

Scope of Authority, Duties and Responsibilities of the Nomination and Remuneration Committee

- 1) Consider the policies and criteria for identifying, selecting, and nominating qualified candidates for the positions of director, chairman of the Executive Committee, and Chief Executive Officer. The Nomination and Remuneration Committee is also responsible for determining the remuneration and benefits of directors in addition to assessing the performance and determining and proposing the annual remuneration of the Chief Executive Officer to the Board and/or the meeting of shareholders as applicable.
- 2) Assess the performance and consider the adjustment of the annual remuneration and long-term incentive of the Chief Executive Officer.
- 3) Consider the annual merit increase and bonus payment criteria applicable to executives and employees of the Company.

Tenure of the Nomination and Remuneration Committee Members

- 1) The office term of each member of the Nomination and Remuneration Committee shall be 3 years and concurrent with their directorship. To ensure continuity, members of the Nomination and Remuneration Committee who have completed their office term may be re-appointed.
- 2) Members of the Nomination and Remuneration Committee shall be considered to have vacated their office upon:
 - Office term completion
 - Termination of directorship
 - Resignation
 - Death
 - Removal from office by the Board's resolution

Risk Management Committee

As of 31 December 2018, the Executive Committee is comprised of 3 members as follows:

No.	Name	Position
1.	Mrs. Pratana Mongkolkul	Chairman of the Risk Management Committee
2.	Mr. Benyiam Songwatana	Member of the Risk Management Committee
3.	Mrs. Saowanee Kamolbutr	Member of the Risk Management Committee

Scope of Authority, Duties and Responsibilities of the Risk Management Committee

- 1) Formulate the Risk Management Policy as well as review and endorse the risk appetite prior to proposal thereof to the Board for approval.
- 2) Oversee compliance with the Risk Management Policy approved by the Board.
- 3) Continuously improve the risk management framework to ensure effective enterprise-wide risk management system and implementation.
- 4) Review the risk management report to monitor material risks and ensure that the Company's risk management system is adequate and appropriate.
- 5) Work with the Audit Committee on key risk issues to ensure that the Company's internal control system is effective for risk management and the risk management system is appropriately implemented enterprise-wide.
- 6) Report risk issues and material risk management to the Board.
- 7) Provide advice and consultation to departments, individuals or working teams responsible for risk management and consider appropriate approaches to developing the risk management system.
- 8) Appoint employees or working team responsible for risk management activities as appropriate and define their roles, duties and responsibilities to support successful execution.
- 9) Perform any other acts relating to risk management as assigned by the Board.

Tenure of the Risk Management Committee Members

- 1) The office term of each member of the Risk Management Committee shall be 3 years and they may be re-appointed as deemed appropriate by the Board.
- 2) Members of the Risk Management Committee shall vacate their office upon their office term completion or their resignation. The Board shall appoint an individual to fill the vacant seat. The term of the replacement shall be equal to the remainder of the term of the member whom he/she replaces.

Good Corporate Governance Committee

As of 31 December 2018, the Executive Committee is comprised of 3 members as follows:

No.	Name	Position
1.	Mrs. Saowanee Kamolbutr	Chairman of the Good Corporate Governance Committee
2.	Mrs. Pratana Mongkolkul	Member of the Good Corporate Governance Committee
3.	Mrs. Chortip Songwatana Vhudhibhong	Member of the Good Corporate Governance Committee

Scope of Authority, Duties and Responsibilities of the Good Corporate Governance Committee

- 1) Consider, review and propose for the Board's approval the Corporate Governance Policy, the Code of Conduct, the Environmental and Social Responsibility Policy, and the Anti-Corruption Policy as well as encourage compliance therewith
- 2) Encourage, monitor, and support compliance with the Corporate Governance Policy, the Code of Conduct, the Environmental and Social Responsibility Policy, and the Anti-Corruption Policy among employees of the Company and its subsidiaries and stakeholders.
- 3) Monitor and review operations and systems to ensure compliance with the Corporate Governance Policy, the Code of Conduct, the Environmental and Social Responsibility Policy, and the Anti-Corruption Policy.
- 4) Monitor and report the implementation of the corporate governance plan to the Board.

Tenure of the Good Corporate Governance Committee Members

- 1) The office term of each member of the Good Corporate Governance Committee shall be 3 years and concurrent with their directorship. To ensure continuity, members of the Good Corporate Governance Committee who have completed their office term may be re-appointed.
- 3) Members of the Good Corporate Governance Committee shall be considered to have vacated their office upon:
 - Office term completion
 - Termination of directorship
 - Resignation
 - Death
 - Removal from office by the Board's resolution

Performance Assessment of the Board, Board Committees and Chief Executive Officer

To align with the good corporate governance principles for listed companies, the Board arranged for the assessments of the Board, the Board Committees, and the Chief Executive Officer least annually. The Board assessment addresses: Board structure and qualifications of directors, Board meetings, and roles, duties and responsibilities of directors. The Chief Executive Officer assessment is divided into the performance category and the development category. In 2018, the average assessment results are as follows:

Assessment	Result*
Self-assessment of the Board	Good
Self-assessment of individual directors	Good
Self-assessment of the Board committees	Good
Self-assessment of individual members of the Board committees	Good
Assessment of the Chief Executive Officer	Good

Remark : The definitions of scores used in the assessments are as follows:

- 1 = Disagree or minimal action on such matter (Need Improvement)
- 2 = Agree or reasonable action on such matter (Fair)
- 3 = Strongly agree or effective action on such matter (Good)
- 4 = Totally agree or excellent action on such matter (Excellence)

Nomination of the Board, Board Committees and Executives

Individuals to be nominated for the positions of directors and executives of the Company must fully meet the qualification requirements pursuant to Section 68 of the Public Limited Companies Act B.E. 2535 and the Notification of the Capital Market Supervisory Board No. 39/2559 ThorJor. Re: Application for Approval and Granting of Approval for Offering of Newly Issued Shares dated 30 September 2016 (Codified). Nominated individuals must have no prohibited characteristics as prescribed in the Notification of the Securities and Exchange Commission regarding executives of companies issuing securities. In addition, directors and executives must not have record of law violation during the past 10 years prior to the filing of the application, must not be declared bankrupt by the court's final judgment, nor violated the rules, regulations, notifications, orders, resolution of the boards, listing agreement with the Stock Exchange of Thailand, and the circulars of the Stock Exchange of Thailand, nor have been involved in pending dispute or litigation. The Company has set the criteria regarding the composition and nomination of each committee and executive as follows:

Board Composition and Nomination

1) The Company has the Board which is responsible for the overall operations of the Company. The Board consists of at least 5 directors and at least one-half of the directors must be domiciled in Thailand. The directors must possess the qualifications as required by the laws.

2) At least one-third of the total number of directors, but not less than three directors, must be independent directors with qualifications as required by the Securities and Exchange Commission and the Stock Exchange of Thailand

3) The meetings of shareholders shall appoint directors according to the following criteria and method.

- a. One share equals one vote.
- b. Each shareholder may cast all their votes for a single nominee or divide their votes for multiple nominees at any number.
- c. Nominees receiving the highest totals of votes are elected for the Board according to the number of Board seats available or open for election. In case of a vote tie for the last open seat, the chairman shall have a deciding vote.

4) The Board shall elect a director as Chairman of the Board and may elect a director or directors as Vice Chairman or Vice Chairmen to perform duties as specified in the Company's Articles of Association and as assigned by the Chairman.

Audit Committee Composition and Nomination

- 1) The Audit Committee consists of at least 3 independent directors.
- 2) At least 1 member of the Audit Committee shall have knowledge, background or experience in accounting or finance and current knowledge about the changes in financial reporting.
- 3) Members of the Audit Committee shall have qualifications as follows:
 - a. Having qualifications as required by the relevant laws, particularly the laws on securities and exchange, and the regulations of the Stock Exchange of Thailand
 - b. Not being appointed as representative to protect the benefit of directors, major shareholders or related parties of the major shareholders.
 - c. Being able to perform duties and provide opinions or report the performance of assigned duties with independence from the control of the Company's executives or major shareholders, including their related parties or close relatives.
 - d. Being credible and widely recognized.
 - e. Being able to adequately dedicate time to their duties as members of the Audit Committee.

4) Each member of the Audit Committee shall not hold shares in excess of 1% of the total number of voting shares of the Company, or the Company's parent company, subsidiaries, associated companies, major shareholders, or persons with controlling interest, whilst the number of shares held by any related person of such member of the Audit Committee must also be counted.

Qualifications of Independent Directors

- Must not hold shares in excess of 1% of the total number of voting shares of the Company, or the Company's parent company, subsidiaries, associated companies, major shareholders, or persons with controlling interest, whilst the number of shares held by any related person of such independent director must also be counted.

- Is not or has not been a director participating in management role, or an employee, an officer, an advisor who receives regular salary, or a person with controlling interest, of the Company or of the Company's parent company, subsidiaries, associated companies, sister companies, major shareholders, or of persons with controlling interest of the Company, unless such an independent director has not possessed the characteristics referred to above for at least 2 years prior to the date on which a permission is sought from the SEC. Such prohibited characteristics shall not apply to an independent director who used to be a government officer or an advisor to a government authority, which is major shareholder or person with controlling interest of the Company.
- Is not a person having blood relationship or relationship through legal registration as a father, mother, spouse, sibling, child, or a spouse of a child of an executive, a major shareholder, a person with controlling interest, or a person to be nominated as an executive or a person with controlling interest of the Company or its subsidiaries.
- Does not have or has not had any business relationship with the Company, the Company's parent company, subsidiaries, associated companies, major shareholders, or persons with controlling interest in a manner that may obstruct one's independent judgment, and is not or has not been a significant shareholder or a person with controlling interest of the person that has business relationship with the Company, or the Company's parent company, subsidiaries, associated companies, major shareholders, or persons with controlling interest of the Company, unless such an independent director has not possessed the characteristics referred to above for at least 2 years prior to the date on which a permission is sought from the SEC.
- Is not or has not been an auditor of the Company or the Company's parent company, subsidiaries, associated companies, major shareholders, or persons with controlling interest, and is not a significant shareholder of a person with controlling interest, or a partner of any audit firm or office which the auditor of the Company, or the Company's parent company, subsidiaries, associated companies, major shareholders, or persons with controlling interest of the Company is working for, unless such an independent director has not possessed the characteristics referred to above for at least 2 years prior to the date on which a permission is sought from the SEC.
- Is not or has not been any professional service provider, including legal or financial advisor who obtains fee of more than Baht 2 million per year from the Company, the Company's parent company, subsidiaries, associated companies, major shareholders, or persons with controlling interest of the Company, and is not a significant shareholder, a person with controlling interest, or a partner of any of such professional service provider, unless such an independent director has not possessed the characteristics referred to above for at least 2 years prior to the date on which a permission is sought from the SEC.
- Is not a director appointed as a representative of a director of the Company, major shareholders, or shareholders who are related parties of major shareholders.

- Does not engage in any business which is the same as or in significant rival with the Company or the Company's subsidiaries, or is not a significant partner in a partnership, or a director participating in management role, an employee, an officer, an advisor obtaining regular salary from, or a shareholder holding more than 1 percent of the shares with voting rights of other companies engaging in any business which is the same as or in significant rival with the Company or the Company's subsidiaries.
- Does not have any other characteristics which may restrict such person from rendering independent opinions on the Company's operations.
- Independent directors whose qualifications meet the above criteria may be assigned by the Board to make collective decisions about the business operations of the Company, the Company's parent company, subsidiaries, associate companies, sister companies, major shareholders or persons with controlling interest.

Qualifications of the Audit Committee

The qualification criteria applicable to the Audit Committee are the same as those applicable to independent directors with the following additional qualification requirements.

- Is not appointed by the Board to make decisions regarding the operation of the Company, the Company's parent company, subsidiaries, associated companies, sister companies, major shareholders, or persons with controlling interest.
- Is not a director of the Company's parent company, subsidiaries or sister companies that are listed companies.
- Possesses adequate knowledge and experience to fulfil his/her duties as member of the Audit Committee. At least 1 member of the Audit Committee shall have adequate knowledge and experience to review the reliability of financial statements.
- Having the duties as specified in the Stock Exchange of Thailand's Notification on Qualifications and Scope of Work of the Audit Committee.

Executive Committee Composition and Nomination

- The Executive Committee consists of at least 2 directors and/or the Chief Executive Officer and/or executives and/or the Chief Operating Officer and/or Chief Merchandising Officer and/or Chief Financial Officer and/or Chief Business Development Officer.
- The chairman of the Executive Committee and members of the Executive Committee are appointed by the Board.
- Members of the Executive Committee shall have qualifications and no prohibited characteristics under the regulations of the Securities and Exchange Commission.
- Members of the Executive Committee shall not operate or manage or be involved in the management or operation of businesses that are in competition with the Company.

Nomination and Remuneration Committee Composition and Nomination

- The Nomination and Remuneration Committee is appointed by the Board and consists of at least 3 members.
- At least one-third of the total members of the Nomination and Remuneration Committee shall be independent directors.
- The Nomination and Remuneration Committee shall elect one of its members as the Chairman of the Nomination and Remuneration Committee.

Risk Management Committee Composition and Nomination

The Risk Management Committee shall be appointed by the Board and shall consist of at least 3 members whereby all members of the Risk Management Committee shall be the Company's directors. The number of independent directors and non-executive directors serving on the Risk Management Committee should constitute the majority of the Committee or should be as deemed appropriate by the Board. A member of the Risk Management Committee shall be appointed as the Chairman of the Risk Management Committee by the Board.

Good Corporate Governance Committee Composition and Nomination

- The Good Corporate Governance Committee shall be appointed by the Board and shall consist of at least 3 members.
- The Good Corporate Governance Committee shall be appointed by the Board. At least one-third of the total members of the Good Corporate Governance Committee shall be independent directors.
- The Good Corporate Governance Committee shall elect one of its members as the Chairman of the Good Corporate Governance Committee.

Nomination of Chief Executive Officer

The Nomination and Remuneration Committee is responsible for considering policies and criteria applicable to the recruitment, selection and nomination of a qualified individual for the position of Chief Executive Officer as well as for conducting performance assessment and considering the annual remuneration of the Chief Executive Officer prior to proposal thereof to the meeting of the Board and/or the shareholders as applicable.

Supervision of Subsidiaries

As a mechanism to supervise subsidiaries and protect the Company's investment interest, the Board assigns the Company's representatives to serve as directors, executives, and persons with controlling interest of the Company's subsidiaries as well as sets the scope of their authority, duties and responsibilities as a management guideline. Rules and requirements of relevant regulators are also applied to the subsidiaries in relation to their disclosure of financial statement and their related-party transactions. In addition, the Company monitors, reviews and checks the performance of its subsidiaries through an adequate and appropriate internal control system to protect the best interest of the Company.

Supervision of Insider Trading and Tipping

According to the Company's policy, employees, executives and persons being aware of inside information regarding the Company's financial results are prohibited from trading the Company's securities during the period between their knowledge of such inside information and the date such information is publicly disclosed. Disclosure of inside information for manipulation of securities prices is also prohibited, particularly during the period of 1 month prior to the public release of the financial statements.

The Company also has a policy governing the use of inside information, according to which directors, executives, employees at all levels, and staff of the Company are prohibited from using the Company's inside information that has or may have influence on the price movement of securities, or information that has not yet been publicly disclosed, or information that is intended for internal use only and is not for private use, or information from the financial statements that have not yet been submitted to the Stock Exchange of Thailand, or information regarding dividend payment, merger and acquisition and significant commercial agreements. They shall not use or unethically obtain such material information for their personal gains or for the undue benefit of others, either directly or indirectly and regardless of whether in their names or in the name of others, or for conducting competing business.

Additionally, the Company requires that directors and executives shall prepare and report their holding of the Company's shares or each change thereto as a result of share trading or transfer or transfer acceptance within 3 business days from the transaction date to the Securities and Exchange Commission and the Stock Exchange of Thailand. They are also required to report their conflicts of interest to the Company for internal use of the Company. Copies of such reports are submitted to the Chairman of the Board and the Chairman of the Audit Committee within 7 days from the receipt thereof.

Adoption of 2017 Corporate Governance Code for Listed Companies

In 2018, the Good Corporate Governance Committee reviewed and proposed the adoption of the 2017 Corporate Governance Code for Listed Companies (CG Code) developed by the Stock Exchange of Thailand to the Board for consideration per the recommendations of the Thai Institute of Directors Association (IOD). Recognizing and fulfilling its role and duty as a governing body, the Board thoroughly deliberated on the CG Code and is cognizant of the importance and benefits of the CG Code adoption in establishing sustainable value creation for the business. In this connection, the Board reviewed the Company's operations in each aspect to ensure that the CG Code has been properly applied as appropriate and practical for the Company's business.

With regard to the adoption of CG principles that do not fit the Company's business context, the Board plans to identify additional approaches to bridge the gaps.

Whistle Blowing Program

To promote compliance with the good corporate governance principles and the Company's Code of Conduct and Anti-Corruption Policy and to protect the best interest of all stakeholders, the Company has established the Audit Committee which is responsible for reviewing the Anti-Corruption Policy and the changes thereto, reviewing the reports on internal control and audit, assessing the corruption risk assessment, handling internal fraud complaints by initiating investigation of the reported cases and escalating the cases to the Board to jointly identify applicable punishments or solutions.

In this connection, the Company has established whistle blowing channels and whistle blower protection program as well as encourages executives, employees and stakeholders to report suspicious incidents or behaviors via the following channels:

Whistle Blowing Channels

Executives, employees and stakeholders are encouraged to submit whistle blowing complaints which contain information about their names, e-mail addresses, and telephone numbers and details of such cases to:

- ☐ Mr. Pricha Songwatana Chairman of the Executive Committee
E-mail: ps@fnoutlet.com
- ☐ Mr. Poolsak Tansitthipun Independent Director / Chairman of the Audit Committee
E-mail: poolsak@fnoutlet.com
- ☐ Mr. Voravat Tantranont Independent Director / Member of the Audit Committee
E-mail: voravat@fnoutlet.com
- ☐ Company Secretary
E-mail: corporatesecretary@fnoutlet.com

Whistle blowers and persons assisting with the investigation and interrogation are protected. Their names, surnames, addresses and photos including other indications of their identity as well as information supplied will be treated with anonymity and confidentiality for the purposes of safety protection and harm prevention for them. The policy concerning this matter is published on the Company's website.

Audit Committee Report

The Board of Directors has appointed the Audit Committee which is comprised of three independent directors and at least one of the member of the Audit Committee shall have knowledge, understanding and experience in the field of accounting or finance and shall possess updated knowledge about the causes of changes in financial reports in order to review the quarterly and annual separate and consolidated financial statements of the Company and its subsidiary, internal control systems, internal audit, related-party transactions, risk management, regulatory and legal compliance, corporate governance practices, including the nomination of the Company's auditor and the determination of audit fee.

The Audit Committee has performed duties in accordance with the Charter of the Audit Committee and the scope of authority and duties assigned by the Board of Directors. In 2018, the Audit Committee held eight meetings. The Auditor Committee met with the auditor without participation of the management team, and had discussions with the auditor to deliberate on material matters of the Company within the scope of duties and responsibilities assigned by the Board of Directors. Highlights of the Audit Committee's performance are as follows:

1. The Audit Committee reviewed the quarterly and 2018 annual separate financial statements of the Company and its subsidiary which had been reviewed and audited by the Company's auditor. The Audit Committee met with the auditor and the management team to review the quality of financial reports, the accounting policies, the accounting estimates and the evidence and accounting system. The Audit Committee also met with the auditor to promote open and independent discussion. The auditor were able to independently perform their duties and exercised their independent and fair judgment within the framework of auditing standards. The Audit Committee also reviewed the quality of audit works to ensure the reliability and creditability of financial statements in all material respects in accordance with the accounting standards and the financial reporting standards with adequate disclosure of information in the notes to the financial statements in light of the Company's operations before proposing the financial statements to the Board of Directors for consideration and subsequently to the meeting of shareholders for approval.

2. The Audit Committee reviewed the internal controls and internal audit. The Company has appointed P&L Internal Audit Company Limited as the Company's internal auditor and the internal audit revealed that the Company's internal controls were adequate and suitable in light of the Company's business operations. In addition, the Company's internal controls in different parts were materially adequate and met the standards specified in the Internal Control Adequacy Assessment of the Office of Securities and Exchange Commission. The Audit Committee reviewed the structure and budget of the Internal Audit term for 2018 to ensure its ability to effectively carry out the internal control system audit and monitoring plan in line with the Company's future business directions.

3. The Audit Committee conducted reviews to ensure that related-party transactions and potentially involving conflicts of interest were appropriately and adequately examined with an aim to promote compliance with the laws and the requirements under the notifications of the Office of Securities and Exchange Commission and the Stock Exchange of Thailand. The Audit Committee also recommended the management team to escalate transactions that related-party transactions that were not normal business transactions or were not conducted on an arm's length basis to the Audit Committee for consideration and opinion prior to proposal thereof to the Board of Directors or the shareholders for approval in advance of transaction execution. These transactions were adequately disclosed in this Annual Report.

4. The Audit Committee reviewed the approval authority within the organization to promote operational agility and empowerment. The Audit Committee also deliberated on risks associated with financial management and advised that the Financial Management Policy be reviewed and the framework for short-term financial management planning be formulated to promote the effectiveness of the short-term financial management plan of the Company prior. The Policy and the framework were proposed to the Board of Directors for approval and subsequently adopted by the Company.

5. The Audit Committee arranged for reviews of work processes in accordance with the laws, rules, regulations and corporate governance principles and required the organization-wide compliance with the requirements under the notifications of the Office of Securities and Exchange Commission and the Stock Exchange of Thailand, accounting standards and policies of the Company. The Audit Committee also encouraged the adoption of the corporate governance principles and the anti-corruption practices and provided whistleblowing channels, through which non-compliance with the laws, rules, regulations and codes of conduct, with a view to promoting transparency and operational efficiency.

6. The Audit Committee nominated the Company's auditors and determined the audit fee by taking into consideration the auditor's qualifications, independence, insights into the Company's businesses and operations. In this regard, the Audit Committee endorsed the nomination of EY Company Limited as the Company's auditor for 2018 accounting period which was proposed the matter to the Board of Directors for consideration prior to proposal thereof to the meeting of shareholders of the Company for approval.

(Mr.Poolsak Tansitthipun)

Chairman of the Audit Committee

7 February 2019

Nomination and Remuneration Committee Report

The Board of Directors has appointed the Nomination and Remuneration Committee which is comprised of three independent directors to deliberate on policies and criteria applicable to the screening, selection and nomination of qualified persons to serve as directors, the Chairman of the Executive Committee and the Chief Executive Officer of the Company, including to determine remunerations and benefits of the Company's directors, to evaluate the performance and determine the annual remuneration of the Chief Executive Officer in accordance with the principles of transparency and the good corporate governance standards.

The Nomination and Remuneration Committee has performed duties in accordance with the Charter of the Nomination and Remuneration Committee and the scope of authority and duties assigned by the Board of Directors. In 2018, the Nomination and Remuneration Committee held one meeting to deliberate on material matters of the Company within the scope of duties and responsibilities assigned by the Board of Directors as summarized below:

1. The Nomination and Remuneration Committee screened the qualifications of candidates to be nominated as the Company's directors in replacement for those retiring by rotation. In doing so, the Nomination and Remuneration Committee took into account the candidates' credentials, experiences, knowledge and abilities that were beneficial and relevant to the Company's businesses and their suitability as the Company's directors. In 2018, there were three directors retiring by rotation. As the qualifications, knowledge and abilities of the three outgoing directors were considered suitable for the position of the Company's directors, the re-appointment of the three directors as the Company's directors for another term was proposed to the Board of Directors for endorsement and the meeting of shareholders for approval.
2. The Nomination and Remuneration Committee deliberated on the remuneration of the directors and the members of the Sub Committees for the year 2018 in light of their scope of duties and responsibilities, the comparable industry benchmarks, the Company's performance, and the business growth. The remuneration for the year 2018 was then proposed to the Board of Directors for endorsement and subsequently to the annual general meeting of shareholders for approval.
3. The Nomination and Remuneration Committee reviewed the 2018 performance and annual remuneration of the Chief Executive Officer by benchmarking with comparable companies with similar revenue in the same industry and taking into account the scope of duties and responsibilities of the Chief Executive Officer and the Company's performance before proposing the matter to Board of Directors.

The Nomination and Remuneration Committee performed duties with prudence, transparency, fairness and independence in accordance with the good corporate governance principles for the best interests of the Company and all stakeholders.

(Mr. Poolsak Tansitthipun)

Chairman of the Nomination and Remuneration Committee

25 January 2019

Good Corporate Governance Committee Report

The Board of Directors has appointed the Good Corporate Governance Committee which has the duties and responsibilities to formulate the Good Corporate Governance Policy, oversee the Company's compliance, reinforce the Company's conformity to the good corporate governance principles, and perform other duties as assigned. The Good Corporate Governance Committee shall also report relevant matters to the Board of Directors and/or the meeting of shareholders, as applicable, to promote the Company's transparency and sustainability.

The Good Corporate Governance Committee has supported the Company's adherence to the corporate governance principles and compliance with the requirements stipulated by the Office of Securities and Exchange Commission and the Stock Exchange of Thailand. In 2018, the Good Corporate Governance Committee held two meetings to deliberate on material matters of the Company within the scope of duties and responsibilities assigned by the Board as summarized below:

1. The Good Corporate Governance Committee reviewed the Company's good corporate governance practices against the criteria under the Corporate Governance Report of Thai Listed Companies (CGR) and considered adopting the 2017 Corporate Governance Code (CG Code). It was found that the Company's practices were in line with the criteria in most categories.
2. The arrangements for the 2018 annual general meeting of shareholders (AGM) were guided by the Good Corporate Governance Policy and the Company attached importance to the rights of shareholders in accordance with the good corporate governance principles. These were evident in the Company's invitation to shareholders to propose matters to be included on the agenda of the 2018 AGM in advance and/or to nominate qualified candidates for directorship, including to submit their questions for the 2018 AGM in accordance with the guideline stipulated by the Company and published on the Company's website.
3. The Good Corporate Governance Committee arranged for the evaluation of the performance of the Board of Directors, the Sub-Committees and the Chief Executive Officer at least annually to offer the Board a forum to jointly review the prior year's performance of the Board of Directors, the Sub-Committees and the Chief Executive Officer and identify areas for improvement. This also promoted the Company's adoption of the good corporate governance principles applicable to listed companies.

The Company recognized the significance of the good corporate governance principles and was encouraged to operate business in accordance with ethical standards. Disclosures of the Company's operations have been properly and regularly made in the best interest of all stakeholders.

(Mrs. Saowanee Kamolbutr)

Chairman of the Good Corporate Governance Committee

7 February 2019

Risk Management Committee Report

The Board of Directors has established the enterprise risk management policies and frameworks that are based on integrative risk management approaches. Also, the Board of Directors has appointed the Risk Management Committee which is in charge of drafting the risk management policies, overseeing compliance with the risk management policies approved by the Board of Directors, and dynamically refining the Company's risk management frameworks to ensure effective risk management and enterprise-wide compliance therewith to foster the confidence of stakeholders in the Company's operations.

The Risk Management Committee has performed duties in accordance with the Charter of the Risk Management Committee and the scope of authority and duties assigned by the Board of Directors. In 2018, the Risk Management Committee held six meetings to deliberate on material matters of the Company within the scope of duties and responsibilities assigned by the Board of Directors as summarized below:

1. Reviewed detail of corporate risk policy and management.
2. Reviewed company investment to evaluate investment risk of new branch expansion and an important investment project.
3. Followed up investment of each branch to ensure that investment risk was effectively and efficiently managed.
4. Reviewed risk management strategy, business plan, and budget of year 2019.
5. Reviewed risk factors of corporate strategy to achieve the goal of added value and sustainability.

Based on the aforementioned activities, the Risk Management Committee is of the opinion that the Company has comprehensively identified and addressed risk issues associated with its business operations and has adequately, appropriately and continuously managed its risks.

(Mrs. Pratana Mongkolkul)

Chairman of the Risk Management Committee

7 February 2019



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Internal Control and Risk Management

Summary of Opinion of Board of Directors on Internal Control System

In the Board of Directors Meeting No.1/2019 on 28 February 2019, on which three members of the Audit Committee also served, assessed and reviewed the adequacy of the internal control system. The Board of Directors was of the view that the Company's internal control system in material parts was adequate to achieve the Company's business operation's objectives and the conclusion of the assessment as per the Internal Control Adequacy Assessment form of the Office of Securities and Exchange Commission was made. The Company's internal control system and the operational system were assessed through the cooperation with the Company's auditors, internal audit officers and the management on the following five topics: 1) Organization control and environment, 2) Risk management, 3) Management control, 4) Information and Communication and 5) Monitoring as per the details below:

Part 1. Organization Control

The Company has established the Corporate Governance Policy and the Code of Conduct as operating framework. In addition, the Corporate Governance Policy and the Code of Conduct, whistleblowing channel as well as the Anti-Corruption Policy are disseminated on the Company's website to promote proper understanding and compliance among directors, executives and employees at all levels. The Board is independent of the management, and the charters of the Board and Board committees have been developed to clearly define their roles, duties and responsibilities. The Audit Committee is involved in the development of the Company's internal controls and is in charge of reviewing the Company's internal control and audit to ensure their suitability. Furthermore, the Board of Directors clearly determined the vision and mission as the operational guideline for the management and employees, which has been regularly monitored to ensure achievement of the operation's objectives and restructured the organization to accommodate the business growth.

Part 2. Risk Management

The Company has adopted effective risk management processes to minimize potential risks from internal and external factors and to promote enterprise-wide risk management. In addition, the Risk Management Committee has been appointed to supervise compliance with the Risk Management Policy approved by the Board, review the risk management reports and evaluate material risk issues to the Board to ensure that the Company's risks are adequately and properly managed. The Company also arranged for a review of internal risk management plan, the progress of which will be reported to the Risk Management Committee.

Part 3. Operational Control

The Board of Directors has set 5 Committees consisting of the Audit Committee, the Nomination and Remuneration Committee, the Risk Management Committee, the Corporate Governance Committee and the Executive Committee. These Committee perform duties within the scope and authority specified in their individual charters.

The Company has established the internal controls on all levels based on structure of each division and has clearly defined the authority, duties and responsibility and has developed the approval authority framework in writing. The framework has been approved by the Board and provides detailed information about the approval authority applicable to general and significant activities relating to key work processes of the Company, including the procedures and sequences of actions, such as review, sign-off and approval, and the approval limits. The management is delegated to execute acts within the scope of authority and duties assigned by the Board and such empowerment has led to extra operational agility, the decentralization based on functional duties of the delegates, and the alignment and auditability of operations. The Company requires that the approval authority framework be regularly reviewed and updated in light of its current business operations.

Part 4. Information and Communication

The Company prepared material information to support the Board of Director's decisions by communicating such material information accurately and completely such as Company's financial statements, consolidated financial statements, notes to the financial statements and financial information which are jointly reviewed by the Audit Committee, the Company's auditors and those involving in preparation of the financial statements on a quarterly basis to ensure that the accounting policy in accordance with the generally accepted accounting principles is used by the Company and appropriate for the Company's nature of business, as well as disclosure of information as required by law.

Moreover, the Company has placed importance on the information and communication systems and has conducted IT general audits which reveal that the Company's IT general controls are adequate.

The Company has also made available on its website a communication channel through which the shareholders can submit their proposals of meeting agenda items and/or the nomination of qualified persons for directorship and questions submitted in advance for the AGM, and the general public can use as a whistle blowing and complaint reporting channel to the Company's e-mail : corporatesecretary@fnoutlet.com or

Mr. Pricha Songwatana Chairman of the Executive Committee
ps@fnoutlet.com

Mr. Poolsak Tansitthipun Independent Director / Chairman of the Audit Committee
poolsak@fnoutlet.com

Mr. Voravat Tantranont Independent Director / Member of the Audit Committee
voravat@fnoutlet.com

Part 5. Monitoring

The Company has established the mechanism for proper and ongoing monitoring and supervision. In 2018, there were 8 Board of Directors meetings to monitoring the performance of the management as to whether the goals and strategic plan are achieved and implemented. In addition, the Company has appointed P&L Internal Audit Company Limited as an internal auditor of the Company. The internal auditor has developed an internal control audit plan for the Company, monitored and independently presented the internal control audit reports to the Audit Committee to discuss key issues that have material impact on the Company's operations and solutions of such issues before proposing to the Board of Directors.

The Company also arranged Executive Committee meetings in each month and a Board of directors meeting every quarter to track the Company's performance and progress against the business strategy and goals, and to determine the directions, solutions and monitoring processes to enhance the operation effectiveness.

Head of Internal Audit Team

The Company has appointed P&L Internal Audit Company Limited as the Company's internal auditor, led by Mr. Thanapat Wongwit being the main person responsible for the Company's internal auditor the Audit Committee reviewed the qualifications of P&L Internal Audit Company Limited and Internal Audit Team and was of the view that they are suitable to perform the said duty because of their independence, audit knowledge and abilities, and insights into the Company's business. The Company has engaged P&L Internal Audit Company Limited as its internal auditor.

Information about Head of Internal Audit and Head of Compliance

The Company outsources the internal controls audit to P&L Internal Audit Company Limited and the qualifications, education and work experience the Head of Internal Audit are as detailed below.

No.	Name/Position	Age (yrs)	Education / Training	Family Relationship with Management	Shareholding (%)	Work Experience
1.	Mr. Thanapat Wongwit (Assistant Vice President)	32	<ul style="list-style-type: none"> - Bachelor of Accountancy, Faculty of Accountancy, Dhurakij Pundit University - Certified Professional Internal Auditor of Thailand (Class 21), Institute of Internal Auditors of Thailand - CAC SME Executive Briefing Part Corruption, Thai Institute of Directors Association (IOD) - Internal Control for Thailand 4.0, Thai Institute of Directors Association (IOD) - Working paper for better corruption prevention, Thai Institute of Directors Association (IOD) - IPO Focus "Effective Internal Control for Successful IPO", Thai Institute of Directors Association (IOD) - Integrated Audit 1/2018, Thailand Federation of Accounting Professions 	-None-	-None-	<p><u>Experience as Head of Internal Audit</u></p> <ul style="list-style-type: none"> - Leading the audit teams working for IPO companies in telecommunication business, real estate business, food and non-food manufacturing business, and biomass energy business. - Leading the audit teams working for SET-listed companies in airline business, non-food manufacturing business, trading business, and hospital business. - Leading the audit teams working for private companies in restaurant business, fashion business and education institute business. <p><u>Work Experience</u></p> <ul style="list-style-type: none"> - Assistant Vice President, P & L Internal Audit Company Limited - Internal audit Supervisor P & L Internal Audit Company Limited - Senior Internal Audit, P & L Internal Audit Company Limited - Internal Audit, P & L Internal Audit Company Limited - Project Consultant for Thailand's Private Sector Collective Action against Corruption (CAC) initiatives of several SET-listed companies <p><u>Office Address</u></p> <p>P & L Internal Audit Company Limited 218/158, B Tower, 2nd Floor, The Fifth Avenue Condominium, Krungthep-Nonthaburi Road, Bangkhen Subdistrict, Muang Nonthaburi District, Nonthaburi Province, 11000 Telephone: 02 526 6100, 094 491 3330 and 087 390 4681 Website: www.plCorporation.com E-mail: thanabhat.wo@plcorporation.com</p>

Duties and responsibilities of Head of Internal Audit

1. Designate members to the internal audit team to undertake audit works and responsibilities according to the fields of audit.
2. Review and control internal audit performance based on established standards.
3. Develop an annual audit plan and obtain approval thereof from the Audit Committee.
4. Issue audit notices and appointments and provide relevant supporting information.
5. Review the audit program for each audit topic included in the annual audit plan to ensure alignment with the audit objectives and the directions and goals of the Company.
6. Assess the adequacy, reliability, integrity and currency of the Company's internal audit system.
7. Review the audit findings and follow up on actions taken in response to auditor's recommendations.
8. Prepare and propose internal audit reports to the management and the Audit Committee.
9. Develop members at all level of the internal audit team to equip them with desired knowledge and abilities and review auditors' performance.
10. Provide advices and recommendations about internal control and risk management systems to relevant departments.

Related-Party Transaction

The Company has entered into transactions with parties with potential conflicts of interest and related parties which have common shareholders or common directors or have related parties of executives, directors and shareholders of the Company as their directors, persons with controlling interest or shareholders. In this regard, the Audit Committee conducted audits and reviewed the appropriateness and reasonableness of these transactions, including their pricing and conditions which should be on an arm's length basis. Transactions between the Company and related parties with potential conflicts of interest in the fiscal year of 2018 are as follows:

Related Party	Type of Business	Relationship
1) Keypoint Construction Company Limited	Construction contractor and construction material distribution	<ul style="list-style-type: none"> Have a common shareholder with the Company, namely QIU Asset Company Limited which owns the equity totaling 99.99% of Keypoint Construction Company Limited's registered capital. Have a common director and authorized signatory with the Company, namely Mrs. Chortip Songwatana Vudhibhong. In this regard, Mrs. Chortip Songwatana Vudhibhong owns shares worth 0.005% of Keypoint Construction Company Limited's registered capital.
2) QIU Asset Company Limited	Real estate development	<ul style="list-style-type: none"> Be a major shareholder of the Company owning shares equivalent to 31.49% of the Company's registered capital. Have common directors and authorized signatories with the Company, namely Mrs. Chortip Songwatana Vudhibhong and Mr. Benyiam Songwatana who own shares equivalent to 33.33% and 33.33% of QIU Asset Company Limited's registered capital, respectively.
3) Pre-Proud Company Limited	Real estate development	<ul style="list-style-type: none"> Have common shareholders with the Company, namely QIU Asset Company Limited and Mr. Varachai Songwatana owning shares worth 42.00 % and 19.00% of Pre-Proud Company Limited's registered capital, respectively. Have common directors and authorized signatories with the Company, namely Mr. Varachai Songwatana and Mrs. Chortip Songwatana Vudhibhong.
4) CRC Creation Public Company Limited	Real estate leasing	<ul style="list-style-type: none"> The Company's major shareholder, namely Mr. Somchai Songwatana, is an executive of an entity having indirect control over CRC Creation Public Company Limited.
5) Ka-Nomjeen Bangkok Company Limited	Restaurant	<ul style="list-style-type: none"> Have common directors and authorized signatories with the Company, namely Mrs. Chortip Songwatana Vudhibhong and Mr. Benyiam Songwatana who own shares equivalent to 35.00% and 35.00% of Ka-Nomjeen Bangkok Company Limited's registered capital, respectively.

Related Party	Type of Business	Relationship
6) Be Wise (Thailand) Company Limited	Restaurant and beauty product	<ul style="list-style-type: none"> Have common directors and authorized signatories with the Company, namely Mr. Varachai Songwatana and Mrs. Chortip Songwatana Vudhibhong. QIU Asset Company Limited, holds shares of Be Wise (Thailand) Company Limited through Pre-Proud Company Limited at 96.00% of its registered capital.
7) At Bangkok Co., Ltd	Design and distribution of ready-to-wear clothes branded "FLYNOW"	<ul style="list-style-type: none"> Have common directors, namely Miss Chutinart Songwatana, Miss Reeve Songwatana and Mr. Omar Songwatana who own shares equivalent to 58.35%, 11.75%, and 8.56% of At Bangkok Company Limited's registered capital, respectively. Spouse of Mr. Varachai Songwatana, the Company's shareholder and director, holds shares equivalent to 11.75% of At Bangkok Company Limited's registered capital.
8) Health Water Company Limited	Drinking water production and distribution	<ul style="list-style-type: none"> Have a common shareholder with the Company, namely QIU Asset Company Limited which owns shares equivalent to 39.25% of Health Water Company Limited's registered capital. Spouse of Mrs. Chortip Songwatana Vudhibhong, the Company's shareholder and director, is a director of Health Water Company Limited and holds shares equivalent to 10.00% of Health Water Company Limited's registered capital.
9) Neo Key Company Limited	Furniture distributor	<ul style="list-style-type: none"> Mother of the Company's major shareholders, namely Miss Reeve Songwatana, Mrs. Keerada Songwatana, and Mr. Omar Songwatana, is a director of Neo Key Company Limited and holds shares equivalent to 99.98% of Neo Key Company Limited's registered capital.
10) Pro-Proud Company Limited	Distribution of ready-to-wear clothes branded "Missy"	<ul style="list-style-type: none"> Have a common shareholder with the Company, namely Miss Chutinart Songwatana who owns shares equivalent to 26.00% of Pro-Proud Company Limited's registered capital. Spouse of Mr. Varachai Songwatana, the Company's shareholder and director, is a director of Pro-Proud Company Limited and holds shares equivalent to 42.00% of Pro-Proud Company Limited's registered capital.
11) White Magnolia Company Limited	Distribution of ready-to-wear clothes branded "A-Dress" and "Perform"	<ul style="list-style-type: none"> Have a common shareholder with the Company, namely Mr. Varachai Songwatana who owns shares equivalent to 2.10% of White Magnolia Company Limited's registered capital. Spouse of Mr. Varachai Songwatana, the Company's shareholder and director, is a director of White Magnolia Company Limited and holds shares equivalent to 97.12% of White Magnolia Company Limited's registered capital.

Related Party	Type of Business	Relationship
12) Santa Factory Company Limited	Wooden toy distribution	<ul style="list-style-type: none"> Spouse of Mr. Benyiam Songwatana, the Company's director, owns shares equivalent to 0.83% of Santa Factory Company Limited's registered capital.
13) Thai Ha Public Company Limited	Agricultural product manufacturing and distribution	<ul style="list-style-type: none"> Have common directors with the Company, namely Mr. Visuth Vitayatanagorn and Mr. Pricha Songwatana.

Details of the transactions between the Company and related parties with potential conflicts of interest in the fiscal year of 2018 are as follows:

Related Party	Transaction	Value of Related-Party Transaction (MB)	Necessity and Reasonableness
		2018 (Consolidated Financial Statements)	
1) Key Point Construction Company Limited	<u>Construction service fee:</u> The Company engaged Key Point Construction Company Limited for construction projects	8.58	<ul style="list-style-type: none"> The Company engaged Key Point Company Limited for additional construction of Chachoengsao branch as a construction service fee in which the condition agreement is in line with main contract. In this regard, the Company had already conducted transparent bidding on the Company's website. The Company engaged Key Point Company Limited for renovate of Singburi branch. In this regard, the Company had already conducted transparent bidding on the Company's website. <p><u>Audit Committee's Opinion</u></p> <p>The Audit Committee, at its Meetings No. 3/2018 on 10 May 2018, No. 5/2018 on 7 August 2018, No.7/2018 on 7 November 2018 and No.2/2019 on 21 February 2019, acknowledged the said transactions between the Company and the entity with potential conflicts of interest. The Audit Committee acknowledged the transaction and opined that the said transaction was a supporting activity in the Company's ordinary course of business. In this regard, the Company had already conducted transparent bidding on the Company's website.</p>
	<u>Retention construction:</u> Key Point Construction Company Limited entrusted the retention construction with The Company	0.11	

Related Party	Transaction	Value of Related-Party Transaction (MB)	Necessity and Reasonableness
		2018 (Consolidated Financial Statements)	
2) QIU Asset Company Limited	<u>Property leasing:</u> The Company leased land from QIU Asset Company Limited for use as its current head office.	2.76	<p>The Company leased land of 2-0-0 rai on Rama 9 Road from QIU Asset Company Limited for use as an office under a 30-year lease agreement from 1 March 2016 to 28 February 2046 at the rate of Baht 230,000 per month. The lease fee is increased annually based on the Bank of Thailand's inflation rate forecast. The Company entrusted the security deposit as one month of rental fee totally Baht 230,000. The lease fee was based on the appraisal conducted by Modern Property Consultant Company Limited, an appraiser on the SEC's approved list. Mr. Wasant Kongjan, appraiser registration no. WorTor. 033, conducted the appraisal on 28 January 2016.</p> <p><u>Audit Committee's Opinion</u></p> <p>The Audit Committee, at its Meetings No. 3/2018 on 10 May 2018, No. 5/2018 on 7 August 2018, No.7/2018 on 7 November 2018 and No.2/2019 on 21 February 2019, acknowledged the said transactions between the Company and the entity with potential conflicts of interest and opined that the transactions were related to assets or services classified as leasing of assets from a related party. The transactions were necessary for the Company as the property is used for the Company's business operations and the fee rate was appropriate, reasonable and in line with the appraisal conducted by an independent appraiser from Modern Property Consultant Company Limited, an appraiser on the SEC's approved list.</p>
	<u>Security deposit:</u> The Company entrusted the security deposit for the land lease with QIU Asset Company Limited	0.23	
3) Pre-Proud Company Limited	<u>Property leasing:</u> The Company leased land from Pre-Proud Company Limited	4.08	<ul style="list-style-type: none"> The Company leased land of 17-3-52 rai in Bang Phra Sub-district, Si Racha District, Chon Buri, from Pre-Proud Company Limited for use as the location of Si Racha Branch under a 30-year lease agreement from 1 March 2016 to 28 February 2046 at the rate of Baht 190,000 per month. The lease fee is increased annually based on the Bank of Thailand's inflation rate forecast. The Company entrusted the security deposit as one month of rental fee totally Baht 190,000. The lease fee was based on the appraisal conducted by Modern Property Consultant Company Limited, an appraiser

Related Party	Transaction	Value of Related-Party Transaction (MB)	Necessity and Reasonableness
		2018 (Consolidated Financial Statements)	
	<u>Security deposit:</u> The Company entrusted the security deposit for the land lease with Pre-Proud Company Limited	0.34	<p>on the SEC's approved list. Mr. Wasant Kongjan, appraiser registration no. WorTor. 033, conducted the appraisal on 29 January 2016.</p> <ul style="list-style-type: none"> The Company leased land of 25-0-45.2 rai in Ban Wa Sub-district, Bang Pa-in District, Phra Nakhon Sri Ayutthaya, from Pre-Proud Company Limited under a 30-year lease agreement from 15 May 2016 to 14 May 2046 at the rate of Baht 150,000 per month. The lease fee is increased annually based on the Bank of Thailand's inflation rate forecast. The Company entrusted the security deposit as one month of rental fee totally Baht 150,000. The lease fee was based on the appraisal conducted by Panns Integrated Property Company Limited, an appraiser on the SEC's approved list. Mr. Prapas Boonmasong, appraiser registration no. WorTor. 258, conducted the appraisal on 5 January 2016. The lease agreement specifies that the Company shall pay lease fees from the construction completion date onwards. <p><u>Audit Committee's Opinion</u></p> <p>The Audit Committee, at its Meetings No. 3/2018 on 10 May 2018, No. 5/2018 on 7 August 2018, No.7/2018 on 7 November 2018 and No.2/2019 on 21 February 2019, acknowledged the said transactions between the Company and the entity with potential conflicts of interest and opined that the transactions were related to assets or services classified as leasing of assets from a related party. The transactions were necessary for the Company as the property is used as the Company's place of business in accordance with the Company's business plan and the fee rate was appropriate, reasonable and in line with the appraisal conducted by an independent appraiser from Modern Property Consultant Company Limited and Panns Integrated Property Company Limited, an appraisers on the SEC's approved list. The leased land was sub-leased to a third party at the lease fee rate that is not lower than the Company's cost of leasing.</p>

Related Party	Transaction	Value of Related-Party Transaction (MB)	Necessity and Reasonableness				
		2018 (Consolidated Financial Statements)					
4) Ka-Nomjeen Bangkok Company Limited	<u>Property leasing:</u> The Company partially leased out space of its outlet branches to Ka-Nomjeen Bangkok Company Limited	3.37	The Company partially leased out space of its outlet branches to Ka-Nomjeen Bangkok Company Limited as detailed below:				
				Sing buri Branch	Phra Nakhon Sri Ayutthaya Branch		Chachoengsao Branch
			Size	186.00 sqm	139.00 sqm	210.00 sqm	143.00 sqm
			Use	Ka-Nomjeen Bangkok restaurant	Sabadchor Noddle shop	Sabadchor Papaya shop	Sabadchor Noddle shop
	<u>Security deposit:</u> The Company received security deposit from Ka-Nomjeen Bangkok Company Limited	2.01	Lease term	3 years from 1 January 2016 to 31 December 2018	1 year from 1 January 2018 to 31 December 2018	3 years from 1 April 2018 to 31 March 2021	3 years from 8 December 2017 to 7 December 2020
	<u>Other revenue:</u> Ka-Nomjeen Bangkok Company Limited paid utility expenses to the Company	1.75	Lease and service fee	Baht 94,300 per month	Baht 69,500 per month	Baht 105,000 per month	Rental fee Year 1 : Baht 22,880 Year 2 : Baht 37,180 Year 3: Baht 51,480 Service fee : Baht 34,320
			Security deposit	Baht 1,458,000 (6 months of rental and service fee per month (using the prior fee of Baht 243,000))	Baht 208,500 (3 months of rental and service fee per month)	Baht 630,000 (6 months of rental and service fee per month)	Baht 343,200 (6 months of rental and service fee per month)

Related Party	Transaction	Value of Related-Party Transaction (MB)	Necessity and Reasonableness			
		2018 (Consolidated Financial Statements)				
			Reference rate	The fee was based on the appraisal conducted by Panns Integrated Property Company Limited, an appraiser on the SEC's approved list. Mr. Suvit Tantrakook, appraiser registration no. WorTor. 123, conducted the appraisal on 22 December 2015.	The fee was based on the appraisal conducted by Modern Property Consultant Company Limited, an appraiser on the SEC's approved list. Mr. Wasant Kongjan, appraiser registration no. WorTor. 033, conducted the appraisal on 18 November 2016.	The fee was based on the appraisal conducted by Panns Integrated Property Company Limited, an appraiser on the SEC's approved list. Mr. Suvit Tantrakook, appraiser registration no. WorTor. 123, conducted the appraisal on 21 November 2017.
			<p>Remark: The service fee charged includes the security service, the trash removal service, the toilet cleaning service, and the car park service. Ka-Nomjeen Bangkok Company Limited is responsible for the utility expenses as actually incurred plus the processing fee</p> <p>However, Ka-Nomjeen Bangkok Company Limited sent a letter to request a discount rental and service fee because of having problems with performance and finally management considered to discount rental at the same rate as such transaction with other lessee. The effective date was 1 October to 31 December 2018.</p>			

Related Party	Transaction	Value of Related-Party Transaction (MB)	Necessity and Reasonableness
		2018 (Consolidated Financial Statements)	
			<p><u>Audit Committee's Opinion</u></p> <p>The Audit Committee, at its Meetings No. 3/2018 on 10 May 2018, No. 5/2018 on 7 August 2018, No.7/2018 on 7 November 2018 and No.2/2019 on 21 February 2019, acknowledged the said transactions between the Company and the entity with potential conflicts of interest. The Audit Committee viewed that the transaction was related to assets or services classified as leasing of assets to a related party and benefited the Company.</p>
5) Be Wise (Thailand) Company Limited)	<p><u>Property leasing:</u></p> <p>The Company leased out warehouse in Phetchaburi and partially space of its outlet branches to Be Wise (Thailand) Company Limited</p> <p><u>Security deposit:</u></p> <p>The Company received security deposit from Be Wise (Thailand)</p>	<p>10.92</p> <p>7.07</p>	<p>•The Company leased properties to Be Wise (Thailand) Company Limited as detailed below:</p> <p>1) Warehouse leasing: Be Wise (Thailand) Company Limited leased some area of 30 sqm of the Company in Ton Maphrao Sub-district, Muang Phetchaburi District, Phetchaburi under a three-year lease from 1 January 2016 to 31 December 2018 at the lease and service fee rate of Baht 5,100 per month and received security deposit at six months of rental and service fee totally Baht 30,600. The lease and service fee rate was based on the appraisal conducted by Panns Integrated Property Company Limited, an appraiser on the SEC's approved list. Mr. Suvit Tantrakook, appraiser registration no. WorTor. 123, conducted the appraisal on 22 December 2015. The service fee charged includes the security service, the trash removal service, the toilet cleaning service, and the car park service. Be Wise (Thailand) Company Limited is responsible for the utility expenses as actually incurred plus the processing fee.</p>

Related Party	Transaction	Value of Related-Party Transaction (MB)	Necessity and Reasonableness				
		2018 (Consolidated Financial Statements)					
	Company Limited		2) The Company partially leased out space of its outlet branches to Be Wise (Thailand) Company Limited as detailed below:				
	<u>Other revenue:</u> Be Wise (Thailand) Company Limited paid utility expenses to the Company	4.56					
	<u>Other accounts receivable:</u> Be Wise (Thailand) Company Limited owed utility expenses to the Company	0.25	2.1)				
				Pak Chong Branch	Pattaya Branch	Hua Hin Branch	
			Size	434.70 sqm	464.00 sqm	381.00 sqm	220.00 sqm
			Use	Suzette restaurant	Fin Shabu restaurant	Suzette restaurant	Tea House tea shop
			Lease term	3 years from 1 January 2016 to 31 December 2018		3 years from 1 January 2016 to 31 December 2018	3 years from 1 May 2016 to 30 April 2019
			Lease and service fee	Baht 230,391 per month	Baht 255,200 per month	Baht 161,000 per month	Baht 154,000 per month
			Security deposit	Baht 1,382,346 (6 months of rental and service fee per month)	Baht 1,531,200 (6 months of rental and service fee per month)	Baht 1,600,200 (6 months of rental and service fee per month) (using the prior fee of Baht 266,700)	Baht 924,000 (6 months of rental and service fee per month)
			Reference rate	The fee was based on the appraisal conducted by Panns Integrated Property Company Limited, an appraiser on the SEC's approved list. Mr. Suvit Tantrakook, appraiser registration no. WorTor. 123, conducted the appraisal on 22 December 2015.			

Related Party	Transaction	Value of Related-Party Transaction (MB)	Necessity and Reasonableness			
		2018 (Consolidated Financial Statements)				
			2.2)			
				Phra Nakhon Sri Ayutthaya Branch		Chachoengsao Branch
			Size	210.00 sqm	195.00 sqm	162.00 sqm
			Use	Kin Koong Kan restaurant	Suzette restaurant	Fin Yori restaurant
			Lease term	3 years from 17 November 2016 to 16 November 2019 (termination on 31 January 2018.	3 years from 17 November 2016 to 16 November 2019	3 years from 8 December 2017 to 7 December 2020
			Lease and service fee	Baht 105,000 per month	Baht 97,500 per month	Baht 64,800 per month
			Security deposit	None	Baht 585,000 (6 months of rental and service fee per month)	Baht 388,800 (6 months of rental and service fee per month)
			Reference rate	The fee was based on the appraisal conducted by Modern Property Consultant Company Limited, an appraiser on the SEC's approved list. Mr. Wasant Kongjan, appraiser registration no. WorTor. 033, conducted the appraisal on 18 November 2016.	The fee was based on the appraisal conducted by Panns Integrated Property Company Limited, an appraiser on the SEC's approved list. Mr. Suvit	

Related Party	Transaction	Value of Related-Party Transaction (MB)	Necessity and Reasonableness			
		2018 (Consolidated Financial Statements)				
	<p><u>Product purchase:</u></p> <p>The Company purchased products of Be Wise (Thailand) Company Limited for resale</p>	8.16			<p>Tantrakook, appraiser registration no. WorTor. 123, conducted the appraisal on 21 November 2017.</p>	
			<p>Remark: The service fee charged includes the security service, the trash removal service, the toilet cleaning service, and the car park service. Be Wise (Thailand) Company Limited is responsible for the utility expenses as actually incurred plus the processing fee</p> <p>However, Be Wise (Thailand) Company Limited sent a letter to request a discount rental and service fee because of having problems with performance and finally management considered to discount rental at the same rate as such transaction with other lessee. The effective date was 1 October to 31 December 2018.</p> <p>As of 31 December 2018, other accounts receivable associated with undue utility fee as detailed in 1) and 2) above payable by Be Wise (Thailand) Company Limited amounted to Baht 0.25 million.</p> <ul style="list-style-type: none"> Be Wise (Thailand) Company Limited produces and distributes skincare products for mother and child under the brand NAOBAY, Sofhie La Girafe and Anna Geddes, including skincare products under the brand Bibury Coln which is exclusively available in the Company's outlets, Eve and Boy, Emporium and Paragon. The products of Be Wise (Thailand) Company Limited 			

Related Party	Transaction	Value of Related-Party Transaction (MB)	Necessity and Reasonableness
		2018 (Consolidated Financial Statements)	
	<u>Accounts payable:</u> The Company owed payments for goods to Be Wise (Thailand) Company Limited	1.92	add a greater variety to the Company's product range and enable the Company to better cater to customers' needs. As of 31 December 2018, the outstanding amount of goods payment which the Company owed to Be Wise (Thailand) Company Limited was Baht 1.92 million.
	<u>Product sale:</u> The Company sold products to Be Wise (Thailand) Company Limited	0.06	<ul style="list-style-type: none"> The Company sold products, to Be Wise (Thailand) Company Limited at the prices generally charged to other customers.
	<u>Other expenses:</u> The Company purchase of food and beverage and reimbursement advance for kiosk rental by Be Wise (Thailand) Company Limited	0.09	<ul style="list-style-type: none"> The Company paid for other expenses ie. purchased food and beverage, reimbursement advance for kiosk rental by Be Wise (Thailand) Company Limited).The transactions were conducted on an arm's length basis. <p><u>Audit Committee's Opinion</u></p> <p>The Audit Committee, at its Meetings No. 3/2018 on 10 May 2018, No. 5/2018 on 7 August 2018, No.7/2018 on 7 November 2018 and No.2/2019 on 21 February 2019, acknowledged the said transactions between the Company and the entity with potential conflicts of interest as follows:</p> <ul style="list-style-type: none"> On the warehouse leasing in Phetchaburi branch and partially space of its outlet branches, the Audit Committee opined that the transactions were related to assets or services

Related Party	Transaction	Value of Related-Party Transaction (MB)	Necessity and Reasonableness
		2018 (Consolidated Financial Statements)	
			<p>classified as leasing of assets to a related party and benefited the Company. The Audit Committee opined that the lease fee that the Company received from Be Wise (Thailand) Company Limited was at a reasonable rate and was in line with the appraisal conducted by an independent appraiser, namely Panns Integrated Property Company Limited and Modern Property Consultant Company Limited, an independent appraisers on the SEC's approved list.</p> <ul style="list-style-type: none"> • On product purchase, the Audit Committee opined that the transactions were in the Company's ordinary course of business and classified as the purchase of products from a related party for resale. The transactions were conducted on an arm's length basis and in accordance with the Company's purchasing policy. The Company also had the same type of transactions with other parties. • On product sale, the Audit Committee opined that the transactions were in the Company's ordinary course of business and classified as sale of products to its related party. The transactions were conducted on an arm's length basis and the Company also had the same type of transactions with other parties. • On other expenses, the Audit Committee opined that the transaction was in an ordinary course of the Company business and classified as the other expenses from a related party for the Company's meeting. Also, the transaction was conducted on arm's length basis and the Company also had the same type of transactions with other parties.
6) At Bangkok Company Limited	<u>Product purchase:</u> The Company purchased products of At Bangkok Company	75.29	At Bangkok Company Limited produces and distributes apparel products branded FLYNOW, which are available at the Company's outlets and department stores. FLYNOW has six sub-brands that are sold at the outlets, namely FLYNOW, FLYNOW III, Casually, Garden Beach, Page9 and Lady Now. These outlets stores are another channel for FLYNOW to manage inventory goods and the designs of FLYNOW products available at department stores are different from

Related Party	Transaction	Value of Related-Party Transaction (MB)	Necessity and Reasonableness
		2018 (Consolidated Financial Statements)	
	<p>Limited for resale</p> <p><u>Accounts payable:</u></p> <p>The Company owed payments for goods to At Bangkok Company Limited</p>	5.75	<p>those sold at outlet stores. The product add a greater variety to the Company's product range offered at outlet stores and enable the Company to better cater to customers' needs given the fact that FLYNOW products are fashion goods in trendy styles while the Company's products focus on classic designs and simplicity. As of 31 December 2018, the outstanding amount of goods payment which the Company owed to At Bangkok Company Limited was Baht 5.75 million.</p> <p><u>Audit Committee's Opinion</u></p> <p>The Audit Committee, at its Meetings No. 3/2018 on 10 May 2018, No. 5/2018 on 7 August 2018, No.7/2018 on 7 November 2018 and No.2/2019 on 21 February 2019, acknowledged the said transactions between the Company and the entity with potential conflicts of interest and opined that the transaction were in the Company's ordinary course of business and classified as the purchase of products from a related party for resale. The transactions were conducted on an arm's length basis and in accordance with the Company's purchasing policy. The Company also had the same type of transactions with other parties.</p>
7) Health Water Company Limited	<p><u>Product purchase:</u></p> <p>The Company purchased products of Health Water Company Limited for resale</p> <p><u>Accounts payable:</u></p> <p>The Company</p>	<p>1.47</p> <p>0.09</p>	<p>Health Water Company Limited produces and distributes drinking water for health under the brand Activ 120, which is currently available at Ton Kla shops located at the Company's outlets, Golden Place shops and Lemon Farm shops. The products add a greater variety to the Company's product range and enable the Company to better cater to customers' needs. As of 31 December 2018, the outstanding amount of goods payment which the Company owed to Health Water Company Limited was Baht 0.09 million.</p> <p><u>Audit Committee's Opinion</u></p> <p>The Audit Committee, at its Meetings No. 3/2018 on 10 May 2018, No. 5/2018 on 7 August 2018,</p>

Related Party	Transaction	Value of Related-Party Transaction (MB)	Necessity and Reasonableness
		2018 (Consolidated Financial Statements)	
	owed payment for goods to Health Water Company Limited		No.7/2018 on 7 November 2018 and No.2/2019 on 21 February 2019, acknowledged the said transactions between the Company and the entity with potential conflicts of interest and opined that the transaction were in the Company's ordinary course of business and classified as the purchase of products from a related party for resale. The transactions were conducted on an arm's length basis and in accordance with the Company's purchasing policy. The Company also had the same type of transactions with other parties.
8) Neo Key Company Limited	<u>Product purchase:</u> The Company purchased products of Neo Key Company Limited for resale	0.31	Neo Key Company Limited manufactures and distributes glass tables. At present, the products are available at the Company's outlet stores. These products add a greater variety to the Company's product range and enable the Company to better cater to customers' needs. As of 31 December 2018, the outstanding amount of goods payment which the Company owed to Neo Key Company Limited was Baht 0.40 million. <u>Audit Committee's Opinion</u> The Audit Committee, at its Meetings No. 3/2018 on 10 May 2018, No. 5/2018 on 7 August 2018, No.7/2018 on 7 November 2018 and No.2/2019 on 21 February 2019, acknowledged the said transactions between the Company and the entity with potential conflicts of interest and opined that the transaction were in the Company's ordinary course of business and classified as the purchase of products from a related party for resale. The transactions were conducted on an arm's length basis and in accordance with the Company's purchasing policy. The Company also had the same type of transactions with other parties.
	<u>Accounts payable:</u> The Company owed payment for consigned goods to Neo Key Company Limited	0.04	

Related Party	Transaction	Value of Related-Party Transaction (MB)	Necessity and Reasonableness
		2018 (Consolidated Financial Statements)	
9) Pro-Proud Company Limited	<u>Product purchase:</u> The Company purchased products of Pro-Proud Company Limited for resale	0.85	Pro-Proud Company Limited produces and distributes apparel products branded Missy which are available at the Company's outlets and The Mall department store. These products add a greater variety to the Company's product range offered at outlet stores and enable the Company to better cater to customers' needs given the fact they are fashion goods in trendy styles while the Company's products focus on classic designs and simplicity. As of 31 December 2018, the outstanding amount of goods payment which the Company owed to Pro-Proud Company Limited was Baht 0.05 million. <u>Audit Committee's Opinion</u> The Audit Committee, at its Meetings No. 3/2018 on 10 May 2018, No. 5/2018 on 7 August 2018, No.7/2018 on 7 November 2018 and No.2/2019 on 21 February 2019, acknowledged the said transactions between the Company and the entity with potential conflicts of interest and opined that the transaction were in the Company's ordinary course of business and classified as the purchase of products from a related party for resale. The transactions were conducted on an arm's length basis and in accordance with the Company's purchasing policy. The Company also had the same type of transactions with other parties.
	<u>Accounts payable:</u> The Company owed payment for goods to Pro-Proud Company Limited	0.05	
10) White Magnolia Company Limited	<u>Product purchase:</u> The Company purchased products of White Magnolia Company Limited for resale	1.06	White Magnolia Company Limited produces and distributes apparel products branded A-Dress and Perform which are available at the Company's outlets and The Mall department store. These products add a greater variety to the Company's product range offered at outlet stores and enable the Company to better cater to customers' needs given the fact they are fashion goods in trendy styles while the Company's products focus on classic designs and simplicity. As of 31 December 2018, the outstanding amount of goods payment which the Company owed to White Magnolia Company Limited was Baht 0.05 million.

Related Party	Transaction	Value of Related-Party Transaction (MB)	Necessity and Reasonableness
		2018 (Consolidated Financial Statements)	
	<u>Accounts payable:</u> The Company owed payment for goods to White Magnolia Company Limited	0.05	<u>Audit Committee's Opinion</u> The Audit Committee, at its Meetings No. 3/2018 on 10 May 2018, No. 5/2018 on 7 August 2018, No.7/2018 on 7 November 2018 and No.2/2019 on 21 February 2019, acknowledged the said transactions between the Company and the entity with potential conflicts of interest and opined that the transaction were in the Company's ordinary course of business and classified as the purchase of products from a related party for resale. The transactions were conducted on an arm's length basis and in accordance with the Company's purchasing policy. The Company also had the same type of transactions with other parties.
11) Santa Factory Company Limited	<u>Product purchase:</u> The Company purchased products of Santa Factory Company Limited for resale	1.03	Santa Factory Company Limited produces and distributes wooden toys branded Santoys which are available at the Company's outlets and exported overseas. These products add a greater variety to the Company's product range offered at outlet stores and enable the Company to better cater to customers' needs. As of 31 December 2018, no outstanding amount of goods payment which the Company owed to Santa Factory Company Limited <u>Audit Committee's Opinion</u> The Audit Committee, at its Meetings No. 3/2018 on 10 May 2018, No. 5/2018 on 7 August 2018, No.7/2018 on 7 November 2018 and No.2/2019 on 21 February 2019, acknowledged the said transactions between the Company and the entity with potential conflicts of interest and opined that the transaction were in the Company's ordinary course of business and classified as the purchase of products from a related party for resale. The transactions were conducted on an arm's length basis and in accordance with the Company's purchasing policy. The Company also had the same type of transactions with other parties.

Related Party	Transaction	Value of Related-Party Transaction (MB)	Necessity and Reasonableness
		2018 (Consolidated Financial Statements)	
12) Thai Ha Public Company Limited	<u>Product purchase:</u> The Company purchased products of Thai Ha Public Company Limited	0.31	<p>Thai Ha Public Company Limited produces and distributes jasmine rice products and processed agricultural products. At present, the Company purchases jasmine rice products and processed agricultural products from Thai Ha Public Company Limited for re-selling at Ton Kla shops at the Company's outlets to add a greater variety to the Company's product range and better cater to customers' needs. As of 31 December 2018, no outstanding amount of goods payment which the Company owed to Thai Ha Public Company Limited.</p> <p><u>Audit Committee's Opinion</u></p> <p>The Audit Committee, at its Meetings No. 3/2018 on 10 May 2018, No. 5/2018 on 7 August 2018, No.7/2018 on 7 November 2018 and No.2/2019 on 21 February 2019, acknowledged the said transactions between the Company and the entity with potential conflicts of interest and opined that the transaction were in the Company's ordinary course of business and classified as the purchase of products from a related party for resale. The transactions were conducted on an arm's length basis and in accordance with the Company's purchasing policy. The Company also had the same type of transactions with other parties.</p>

Related-Party Transaction Approval and Procedure

For transactions between the Company and its subsidiary or related parties or parties with potential conflicts of interest at present or in the future, if such transactions have the same commercial terms as those an ordinary person would agree with any unrelated counterparty under similar circumstances through a commercial negotiation that is not influenced by the status as a director, an executive or a related party, are based on an arm's length principle or the market price, are governed by reasonable conditions, are verifiable, and do not give rise to expropriation; the Company's management shall have the authority and power to execute such transactions as normal in accordance with the principles approved by the Board. A summary report on such transactions shall be prepared and submitted to the Audit Committee on a quarterly basis.

For related-party transactions that are not ordinary transactions, the Company will solicit the Audit Committee's opinions on the necessity and reasonableness of such transactions. If the related party transactions are outside the Audit Committee's areas of expertise, the Company will engage independent appraisers, independent experts or auditors in reviewing such transactions and share their opinions with the Audit Committee in order that the Audit Committee can make decisions or issue recommendations to the Board or the shareholders, as applicable, to support their decision-making on the transactions. The Company discloses information about related party transactions in the notes to the audited financial statements and discloses the related party transactions in the annual registration statement (Form 56-1) and the annual report (form 56-2) of the Company in accordance with the rules and the securities and exchange laws. Procedures applicable to the approval of related-party transactions must be in compliance with the securities and exchange laws, including regulations, notifications, orders or requirements of the Stock Exchange of Thailand and persons with potential conflicts of interest in such transactions are not entitled to vote on such transactions.

Approved Principle governing Transactions with Arm's Length Commercial Terms between the Company and Director, Executive or Related Party

If it becomes necessary for the Company to enter into related party transactions with persons with potential conflicts of interest in the future, the Company will apply arm's length conditions and comparable market rates by referring to conditions and prices of transactions that the Company has made with third parties operating the same business. The Company will request the Audit Committee to render opinions on the prices, fees, necessity and reasonableness of the related party transactions. If the related party transactions are outside the Audit Committee's areas of expertise, the Company will engage independent appraisers, independent experts or auditors in reviewing such transactions and share their opinions with the Audit Committee in order that the Audit Committee can make decisions or issue recommendations to the Board or the shareholders, as applicable, to support their decision-making on the transactions. The Company discloses information about related-party transactions in the notes to the audited financial statements and discloses related party transactions in the annual registration statement (Form 56-1) and the annual report (form 56-2) of the Company in accordance with the rules and the securities and exchange laws, including regulations, notifications, orders or requirements of the Stock Exchange of Thailand.

Directors must handle related-party transactions that may arise in the future in accordance with established regulations. Directors shall not be involved in any transactions that they or their related parties may have conflict of interest and shall report their conflicts of interest to the Board. The Company must strictly comply with the securities and exchange laws, the regulations, notifications, orders or requirements of the Stock Exchange of Thailand, the requirements governing the disclosure of related party transactions and the acquisition or disposal of the assets of the Company and its subsidiary, including the accounting standards stipulated by the Federation of Accounting Professions. The Company shall refrain from related-party transactions that are not in the Company's ordinary course of business.

Investor Protection

To protect investors, if related party transactions between the Company and parties with potential conflicts of interest arise in the future, the Company will present such transactions to the Board meeting with the presence of Audit Committee members to ensure that the transactions are fair and appropriately priced. The Board is mandated to perform its duties in accordance with the securities and exchange laws, the regulations, notifications, orders or requirements of the Stock Exchange of Thailand, and the requirements governing the disclosure of related-party transactions and the acquisition or disposal of the assets of listed companies

Report of the Board of Directors'

Responsibilities for Financial Reporting

The Board of Directors is responsible for the Company's separated financial statements and the consolidated financial statements of the Company and its subsidiary, including financial information provided in this Annual Report. These financial statements were prepared in accordance with generally accepted accounting standards using appropriate accounting policies that are applied on a consistent basis. The financial statements are also prepared after careful consideration and, when applicable, use of appropriate estimates and judgments. Significant information is adequately disclosed in the notes to the financial statements in order to accurately and transparently reflect the financial positions, operating results and cash flow for the benefits of the shareholders and general investors. These financial statements have been audited by an external auditor being a certified public accountant from EY Office Limited and the auditor issued unqualified audit opinions on the financial statements. The Company provided the auditor with information and documents which enabled the auditor to conduct an audit and issue an audit opinion in accordance with the standards on auditing. The audit opinion is stated within the Auditor's Report which is part of this Annual Report.

The Board of Directors has ensured that the Company adopts and maintains appropriate and effective risk management, internal audit control and corporate governance systems to obtain reasonable assurance on the integrity, reliability and adequacy of the Company's accounting records for the safeguarding of the Company's assets and the prevention against frauds or material irregularities in its operations.

The Board of Directors has appointed the Audit Committee, consisting of independent directors, to oversee and review the quality of the Company's financial reports, accounting policies, the internal control system, the internal audit system and the risk management system, as well as to ensure that related-party transactions are completely, adequately and appropriately disclosed. In this respect, the Audit Committee's opinions with regard to these matters are stated in the Audit Committee's Report section of this Annual Report.

The Board of Directors is of the view that the Company's overall internal control system is adequate and appropriate, and can provide reasonable assurance that the Company's separated and consolidated financial statements of the Company and its subsidiary for the year ended 31 December 2018 are reliable and in accordance with the generally accepted accounting standards and the applicable laws and regulations.

Mr. Visuth Vitayathanagorn
Chairman of the Board of Directors

Mr. Pricha Songwatana
Chairman of Executive Committee

Financial Position and Operating Result

Key Financial Information

Summary of Auditor's Report

Audited Financial Statements	: Financial statements for the year 2016 ended 31 December 2016
Auditor	: Mr. Methee Ratanasrimetha, Certified Public Accountant, license no. 3425, from M.R. & Associates Co.,Ltd. (being on the SEC's approved list of auditors)
Auditor's Opinion	: The auditor issued an unqualified opinion that FN Factory Outlet Public Company Limited's consolidated and separate statement of financial position as of 31 December 2016, the consolidated and separate operating results for the year then ended, and the consolidated and separate cash flows for the year then ended were presented fairly, in all material respects, in accordance with the Thai Financial Reporting Standards.

Audited Financial Statements	: Financial statements for the year 2017 ended 31 December 2017
Auditor	: Mr. Methee Ratanasrimetha, Certified Public Accountant, license no. 3425, from M.R. & Associates Co.,Ltd. (being on the SEC's approved list of auditors)
Auditor's Opinion	: The auditor issued an unqualified opinion that FN Factory Outlet Public Company Limited's consolidated and separate statement of financial position as of 31 December 2017, the consolidated and separate operating results for the year then ended, and the consolidated and separate cash flows for the year then ended were presented fairly, in all material respects, in accordance with the Thai Financial Reporting Standards.

Audited Financial Statements	: Financial statements for the year 2018 ended 31 December 2018
Auditor	: Mr. Sophon Permsirivallop, Certified Public Accountant, license no. 3182, from EY Office Limited (being on the SEC's approved list of auditors)
Auditor's Opinion	: The auditor issued an unqualified opinion that FN Factory Outlet Public Company Limited's consolidated and separate statement of financial position as of 31 December 2018, the consolidated and separate operating results for the year then ended, and the consolidated and separate cash flows for the year then ended were presented fairly, in all material respects, in accordance with the Thai Financial Reporting Standards.

Summary of Financial Position and Operating Result

Statement of Financial Position	Consolidated Financial Statements ^{/1} (Audited)		Consolidated Financial Statements ^{/1} (Audited)		Consolidated Financial Statements ^{/1} (Audited)	
	ended 31 Dec 16		ended 31 Dec 17		ended 31 Dec 18	
	MB	Proportion %	MB	Proportion %	MB	Proportion %
Cash and cash equivalents	89.91	5.65	124.63	7.68	159.65	8.99
Current investments	469.99	29.54	252.71	15.57	156.04	8.79
Trade and other receivables	9.11	0.57	8.89	0.55	8.17	0.46
Short-term loan to subsidiary and accrued interest	-	-	-	-	-	-
Inventories	362.30	22.77	349.04	21.51	472.08	26.58
Other current assets	20.58	1.29	21.71	1.34	27.74	1.56
Total current assets	951.89	59.83	756.98	46.65	823.68	46.38
Restricted bank deposits	0.80	0.05	-	-	-	-
Investment in subsidiary	-	-	-	-	-	-
Property, plant and equipment	616.83	38.77	838.14	51.65	919.08	51.75
Intangible assets	12.67	0.80	16.28	1.00	19.08	1.07
Leasehold rights	2.20	0.14	4.07	0.25	3.87	0.22
Deferred tax assets	3.46	0.22	4.11	0.25	6.54	0.37
Other non-current assets	3.12	0.20	3.19	0.20	3.60	0.20
Total non-current assets	639.08	40.17	865.79	53.35	952.17	53.62
Total assets	1,590.97	100.00	1,622.77	100.00	1,775.85	100.00
Trade and other payables	99.39	6.25	98.72	6.08	149.37	8.41
Current portion of liabilities under finance lease agreements	0.5	0.03	1.00	0.06	1.26	0.07
Current portion of long-term loans	-	-	-	-	27.45	1.55
Income tax payable	6.25	0.39	9.48	0.58	0.29	0.02
Other current liabilities	2.02	0.13	2.06	0.13	3.41	0.19
Total current liabilities	108.16	6.80	111.26	6.86	181.78	10.24
Liabilities under finance lease agreements - net of current portion	1.45	0.09	1.86	0.11	1.40	0.08
Current portion of long-term loans	-	-	-	-	81.22	4.57
Long-term loans - net of current portion	-	-	-	-	4.21	0.24
Provision for long-term employee benefits	1.03	0.06	2.95	0.18	23.96	1.35
Other non-current liabilities	15.26	0.96	15.44	0.95	-	-
Total non-current liabilities	17.74	1.12	20.25	1.25	110.79	6.24
Total liabilities	125.90	7.91	131.51	8.10	292.57	16.47

Statement of Financial Position	Consolidated Financial Statements ^{/1} (Audited)		Consolidated Financial Statements ^{/1} (Audited)		Consolidated Financial Statements ^{/1} (Audited)	
	ended 31 Dec 16		ended 31 Dec 17		ended 31 Dec 18	
	MB	Proportion %	MB	Proportion %	MB	Proportion %
Issued and fully paid up share capital	500.00	31.43	500.00	30.81	500.00	28.16
Premium on ordinary shares	806.88	50.72	806.88	49.72	806.88	45.44
Retained earnings						
Appropriated - statutory reserve	19.37	1.22	24.07	1.48	25.87	1.46
Unappropriated	138.8	8.72	158.91	9.79	149.71	8.43
Other components of shareholders' equity	0.03	0.00	1.41	0.09	0.83	0.05
Equity attributable to owners of the Company	1,465.08	92.09	1,491.27	91.90	1,483.29	83.53
Non-controlling interests of the subsidiary	(0.01)	0.00	(0.01)	0.00	(0.01)	0.00
Total shareholders' equity	1,465.07	92.09	1,491.26	91.90	1,483.28	83.53
Total liabilities and shareholders' equity	1,590.97	100.00	1,622.77	100.00	1,775.85	100.00

Statement of Comprehensive Income	Consolidated Financial Statements ^{/1} (Audited)		Consolidated Financial Statements ^{/1} (Audited)		Consolidated Financial Statements ^{/1} (Audited)	
	ended 31 Dec 16		ended 31 Dec 17		ended 31 Dec 18	
	MB	Proportion %	MB	Proportion %	MB	Proportion %
Sales	1,063.03	100.00	1,054.67	100.00	1,057.38	100.00
Cost of sales	581.41	54.69	585.38	55.50	624.93	59.10
Gross profit	481.62	45.31	469.29	44.50	432.45	40.90
Other income ^{/2}	35.64	3.35	46.51	4.41	47.74	4.51
Profit before expenses	517.26	48.66	515.8	48.91	480.19	45.41
Selling expenses	143.48	13.50	187.00	17.73	217.44	20.56
Administrative expenses	187.47	17.64	221.64	21.02	229.97	21.75
Profit before finance cost and income tax expenses	186.31	17.53	107.16	10.16	32.78	3.10
Finance cost	14.68	1.38	0.14	0.01	0.72	0.07
Profit before income tax expenses	171.63	16.15	107.02	10.15	32.06	3.03
Income tax expenses	25.27	2.38	20.81	1.97	2.85	0.27
Profit for the year	146.36	13.77	86.21	8.17	29.21	2.76

Remark: ^{/1} The Extraordinary General Meeting of Shareholders No. 1/2016 which was held on 9 May 2016 resolved to approve the Company's investment in ordinary shares of Save Now 2494 Company Limited (SN) to expand its customer base to middle-to-low income earners. After the Company's acquisition of 99.97% of SN shares from the existing shareholders, SN is a subsidiary of the Company. Therefore, SN's operating results have been included in the Company's consolidated financial statements since the second quarter of year 2016.

^{/23} Other income of the Company comprises rental and service fee income, interest income from banks and employees' loans, gain on exchange rate and .gain on sale of investments.

* % of net profit is derived from the division of the profit for the year by net sales and is different from the % net profit shown in table of Summary of Key Financial Ratio which uses the net sales plus other income as a divisor.

Statement of Cash Flows	Consolidated Financial Statement ¹ (Audited)	Consolidated Financial Statement ¹ (Audited)	Consolidated Financial Statement ¹ (Audited)
	ended 31 Dec 16	ended 31 Dec 17	ended 31 Dec 18
	MB	MB	MB
<u>Cash flows from operating activities</u>			
Profit before income tax expenses	171.63	107.02	32.06
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:			
Depreciation and amortisation	42.41	55.92	68.37
Allowance for diminution in value of inventories (Reversal)	(2.92)	1.32	7.06
Increase in allowance for doubtful account	0.13	-	-
Increase in allowance for impairment loss	0.56	-	-
Unrealised loss on exchange rate	0.01	0.01	-
Gain on sales investments	(0.25)	(1.34)	(2.22)
Gain on sales of assets	(0.86)	(0.43)	0.00
Loss on write off equipment	1.43	0.12	0.16
Long-term employee benefits expenses (Reversal)	(0.05)	0.17	1.14
Interest income	(0.41)	(1.76)	(2.20)
Interest expenses	14.48	0.14	0.72
Profit from operating activities before changes in operating assets and liabilities	226.16	161.17	105.09
Operating assets (increase) decrease			
Trade and other receivables	1.25	0.22	0.81
Inventories	90.90	11.94	(130.09)
Other current assets	7.11	(1.09)	(5.79)
Other non-current assets	(3.32)	0.73	(0.41)
Operating liabilities increase (decrease)			
Trade and other payables	(8.76)	4.80	54.03
Other current liabilities	(14.56)	0.05	1.35
Other non-current liabilities	8.90	0.17	8.52
Cash flows from operating activities			
Cash paid for long-term employee benefit	-	-	(0.65)
Cash paid for corporate income tax	(35.07)	(18.45)	(14.42)
Net cash flows from operating activities	272.61	159.54	18.44

Statement of Cash Flows	Consolidated Financial Statement ^{/1} (Audited)	Consolidated Financial Statement ^{/1} (Audited)	Consolidated Financial Statement ^{/1} (Audited)
	ended 31 Dec 16	ended 31 Dec 17	ended 31 Dec 18
	MB	MB	MB
<u>Cash flows from investing activities</u>			
Cash received from sales of investments	505.35	450.36	508.17
Cash received from sales of property, plant and equipment	1.66	0.42	-
Cash paid for acquisition of investments	(975.00)	(230.00)	(410.00)
Cash paid for acquisition of property, plant and equipment	(158.42)	(279.98)	(150.17)
Cash paid for acquisition of intangible assets	(4.38)	(6.84)	(4.36)
Cash received from interest income	0.39	1.78	2.11
Net cash flows used in investing activities	(630.40)	(64.26)	(54.25)
<u>Cash flows from financing activities</u>			
Cash received from long-term loans	130.00	-	108.67
Proceeds from capital increase	1,030.00	-	-
Expenses relating to capital increase	(38.12)	-	-
Decrease in short-term loans from related parties	(14.00)	-	-
Decrease in overdraft and short-term loans from financial institutions	(98.23)	-	-
Repayment of long-term loans from financial institutions	(380.00)	-	-
Cash paid for liabilities under financial lease agreements	(0.50)	(0.44)	(1.23)
Dividend payment	(222.70)	(60.00)	(36.00)
Cash paid for interest expenses	(14.57)	(0.13)	(0.61)
Net cash flows from (used in) financing activities	391.88	(60.57)	70.83
Net increase in cash and cash equivalents	34.09	34.71	35.02
Cash and cash equivalents at beginning of period	55.83	89.92	124.63
Cash and cash equivalents at end of period	89.92	124.63	159.65

Remark: ^{/1} The Extraordinary General Meeting of Shareholders No. 1/2016 which was held on 9 May 2016 resolved to approve the Company's investment in ordinary shares of Save Now 2494 Company Limited (SN) to expand its customer base to middle-to-low income earners. After the Company's acquisition of 99.97% of SN shares from the existing shareholders, SN is a subsidiary of the Company. Therefore, SN's operating results have been included in the Company's consolidated financial statements since the second quarter of year 2016.

Key Financial Ratio

Financial Ratio		Consolidated Financial Statements ^{/1} (Audited)	Consolidated Financial Statements ^{/1} (Audited)	Consolidated Financial Statements ^{/1} (Audited)
		ended 31 Dec 16	ended 31 Dec 17	ended 31 Dec 18
Liquidity Ratio	x	8.56	6.80	4.53
Quick Ratio	x	0.87	3.47	1.78
Operating Cash Flow Ratio	x	1.60	1.40	0.13
Account Receivable Turnover	x	140.46	156.24	180.57
Average Collection Period	Day	2.56	2.34	2.02
Inventory Turnover	x	1.42	1.60	1.50
Average Inventory Period	Day	254.30	227.66	243.22
Account Payable Turnover	x	9.99	9.70	7.20
Average Payable Period	Day	36.05	37.63	50.68
Cash Cycle	Day	220.81	192.37	194.56
Gross Profit Margin	%	45.31	44.50	40.90
Operating Profit Margin	%	17.53	10.16	3.10
Cash to Profit Margin	%	146.31	147.15	56.25
Net Profit Margin	%	13.32	7.83	2.64
Return on Equity	%	14.53	5.83	1.96
Return on Assets	%	11.18	5.37	1.72
Return on Fixed Assets	%	33.41	19.14	11.11
Asset Turnover	x	0.84	0.69	0.65
Debt to Equity Ratio	x	0.09	0.09	0.20
Interest Coverage Ratio	x	21.29	1322.81	30.68

Remark: ^{/1} The Extraordinary General Meeting of Shareholders No. 1/2016 which was held on 9 May 2016 resolved to approve the Company's investment in ordinary shares of Save Now 2494 Company Limited (SN) to expand its customer base to middle-to-low income earners. After the Company's acquisition of 99.97% of SN shares from the existing shareholders, SN is a subsidiary of the Company. Therefore, SN's operating results have been included in the Company's consolidated financial statements since the second quarter of year 2016.

Management Discussion and Analysis For operation of the year 2018

FN Factory Outlet Public Company Limited was founded in 2000 and has been operated the outlet business, featuring both house brand and other brand products. During 2018, the Company opened 2 branches i.e. Rayong branch (which started operating since 1 November 2018) and Diana branch (which started operating since 7 December 2018). To date, the Company has 12 outlets (the existing branches: Phetchaburi, Kanchanaburi, Pattaya, Pak Chong, Sing Buri, Hua Hin, Sriracha, Phra Nakorn Sri Ayutthaya, Hat Yai and Chachoengsao).

Industry Overview

The Office of the National Economic and Social Development Council (NESDC) reported that Thailand's GDP in 2018 growth 4.1% YOY, driving by private consumption and investment. Although the household consumption index continued to expand but the recovery in consumption of low-income households remained subdued, reflecting growth in limited sections. Moreover, growth in tourism industry failed to achieve the target especially in second half of the year due to the decline of Chinese tourists and economic slowdown in several countries especially in Europe which negatively affect spending power of tourists. Nevertheless, going forward, if government's stimulus measures in investment, tourism and consumption successfully implement. The impact would positively support overall economy. (Source : SCB EIC)

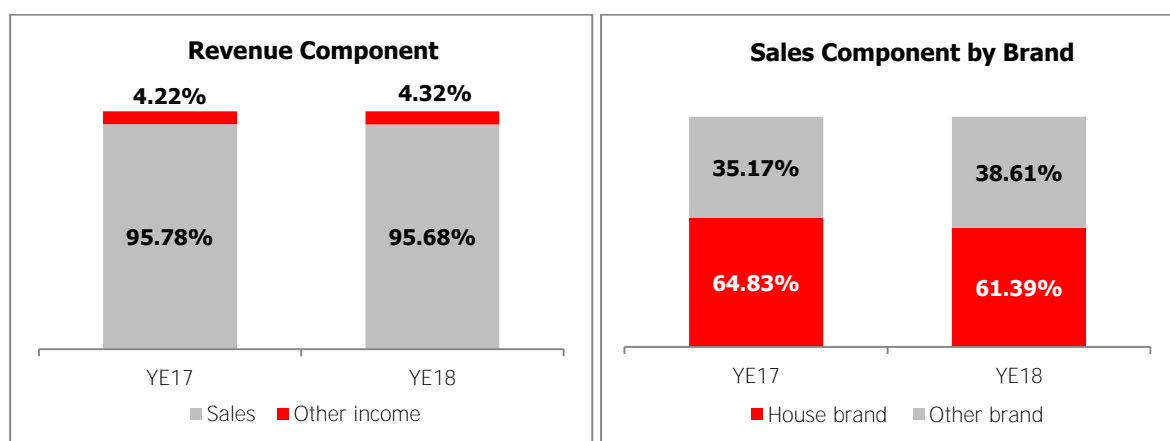
Performance Analysis

Unit : MB	For the year ended		Change	
	2018	2017	MB	%
Net sales	1,057.38	1,054.67	2.71	0.26
Other income	47.74	46.50	1.24	2.67
Total revenues	1,105.12	1,101.17	3.95	0.36
Cost of goods sold	624.93	585.38	39.55	6.76
Selling expenses and administrative expenses	447.41	408.64	38.77	9.49
Selling expenses	217.44	187.00	30.44	16.28
Administrative expenses	229.97	221.64	8.33	3.76
Earnings before interest and taxes (EBIT)	32.79	107.16	(74.37)	(69.40)
Financial costs	0.72	0.13	0.59	453.85
Income tax expenses	2.86	20.81	(17.95)	(86.26)
Net profit	29.21	86.21	(57.00)	(66.12)

Unit : MB	For the year ended		Change	
	2018	2017	MB	%
Earnings before interest, taxes, depreciation and amortization (EBITDA)	101.16	163.08	(61.92)	(37.97)
Depreciation and amortization	68.37	55.92	12.45	22.26

Key financial ratio related with operating result (%)	For the year ended		Change
	2018	2017	
Gross profit margin	40.90	44.50	(3.60)
Selling expenses and administrative expenses to total revenue	40.49	37.11	3.38
Net profit margin	2.64	7.83	(5.19)

1. Total revenue



The Company was able to maintain sales at same level of previous year mainly from sales of two new outlet branches i.e. Rayong and Diana branch which was still achieve the target. In addition, the Company arranged more promotion and marketing events to increase sales amounts in this year such as “FN Fair” at head office and branches. For sales of existing branches, it was not achieve the target since the delay of domestic consumption recovery and the high household debt.

The Company keeps focusing on house brand products to emphasize FN brand awareness and increase FN brand equity in a long run. The Company was able to maintain house brand product proportionate in YE18 compared with YE17

For the proportion of other income to total revenue, the Company was able to maintain proportionate compared to previous year. The Company targets to expand rental areas in existing branches and new outlets in the future so that the Company will receive extra income and draw customers' attention.

2. Cost of goods sold and gross profit

YE18 gross profits represented 40.90%, as a result of arranging more promotion and marketing events to promote sales volume together with the increase in proportion of other brand sales in first half of the year. However, the Company has concern about the maintaining gross profit margin, so that the marketing activities has been arranged to emphasize FN brand awareness with sales plan improvement and promotion efficiency spending.

3. Selling and administrative expenses

Selling and administrative expenses for YE18 were Baht 477.41 million, increased from previous year. The increase was mainly due to the expenses of new outlets (i.e. Hat Yai, Chachoengsao, Rayong and Diana branches) particularly personnel and marketing expenses which relatively high during the opening period. Also, the Company recognized additional depreciation from new outlets.

4. Net profit and net profit margin

YE18 net profit were Baht 29.21 million as a result of the sales target was not achieved and decreasing in gross profit margin from marketing events couple with the increase in operating expense due to the expenses of new outlets.

The company concentrated to develop more strategies i.e. 1) For product development, the Company focuses on how to serve needs of target customers and change in product mix strategy to get high quality product which is value for money to serve customer with marketing strategy to emphasize FN brand awareness and increase FN brand equity which is support sustainable growth. 2) For eCommerce channel which has been developed since end of 2017, the Company keep investing in this platform to serve the change of consumer lifestyle and 3) The Company is making the best effort to manage expenses efficiency by implementing IT system to reduce operation and resource, investing in solar rooftop to decrease electricity expense by starting the first pilot project in Phra Nakorn Sri Ayutthaya outlet with a plan to roll-out to other outlets in the future.

Financial Position Analysis

Unit : MB	As at 31 December 2018	As at 31 December 2017	Change	
			MB	%
Cash and cash equivalents	159.65	124.63	35.02	28.10
Current investment	156.04	252.71	(96.67)	(38.25)
Inventories	472.08	349.04	123.04	35.25
Property, plant and equipment	919.08	838.14	80.94	9.66
Other assets	69.00	58.26	10.74	18.44
Total assets	1,775.85	1,622.78	153.07	9.43
Accounts payable	149.37	98.72	50.65	51.31
Long-term loan	108.67	-	108.67	-
Other liabilities	34.53	32.79	1.74	5.31
Total liabilities	292.57	131.51	161.06	122.47
Total shareholders' equity	1,483.28	1,491.26	(7.98)	(0.54)
Total liabilities and shareholders' equity	1,775.85	1,622.78	153.07	9.43

1. Assets

The Company's total assets as at 31 December 2018 were Baht 1,775.85 million, increased Baht 153.08 million from 2017 mainly from an increase in inventories of more variety goods and to support the opening of new outlet at Rayong and Diana branches. Moreover, there was an increase of fixed assets for construction of Rayong and Diana branch, additional of building for Chachoengsao branch and renovate the existing branches. However, total cash and cash equivalent and current investment decrease by Baht 61.65 million from the investing in assets, dividend payment to shareholders and 2017 corporate tax payment.

2. Liabilities

As at 31 December 2018, the Company's liabilities totaled Baht 292.57 million, rose by Baht 161.06 million or 122.47% from 2017 mainly from an increase in long-term loans from financial institution to support the construction of Rayong branch. Moreover, there was increase in accounts payable from purchasing more variety of goods and other payable to support the investing in assets.

3. Shareholders' equity

As at 31 December 2018, the Company's shareholders' equity was Baht 1,483.28 million, decreasing by Baht 7.98 million or 0.54% from end of 2017, mainly due to the YE18 net profit of Baht 29.21 million whereas the Company paid dividend of Baht 36 million to shareholders.

Cash Flow Statement Analysis

Unit : MB	For the period ended		Change	
	31 December 2018	31 December 2017	MB	%
Cash flow from operating activities	18.44	159.55	(141.11)	(88.44)
Cash flow from used in investing activities	(54.26)	(64.26)	10.00	(15.56)
Cash flow from (used in) financing activities	70.83	(60.57)	131.40	(216.94)

1. Cash flow from operating activities

The Company's net cash flow used in operating activities was Baht 18.44 million from the decreasing in operating profit together with the increase in operating expenses and purchasing of goods.

2. Cash flow used in investing activities

The Company had cash outflow from investing in fixed assets and intangible assets totally of Baht 154.52 million and additional of current investment of Baht 410 million whereas the Company had cash inflow from redemption of partial investment and interest income of Baht 510.28 million. For those reasons, the Company had net cash flow used in investing activities of Baht 54.26 million.

3. Cash flow from (used in) financing activities

The Company had cash inflow from long-term loan of Baht 108.67 million whereas the Company had cash outflow from financing activities of Baht 37.84 million as a result of dividend and financial lease payment. For those reasons, the Company had net cash flow from financing activities of Baht 70.83 million.

Key Financial Ratio Analysis

	For the year 2018	For the year 2017	Change	Reason
Liquidity Ratio (x)	4.53	6.80	(2.27)	The increase in accounts payable, other payable and long-term loan.
Quick Ratio (x)	1.78	3.47	(1.69)	
Return on Equity (%)	1.96	5.83	(3.87)	The decrease in YE18 net profit.
Debt-to-Equity Ratio (x)	0.20	0.09	0.11	The increase in accounts payable, other payable and long-term loan.

Report and consolidated financial statements

For the Year Ended December 31, 2018

Independent Auditor's Report

To the Shareholders of FN Factory Outlet Public Company Limited and its subsidiaries

Opinion

I have audited the accompanying consolidated financial statements of FN Factory Outlet Public Company Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of FN Factory Outlet Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of FN Factory Outlet Public Company Limited and its subsidiary and of FN Factory Outlet Public Company Limited as at 31 December 2018, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matter

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

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



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

Recognition of revenue from sales

The Group recognised revenue from sales according to the accounting policy as disclosed in Note 4.1 to the financial statements. During the year 2018, the Group recognised revenue from sales amounting to Baht 1,057 million, which represented 96% of total revenues. The revenue from sales is the most significant account in the statement of comprehensive income of the Group and is also the key indicator of business performance on which the users of financial statements pay particular attention. In addition, the Group has a large customer base. Therefore, I focused my audit on the occurrence of the revenue from sales.

I have examined the revenue recognition of the Group by

- Assessing and testing the Group's IT system and its internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.
- Applying a sampling method to select sales documents to assess whether revenue recognition was consistent with the conditions of the sales, and whether it was in compliance with the Group's policy.
- On a sampling basis, examining supporting documents for sales transactions occurring during the year and near the end of the accounting period.
- Reviewing credit notes that the Group issued after the period-end.
- Performing analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period.

Provision for diminution in value of inventories

Estimating the net realisable value of inventories, as disclosed in Note 10 to the financial statements, is an area of significant management judgment, particularly with regard to the estimation of provision for diminution in the value of obsolete and damaged inventories. This requires detailed analysis of the product life cycle, the competitive environment, economic circumstances and the situation within the industry. In addition, the Company has a large quantity and number of categories of inventory. Therefore, I focused my audit on the measurement of provision set aside for diminution in value of inventories.

I assessed and tested the internal controls of the Group relevant to the determination of provision for diminution in value of inventories by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. In addition, I assessed the method and the assumptions applied by the management in determining such provision. The procedures that I performed included:

- Gaining an understanding of the basis applied in determining the provision for diminution in value of inventories and reviewing the consistency of the application of that basis, and the rationale for the recording of specific provisions.



- Comparing the inventory holding periods and inventory movements to identify product lines with indicators of lower than normal inventory turnover.
- Comparing proceeds from sales transactions occurring after the date of the financial statements to inventory cost by product line.
- Comparing historical data of actual losses on sales and write-offs of inventories during the year to the provision for diminution in value of inventories recorded as at the preceding year-end.

Other Matter

The Consolidated financial statements of FN Factory Outlet Public Company Limited and its subsidiary (the Group) and the separate financial statements of FN Factory Outlet Public Company Limited for the year ended 31 December 2017 were audited by another auditor who, under his report dated 23 February 2018, expressed an unmodified opinion on those financial statements.

Other Information

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

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

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

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

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

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

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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





OUTLET FN Factory Outlet Public Company Limited

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

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

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

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

Sophon Permsirivallop

Certified Public Accountant (Thailand) No. 3182

EY Office Limited

Bangkok: 28 February 2019



STATEMENTS OF FINANCIAL POSITION

As at 31 December 2018

ASSETS

		In Baht			
		Consolidated financial statements		Separate financial statements	
	Note	31 December 2018	31 December 2017	31 December 2018	1 January 2017
CURRENT ASSETS					
Cash and cash equivalents	7	159,648,778	124,628,266	158,362,040	84,166,841
Current investments	8	156,039,510	252,711,068	156,039,510	469,992,754
Trade and other receivables	6, 9	8,169,921	8,892,361	15,954,024	18,150,772
Short-term loan to subsidiary and accrued interest	6	-	-	21,813,013	16,380,916
Inventories	10	472,077,271	349,042,442	465,698,931	356,754,219
Other current assets	11	27,740,464	21,706,653	26,544,124	19,610,185
Total current assets		823,675,944	756,980,790	844,411,642	965,055,687
NON-CURRENT ASSETS					
Restricted bank deposits		-	-	-	800,000
Investment in subsidiary	12	-	-	-	-
Property, plant and equipment	13	919,084,088	838,141,228	914,823,601	611,264,865
Intangible assets	14	19,080,501	16,277,490	18,749,040	11,826,096
Leasehold rights	15	3,869,038	4,071,950	3,869,038	4,071,950
Deferred tax assets	22	6,541,553	4,113,878	5,988,776	3,630,498
Other non-current assets	6	3,599,520	3,190,322	4,032,647	2,181,003
Total non-current assets		952,174,700	865,794,868	947,463,102	631,326,811
TOTAL ASSETS		1,775,850,644	1,622,775,658	1,791,874,744	1,596,382,498

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

STATEMENTS OF FINANCIAL POSITION (Continued)

As at 31 December 2018



FN Factory Outlet Public Company Limited

LIABILITIES AND SHAREHOLDERS' EQUITY

	Note	In Baht					
		Consolidated financial statements			Separate financial statements		
		31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	1 January 2017
CURRENT LIABILITIES							
Trade and other payables	6, 16	149,367,665	98,722,795	99,387,247	146,507,923	96,267,408	97,101,241
Current portion of liabilities under finance lease agreements	17	1,260,315	998,035	503,007	1,260,315	998,035	503,007
Current portion of long-term loans	18	27,450,000	-	-	27,450,000	-	-
Income tax payable		289,834	9,479,570	6,251,444	289,834	9,479,570	6,251,444
Other current liabilities		3,413,013	2,063,474	2,016,135	3,413,013	2,061,732	2,012,365
Total current liabilities		181,780,827	111,263,874	108,157,833	178,921,085	108,806,745	105,868,057
NON-CURRENT LIABILITIES							
Liabilities under finance lease agreements-net of current portion	17	1,397,973	1,857,346	1,449,349	1,397,973	1,857,346	1,449,349
Long-term loans - net of current portion	18	81,222,914	-	-	81,222,914	-	-
Provision for long-term employee benefits	19	4,209,828	2,953,237	1,030,177	4,209,828	2,953,237	1,030,177
Other non-current liabilities	6	23,960,314	15,438,319	15,264,329	23,960,314	18,102,659	16,606,692
Total non-current liabilities		110,791,029	20,248,902	17,743,855	110,791,029	22,913,242	19,086,218
Total liabilities		292,571,856	131,512,776	125,901,688	289,712,114	131,719,987	124,954,275

STATEMENTS OF FINANCIAL POSITION (Continued)

As at 31 December 2018

LIABILITIES AND SHAREHOLDERS' EQUITY (CONTINUED)

	Note	In Baht					
		Consolidated financial statements			Separate financial statements		
		31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	1 January 2017
SHAREHOLDERS' EQUITY							
Share capital							
Registered							
1,000,000,000 ordinary shares of Baht 0.5 each		500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid up							
1,000,000,000 ordinary shares of Baht 0.5 each		500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000
Premium on ordinary shares		806,882,974	806,882,974	806,882,974	806,882,974	806,882,974	806,882,974
Retained earnings							
Appropriated - statutory reserve	20	25,865,802	24,065,802	19,365,802	25,865,802	24,065,802	19,365,802
Unappropriated		149,706,890	158,907,554	138,795,359	168,582,245	172,807,462	145,150,072
Other components of shareholders' equity		831,609	1,414,459	29,375	831,609	1,414,459	29,375
Equity attributable to owners of the Company		1,483,287,275	1,491,270,789	1,465,073,510	1,502,162,630	1,505,170,697	1,471,428,223
Non-controlling interests of the subsidiary		(8,487)	(7,907)	(5,707)	-	-	-
Total shareholders' equity		1,483,278,788	1,491,262,882	1,465,067,803	1,502,162,630	1,505,170,697	1,471,428,223
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,775,850,644	1,622,775,658	1,590,969,491	1,791,874,744	1,636,890,684	1,596,382,498

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

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 December 2018

		In Baht			
		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
PROFIT OR LOSS:					
REVENUES					
Sales		1,057,379,480	1,054,666,095	1,057,379,480	1,046,193,535
Other income	6	47,744,833	46,506,218	51,822,457	48,344,432
Total revenues		1,105,124,313	1,101,172,313	1,109,201,937	1,094,537,967
EXPENSES					
Cost of sales	6	624,926,427	585,375,522	627,608,384	578,895,763
Selling and distribution expenses	6	217,439,815	186,995,721	216,527,552	184,914,505
Administrative expenses	6	229,969,869	221,638,631	227,232,375	215,941,670
Total expenses		1,072,336,111	994,009,874	1,071,368,311	979,751,939
Profit before finance cost and income tax expenses		32,788,202	107,162,439	37,833,626	114,786,028
Finance cost		(717,665)	(135,046)	(717,665)	(135,046)
Profit before income tax expenses		32,070,537	107,027,393	37,115,961	114,650,983
Income tax expenses	22	(2,857,412)	(20,814,955)	(2,926,809)	(20,891,150)
Profit for the year		29,213,125	86,212,438	34,189,152	93,759,833



▶ STATEMENTS OF COMPREHENSIVE INCOME (Continued)

For the year ended 31 December 2018

		In Baht			
		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
Other comprehensive income:					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Gain (loss) on remeasurement of value of available-for-sale investments		(728,563)	1,731,355	(728,563)	1,731,355
Less: Income tax effect		145,713	(346,271)	145,713	(346,271)
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		(582,850)	1,385,084	(582,850)	1,385,084
Other comprehensive income not to be reclassified to profit or loss in subsequent periods					
Actuarial loss	19	(767,961)	(1,753,054)	(767,961)	(1,753,054)
Less: Income tax effect	22	153,592	350,611	153,592	350,611
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		(614,369)	(1,402,443)	(614,369)	(1,402,443)
Other comprehensive income for the year		(1,197,219)	(17,359)	(1,197,219)	(17,359)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		28,015,906	86,195,079	32,991,933	93,742,474

▶ STATEMENTS OF COMPREHENSIVE INCOME (Continued)

For the year ended 31 December 2018

		In Baht			
		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
Profit attributable to:					
Equity holders of the Company		29,213,705	86,214,638	34,189,152	93,759,833
Non-controlling interests of the subsidiary		(580)	(2,200)		
		29,213,125	86,212,438		
Total comprehensive income attributable to:					
Equity holders of the Company		28,016,486	86,197,279	32,991,933	93,742,474
Non-controlling interests of the subsidiary		(580)	(2,200)		
		28,015,906	86,195,079		
Earnings per share	23				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.03	0.09	0.03	0.09

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2018

In Baht									
Consolidated financial statements									
Equity attributable to owners of the Company									
		Retained earnings		Other components of shareholders' equity					
	Issued and fully paid-up share capital	Share premium	Appropriated	Unappropriated	Other comprehensive income	Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiary	Total shareholders' equity
Balance as at 1 January 2017	500,000,000	806,882,974	19,365,802	138,795,359	29,375	29,375	1,465,073,510	(5,707)	1,465,067,803
Profit for the year	-	-	-	86,214,638	-	-	86,214,638	(2,200)	86,212,438
Other comprehensive income for the year	-	-	-	(1,402,443)	1,385,084	1,385,084	(17,359)	-	(17,359)
Total comprehensive income for the year	-	-	-	84,812,195	1,385,084	1,385,084	86,197,279	(2,200)	86,195,079
Appropriate to statutory reserve (Note 20)	-	-	4,700,000	(4,700,000)	-	-	-	-	-
Dividend (Note 26)	-	-	-	(60,000,000)	-	-	(60,000,000)	-	(60,000,000)
Balance as at 31 December 2017	500,000,000	806,882,974	24,065,802	158,907,554	1,414,459	1,414,459	1,491,270,789	(7,907)	1,491,262,882

FN Factory Outlet Public Company Limited

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STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

For the year ended 31 December 2018

In Baht										
Consolidated financial statements										
Equity attributable to owners of the Company										
Retained earnings			Other components of shareholders' equity							
Issued and fully paid-up share capital	Share premium	Appropriated	Unappropriated	Other comprehensive income	Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiary	Total shareholders' equity		
				surplus on remeasurement of fair value of available-for-sale-investments						
Balance as at 1 January 2018	500,000,000	806,882,974	24,065,802	158,907,554	1,414,459	1,414,459	(7,907)	1,491,270,789	1,491,262,882	
Profit for the year	-	-	-	29,213,705	-	-	(580)	29,213,705	29,213,125	
Other comprehensive income for the year	-	-	-	(614,369)	(582,850)	(582,850)	-	(1,197,219)	(1,197,799)	
Total comprehensive income for the year	-	-	-	28,599,336	(582,850)	(582,850)	(580)	28,016,486	28,015,906	
Appropriate to statutory reserve (Note 20)	-	-	1,800,000	(1,800,000)	-	-	-	-	-	
Dividend (Note 26)	-	-	-	(36,000,000)	-	-	-	(36,000,000)	(36,000,000)	
Balance as at 31 December 2018	500,000,000	806,882,974	25,865,802	149,706,890	831,609	831,609	(8,487)	1,483,287,275	1,454,065,083	

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

For the year ended 31 December 2018

	In Baht							
	Separate financial statements							
	Retained earnings				Other components of shareholders' equity			
	Issued and fully paid-up share capital	Share premium	Appropriated	Unappropriated	Other comprehensive income surplus on remeasurement of fair value of available-for-sale-investments	Total other components of shareholders' equity	Total shareholders' equity	
Balance as at 1 January 2017	500,000,000	806,882,974	19,365,802	145,150,072	29,375	29,375	1,471,428,223	
Profit for the year	-	-	-	93,759,833	-	-	93,759,833	
Other comprehensive income for the year	-	-	-	(1,402,443)	1,385,084	1,385,084	(17,359)	
Total comprehensive income for the year	-	-	-	92,357,390	1,385,084	1,385,084	93,742,474	
Appropriate to statutory reserve (Note 20)	-	-	4,700,000	(4,700,000)	-	-	-	
Dividend (Note 26)	-	-	-	(60,000,000)	-	-	(60,000,000)	
Balance as at 31 December 2017	500,000,000	806,882,974	24,065,802	172,807,462	1,414,459	1,414,459	1,505,170,697	
Balance as at 1 January 2018	500,000,000	806,882,974	24,065,802	172,807,462	1,414,459	1,414,459	1,505,170,697	

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2018

	In Baht					
	Separate financial statements					
	Retained earnings					Other components of shareholders' equity
	Issued and fully paid-up share capital	Share premium	Appropriated	Unappropriated	Other comprehensive income	Total shareholders' equity
			surplus on remeasurement of fair value of available-for-sale-investments	Total other components of shareholders' equity		
Profit for the year	-	-	-	34,189,152	-	34,189,152
Other comprehensive income for the year	-	-	-	(614,369)	(582,850)	(1,197,219)
Total comprehensive income for the year	-	-	-	33,574,783	(582,850)	32,991,933
Appropriate to statutory reserve (Note 20)	-	-	1,800,000	(1,800,000)	-	-
Dividend (Note 26)	-	-	-	(36,000,000)	-	(36,000,000)
Balance as at 31 December 2018	500,000,000	806,882,974	25,865,802	168,582,245	831,609	1,502,162,630

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

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from operating activities				
Profit before income tax expenses	32,070,537	107,027,393	37,115,961	114,650,983
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	68,367,378	55,918,223	66,692,734	54,082,206
Allowance for diminution in value of inventories	7,055,232	1,318,615	7,048,683	1,310,165
Unrealised loss on exchange rate	-	15,874	-	15,874
Gain on sales investments	(2,224,019)	(1,344,607)	(2,224,019)	(1,344,607)
Gain on sales of assets	-	(425,234)	-	(425,234)
Loss on write off equipment	161,072	117,715	161,072	117,715
Long-term employee benefits expenses	1,135,434	170,007	1,135,434	170,007
Interest income	(2,196,908)	(1,759,160)	(3,143,000)	(2,609,476)
Interest expenses	717,665	135,046	717,665	135,046
Profit from operating activities before changes in operating assets and liabilities	105,086,391	161,173,872	107,504,530	166,102,679
Operating assets (increase) decrease				
Trade and other receivables	810,933	215,265	1,073,437	1,211,804
Inventories	(130,090,062)	11,942,000	(128,748,486)	11,444,926
Other current assets	(5,786,230)	(1,090,262)	(5,634,520)	(1,471,412)
Other non-current assets	(409,198)	730,681	(405,700)	(645,943)
Operating liabilities increase (decrease)				
Trade and other payables	54,030,464	4,802,039	53,626,109	4,600,658
Other current liabilities	1,349,538	47,339	1,351,281	49,367

▶ STATEMENTS OF CASH FLOWS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Other non-current liabilities	8,521,995	173,990	5,857,655	1,495,967
Cash flows from operating activities	33,513,831	177,994,924	34,624,306	182,788,046
Cash paid for long-term employee benefit	(646,804)	-	(646,804)	-
Cash paid for corporate income tax	(14,423,098)	(18,446,083)	(14,175,518)	(18,233,310)
Net cash flows from operating activities	18,443,929	159,548,841	19,801,984	164,554,736
Cash flows from investing activities				
Cash received from sales of investments	508,167,014	450,357,648	508,167,014	450,357,648
Cash received from sales of property, plant and equipment	-	425,235	-	425,235
Cash paid for acquisition of investments	(410,000,000)	(230,000,000)	(410,000,000)	(230,000,000)
Cash paid for acquisition of property, plant and equipment	(150,169,969)	(279,983,649)	(150,169,969)	(278,096,939)
Cash paid for acquisition of intangible assets	(4,361,475)	(6,839,637)	(4,361,475)	(6,993,137)
Increase in short-term loan to subsidiary	-	-	-	(4,000,000)
Cash received from interest income	2,108,416	1,777,653	2,099,603	2,150,776
Net cash flows used in investing activities	(54,256,014)	(64,262,750)	(54,264,827)	(66,156,417)
Cash flows from financing activities				
Cash received from long-term loans	108,672,914	-	108,672,914	-
Cash paid for liabilities under financial lease agreements	(1,227,192)	(437,828)	(1,227,192)	(437,828)
Dividend payment	(36,000,000)	(60,000,000)	(36,000,000)	(60,000,000)
Cash paid for interest expenses	(613,125)	(135,046)	(613,125)	(135,046)
Net cash flows from (used in) financing activities	70,832,597	(60,572,874)	70,832,597	(60,572,874)

STATEMENTS OF CASH FLOWS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Net increase in cash and cash equivalents	35,020,512	34,713,217	36,369,754	37,825,445
Cash and cash equivalents at beginning of year	124,628,266	89,915,049	121,992,286	84,166,841
Cash and cash equivalents at end of year	159,648,778	124,628,266	158,362,040	121,992,286
Supplemental cash flows information:				
Non-cash items				
Payable for acquisition of property, plant and equipment and intangible assets	6,685,867	5,482,365	6,685,867	5,450,365
Increase in equipment under financial lease agreements	872,585	-	872,585	-

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

Notes to consolidated financial statements

For the year ended 31 December 2018

1. General information

FN Factory Outlet Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in merchandising of clothing and consumer products in Thailand. The registered office of the Company is at 991, FN Building, Rama 9 Road, Suan Luang Sub - District, Suan Luang District, and Bangkok.

The Company’s major shareholder is QIU Asset Co., Ltd. which holds 31.49% by list of shareholders as at 26 November 2018 and 13 November 2017.

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

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

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

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of FN Factory Outlet Public Company Limited (“the Company”) and the following subsidiary company (“the subsidiary”):

Company’s name	Nature of business	Country of incorporation	Percentage of shareholding	
			2018	2017
			%	%
Save Now 2494 Company Limited	Selling snack, household products, cosmetics and souvenir	Thailand	99.97	99.97

- b) The Company is deemed to have control over an investee or subsidiary if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiary are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiary are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiary that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 The separate financial statements present investment in subsidiary under the cost method.

3. New financial reporting standards

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

During the year, the Company and its subsidiary have adopted 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 adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiary's financial statements.

(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

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



TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue – Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Company and its subsidiary believe that this standard will not have any significant impact on the financial statements when it is initially applied.

(c) Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020

During the current year, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments, which consists of five accounting standards and interpretations, as follows:

Financial reporting standards	
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
Accounting standard	
TAS 32	Financial Instruments: Presentation
Financial Reporting Standard Interpretations	
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiary is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

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

Rental and service income

Rental and service income are recognised on an accrual basis over the period of contracts.

Interest income

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

Dividends

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

4.2 Cash and cash equivalents

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

4.3 Trade accounts receivable

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

4.4 Inventories

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



4.5 Investments

a) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.

b) Investment in subsidiary is accounted for in the separate financial statements using the cost method.

Fair value of unit trusts is determined from their net asset value.

The weighted average method is used for computation of the cost of investments.

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

4.6 Property, plant and equipment/Depreciation

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

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

Land improvements	5 years
Buildings	useful lives but not over lease period
Building improvements	2 - 20 years, lease period
Computer equipment	5 years
Furniture, fixtures and office equipment	3-10 years
Vehicles	5 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation.

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

4.7 Borrowing costs

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



4.8 Intangible assets

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

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

The Company and its subsidiary amortised computer software as expense using the straight-line method over 10 years.

4.9 Leasehold right

Leasehold right is carried at cost less any accumulated impairment losses. Leasehold right is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

The amortisation expense is charged to profit or loss.

4.10 Related party transactions

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

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

4.11 Long-term leases

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

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.



4.12 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.13 Impairment of assets

At the end of each reporting period, the Company and its subsidiary perform impairment reviews in respect of the property, plant and equipment, leasehold rights or other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiary could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

4.14 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 plans

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



Defined benefit plans

The Company and its subsidiary have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiary treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

4.15 Provisions

Provisions are recognised when the Company and its subsidiary have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.16 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiary recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiary review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiary record deferred tax directly to shareh olders' equity if the tax relates to items that are recorded directly to shareholders' equity.



4.17 Fair value measurement

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

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

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

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

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

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

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Allowance for diminution in value of inventories

The determination of allowance for diminution in the value of inventories with regard to lost, damaged or obsolete inventories, requires management to make judgements and estimates. This requires detailed analysis of the product life cycle, useful life of each type of inventory.



Leases

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

Property, plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the 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 periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

6. Related party transactions

The relationships between the Company and its related parties are summarised below.

Companies	Relationship
Save Now 2494 Company Limited	Subsidiary
Key Point Construction Co., Ltd.	Co-shareholders and directors
Be Wise (Thailand) Company Limited	Co-shareholders and directors
Pre-Proud Co., Ltd.	Co-shareholders and directors
Power Now Co., Ltd.	Co-shareholders and directors
ProPound Co., Ltd.	Co-shareholders and directors
White Magnolia Company Limited	Co-shareholders and directors
Thai HA Public Company Limited	Co-shareholders and directors

Companies	Relationship
Living Etcetera Company Limited	Co-shareholders and directors
Arting Co., Ltd.	Co-shareholders and directors
Bonne Sante Company Limited	Co-shareholders and directors
The F1 Company Limited	Co-shareholders and directors
QIU Asset Co., Ltd.	Shareholders and co-directors
KA-Nomjeen Bangkok Co., Ltd.	Co-directors
Q Farm Co., Ltd.	Co-directors
P.Villa Company Limited	Co-directors
Chareanchai and Son Agriculture Company Limited	Co-directors
Management and Psychology Co., Ltd.	Co-directors
Thai Vegetable Oil Public Company Limited	Co-directors
At Bangkok Co., Ltd.	Co-shareholders
Health Water Company Limited	Co-shareholders
Fix & Wash Et Cetera Co., Ltd.	Co-shareholders
Santa Factory Co., Ltd.	Indirect controlled by related party
CRC Creation Public Company Limited	Indirect controlled by related party
Neo Key Co., Ltd.	Indirect controlled by related party
Key management personnel	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any directors (whether executive otherwise) of the Company.

During the year, the Company and its subsidiary had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties



Million Baht					
	Consolidated financial statements		Separate financial statements		Pricing policy
	2018	2017	2018	2017	
Transactions with subsidiary company (eliminated from the consolidated financial statements)					
Rental income	-	-	-	1	Mutual agreement
Interest income	-	-	1	1	BIBOR 1 month plus 3.24% per annum
Purchase of goods	-	-	16	7	Cost plus margin
Rental expenses	-	-	4	4	Mutual agreement
Other expenses	-	-	3	2	Mutual agreement

Transactions with related companies

Rental income	14	19	14	19	Mutual agreement
Other income	6	5	6	5	Mutual agreement
Purchase of goods	88	91	88	91	Cost plus margin
Purchase of assets	9	15	9	15	Cost plus margin
Rental expense	7	7	7	7	Mutual agreement

As at 31 December 2018 and 2017, the balances of the accounts between the Company and those related companies are as follows:

Thousand Baht				
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade and other receivables - related parties (Note 9)				
Subsidiary	-	-	7,784	8,047
Related companies	395	540	395	540
Total	395	540	8,179	8,587
Short-term loan to subsidiary and accrued interest				
Loan to subsidiary	-	-	20,000	20,000
Accrued interest	-	-	1,813	858
Total	-	-	21,813	20,858



		Thousand Baht			
		Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Trade and other payables - related parties (Note 16)					
Subsidiary		-	-	4,471	2,269
Related companies		7,910	8,473	7,910	8,473
Total		7,910	8,473	12,381	10,742

Rental guarantee deposits to related parties (Shown under other non-current assets)

Subsidiary	-	-	1,296	1,296
Related companies	570	570	570	570
Total	570	570	1,866	1,866

Rental deposit to related parties (Shown under other non-current liabilities)

Related companies	9,082	8,141	9,082	8,141
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Construction retention from related parties (Shown under other non-current liabilities)

Related companies	115	-	115	-
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Short-term loan to related party

As at 31 December 2018 and 2017, the balance of loans between the Company and the related company and the movement are as follows:

		Thousand Baht			
		Separate financial statements			
Loan to related party	Relationship	1 January 2018	Increase during the year	Decrease during the year	31 December 2018
Short-term loan to subsidiary					
Save Now 2494 Company Limited	Subsidiary	20,000	-	-	20,000

Short-term loan to subsidiary carries interest at BIBOR 1 Month plus 3.24% per annum and to be due at call.

Directors and management's benefits

During the year ended 31 December 2018 and 2017, the Company and its subsidiary had employee benefit expenses payable to their directors and management as below.

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Short-term employee benefits	23,551	26,305	23,350	25,353
Post-employment benefits	174	20	174	20
Total	23,725	26,325	23,524	25,373

7. Cash and cash equivalents

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash	13,087	11,233	13,073	11,214
Bank deposits	146,562	113,395	145,289	110,778
Total	159,649	124,628	158,362	121,992

As at 31 December 2018, bank deposits in saving accounts and fixed deposits carried interests between 0.38% and 1.30% per annum (2017: between 0.37% and 0.50% per annum)

8. Current investments

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Fixed deposit with an original maturity over 3 months but not over 1 year	100,000	742	100,000	742
Total	100,000	742	100,000	742

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Investments in open-end funds at cost	55,000	250,201	55,000	250,201
Add: Fair value adjustment	1,040	1,768	1,040	1,768
Total investments in open-end funds	56,040	251,969	56,040	251,969
Total current investments	156,040	252,711	156,040	252,711

As at 31 December 2018, fixed deposits carried interest at 1.70% per annum with maturity in June 2019.

9. Trade and other receivables

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade receivables - related parties				
Aged on the basis of due dates				
Not yet due				
Past due	-	-	-	214
6 - 12 months	-	-	-	1,203
Over 12 months	-	-	7,747	6,544
Total trade receivables - related parties	-	-	7,747	7,961
Trade receivables - unrelated parties				
Aged on the basis of due dates				
Not yet due	5,173	6,342	5,173	6,342
Past due				
Less than 3 months	63	-	63	-
Total trade receivables - unrelated parties	5,236	6,342	5,236	6,342
Total trade receivable	5,236	6,342	12,983	14,303
Other receivables				
Other receivables - related parties	395	540	432	626
Other receivables - unrelated parties	2,539	2,010	2,539	2,010
Total other receivables	2,934	2,550	2,971	2,636
Trade and other receivables	8,170	8,892	15,954	16,939

10. Inventories

Consolidated financial statements (Thousand Baht)					
	Cost		Reduce cost to net realisable value		Inventories - net
	2018	2017	2018	2017	2018 2017
Finished goods	474,022	358,823	(22,194)	(15,138)	451,828 343,685
Goods in transit	20,249	5,358	-	-	20,249 5,358
Total	494,271	364,181	(22,194)	(15,138)	472,077 349,043

Separate financial statements (Thousand Baht)					
	Cost		Reduce cost to net realisable value		Inventories - net
	2018	2017	2018	2017	2018 2017
Finished goods	467,629	353,771	(22,179)	(15,130)	445,450 338,641
Goods in transit	20,249	5,358	-	-	20,249 5,358
Total	487,878	359,129	(22,179)	(15,130)	465,699 343,999

During the current year, the Company and its subsidiary reduced cost of inventories by Baht 7 million (2017: Baht 1 million) (The Company only: Baht 7 million and 2017: Baht 1 million), to reflect the net realisable value. This was included in cost of sales.

11. Other current assets

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Deposit for purchase of inventories	14,600	9,381	14,040	9,331
Prepaid expenses	7,075	5,847	7,061	5,824
Undue input vat	2,738	3,572	2,726	3,526
Others	3,327	2,907	2,717	2,229
Total	27,740	21,707	26,544	20,910



12. Investment in subsidiary

Details of investment in subsidiary as presented in separate financial statements are as follows:

Thousand Baht								
Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year ended	
	2018	2017	2018	2017	2018	2017	2018	2017
Save Now 2494 Company Limited	10,000	10,000	99.97	99.97	-	-	-	-

13. Property, plant and equipment

Consolidated financial statements (Thousand Baht)						
	Land and land improvement	Buildings and building improvement	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Total
Cost:						
1 January 2017	126,961	452,567	177,094	24,924	2,051	783,597
Additions	140,807	78,961	32,221	1,788	22,065	275,842
Disposals	-	(864)	(1,306)	(2,860)	-	(5,030)
Transfers in (out)	-	428	588	-	(1,016)	-
31 December 2017	267,768	531,092	208,597	23,852	23,100	1,054,409
Additions	777	2,659	18,349	-	125,436	147,221
Disposals	-	-	(706)	-	-	(706)
Transfers in (out)	2,858	125,402	18,061	-	(146,321)	-
31 December 2018	271,403	659,153	244,301	23,852	2,215	1,200,924
Accumulated depreciation:						
1 January 2017	299	77,967	68,967	18,973	-	166,206
Depreciation for the year	1,482	23,131	27,072	2,725	-	54,410
Depreciation on disposals	-	(300)	(1,188)	(2,860)	-	(4,348)
31 December 2017	1,781	100,798	94,851	18,838	-	216,268

Consolidated financial statements (Thousand Baht)

	Land and land improve- ment	Buildings and building improve- ment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Total
Depreciation for the year	2,699	29,005	32,481	1,932	-	66,117
Depreciation on disposals	-	-	(545)	-	-	(545)
31 December 2018	4,480	129,803	126,787	20,770	-	281,840
Allowance for impairment loss:						
1 January 2017	-	563	-	-	-	563
Decrease during the year	-	(563)	-	-	-	(563)
31 December 2017	-	-	-	-	-	-
31 December 2018	-	-	-	-	-	-
Net book value:						
31 December 2017	265,987	430,294	113,746	5,014	23,100	838,141
31 December 2018	266,923	529,350	117,514	3,082	2,215	919,084

Depreciation for the year

2017 (Baht 36.0 million included in selling expenses, and the balance in administrative expenses)	54,410
2018 (Baht 48.3 million included in selling expenses, and the balance in administrative expenses)	66,117

Separate financial statements (Thousand Baht)

	Land and land improve- ment	Buildings and building improve- ment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Total
Cost:						
1 January 2017	126,961	446,485	175,314	24,421	1,848	775,029
Additions	140,807	77,868	31,459	1,788	22,065	273,987
Disposals	-	-	(1,306)	(2,860)	-	(4,166)
Transfers in (out)	-	225	588	-	(813)	-
31 December 2017	267,768	524,578	206,055	23,349	23,100	1,044,850

Separate financial statements (Thousand Baht)

	Land and land improve- ment	Buildings and building improve- ment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Total
Additions	777	2,659	18,349	-	125,436	147,221
Disposals	-	-	(706)	-	-	(706)
Transfers in (out)	2,858	125,402	18,061	-	(146,321)	-
31 December 2018	271,403	652,639	241,759	23,349	2,215	1,191,365
Accumulated depreciation:						
1 January 2017	299	75,958	68,637	18,870	-	163,764
Depreciation for the year	1,482	22,027	26,618	2,624	-	52,751
Depreciation on disposals	-	-	(1,188)	(2,860)	-	(4,048)
31 December 2017	1,781	97,985	94,067	18,634	-	212,467
Depreciation for the year	2,699	28,116	31,973	1,831	-	64,619
Depreciation on disposals	-	-	(545)	-	-	(545)
31 December 2018	4,480	126,101	125,495	20,465	-	276,541
Net book value:						
31 December 2017	265,987	426,593	111,988	4,715	23,100	832,383
31 December 2018	266,923	526,538	116,264	2,884	2,215	914,824

Depreciation for the year

2017 (Baht 35.7 million included in selling expenses, and the balance in administrative expenses)	52,751
2018 (Baht 47.9 million included in selling expenses, and the balance in administrative expenses)	64,619

As at 31 December 2018, the Company and its subsidiary had vehicles and equipment with net book value of Baht 3.5 million (2017: Baht 3.8 million) which were acquired under finance lease agreements.

As at 31 December 2018, certain items of plant and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 63.9 million (2017: Baht 54.4 million) (The Company only: Baht 63.9 million, 2017: Baht 54.4 million).

14. Intangible assets

	Thousand Baht	
	Consolidated financial statements	Separate financial statements
Computer software		
Cost		
1 January 2017	13,689	12,802
Additions	4,993	4,993
31 December 2017	18,682	17,795
Additions	4,851	4,851
31 December 2018	23,533	22,646
Accumulated amortisation		
1 January 2017	1,023	822
Amortisation for year	1,381	1,204
31 December 2017	2,404	2,026
Amortisation for year	2,048	1,871
31 December 2018	4,452	3,897
Net book value		
31 December 2017	16,278	15,769
31 December 2018	19,081	18,749



15. Leasehold rights

	Thousand Baht	
	Consolidated financial statements	Separate financial statements
1 January 2017	2,199	2,199
Additions	2,000	2,000
Amortisation for the year	(127)	(127)
31 December 2017	4,072	4,072
Amortisation for the year	(203)	(203)
31 December 2018	3,869	3,869

16. Trade and other payables

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade payables - related parties	7,910	8,473	12,247	10,075
Trade payables - unrelated parties	104,205	52,955	97,755	48,797
Other payables - related parties	-	-	134	667
Other payables - unrelated parties	29,052	25,989	28,894	25,793
Accrued expenses - unrelated parties	8,201	11,306	7,478	10,935
Total trade and other payables	149,368	98,723	146,508	96,267

17. Liabilities under finance lease agreements

	(Thousand Baht)	
	Consolidated/Separate financial statements	
	2018	2017
Liabilities under finance lease agreements	2,860	3,122
Less : Deferred interest expenses	(202)	(267)
Total	2,658	2,855
Less : Portion due within one year	(1,260)	(998)
Liabilities under finance lease agreements - net of current portion	1,398	1,857

The Company has entered into the finance lease agreements with leasing companies for rental of motor vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally 4 years.

Future minimum lease payments required under the finance lease agreements were as follows:

(Thousand Baht)			
Consolidated/Separate financial statements			
As at 31 December 2018			
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	1,391	1,469	2,860
Deferred interest expenses	(131)	(71)	(202)
Present value of future minimum lease payments	1,260	1,398	2,658

(Thousand Baht)			
Consolidated/Separate financial statements			
As at 31 December 2017			
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	1,152	1,970	3,122
Deferred interest expenses	(154)	(113)	(267)
Present value of future minimum lease payments	998	1,857	2,855

18. Long-term loans

			(Thousand Baht)	
			Consolidated/ Separate financial statements	
Loan	Interest rate %	Repayment schedule	2018	2017
1	MLR-3.025%	Monthly, starting the repayment in April 2019	108,673	-
Less: Current portion			(27,450)	-
Long-term loans, net of current portion			81,223	-

The loans are non-secured. The loan agreement contain several covenants which, among other things, require the Company to maintain debt-to-equity ratio and debt service coverage ratio at the rate prescribed in the agreements.

As at 31 December 2018, the long-term credit facilities of the Company and its subsidiary which have not yet been drawn down amounted to Baht 41.3 million (2017: Nil).

19. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Provision for long-term employee benefits at beginning of year	2,953	1,030	2,953	1,030
Included in profit or loss:				
Current service cost	1,076	230	1,076	230
Interest cost	60	46	60	46
Included in other comprehensive income:				
Actuarial loss arising from				
Demographic assumptions changes	404	1,216	404	1,216
Financial assumptions changes	214	37	214	37
Experience adjustments	150	500	150	500
Reverse benefits during the year	-	(106)	-	(106)
Benefits paid during the year	(647)	-	647	-
Provision for long-term employee benefits at end of year	4,210	2,953	4,210	2,953

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Selling and administrative expenses	1,136	276	1,136	276

The Company did not expect to pay long-term employee benefits during next year (2017: Baht 0.6 million).

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefit is 11 years (2017: 9 years) (The Company only: 11 years 2017: 9 years).

Significant actuarial assumptions are summarised below:

	% per annum			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Discount rate	2.66	2.39	2.66	2.39
Salary increase rate	6.00	5.00	6.00	5.00
Turnover rate (depending on age)	5.78 - 49.50	5.78 - 49.50	5.78 - 49.50	5.78 - 49.50

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2018 and 2017 are summarised below:

	31 December 2018 (Million Baht)			
	Consolidated financial statements		Separate financial statements	
	Increase	Decrease	Increase	Decrease
Discount rate (+/- 1.0%)	(0.37)	0.42	(0.37)	0.42
Salary increase rate (+/- 1.0%)	0.40	(0.36)	0.40	(0.36)
Turnover rate (+/- 20%)	(0.69)	1.03	(0.69)	1.03

	31 December 2017 (Million Baht)			
	Consolidated financial statements		Separate financial statements	
	Increase	Decrease	Increase	Decrease
Discount rate (+/- 0.5%)	(0.10)	0.10	(0.10)	0.10
Salary increase rate (+/- 1.0%)	0.20	(0.19)	0.20	(0.19)
Turnover rate (+/- 20%)	(0.35)	0.57	(0.35)	0.57



On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation at a rate of not less than that of the last 400 days. This change is considered a post-employment benefits plan amendment and the Company and its subsidiary have additional liabilities for long-term employee benefits of Baht 0.2 million (The Company only: Baht 0.2 million). The Company and its subsidiary will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective.

20. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution.

During the year 2018, the Company has set aside statutory reserve at Baht 1.8 million (2017: Baht 4.7 million).

21. Expenses by nature

Significant expenses classified by nature are as follows:

	Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Salaries and wages and other employee benefits	192,966	186,479	192,102	182,830
Depreciation and amortisation	66,116	55,918	66,693	54,082
Purchase of goods	746,753	570,083	748,244	564,611
Electric expenses	43,626	40,443	41,162	37,588
Rental expenses from operating lease agreements	19,951	18,443	16,531	14,712
Sales promotion expenses	38,899	31,574	38,899	31,512
Changes in inventories	130,090	11,942	128,748	11,445

22. Income tax

Income tax expenses for the years ended 31 December 2018 and 2017 are made up as follows:

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Current income tax:				
Current income tax charge	4,991	21,461	4,991	21,461
Adjustment in respect of income tax of previous year	(6)	-	(6)	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(2,128)	(646)	(2,058)	(570)
Income tax expense reported in the statement of comprehensive income	2,857	20,815	2,927	20,891

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows:

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Deferred tax relating to actuarial loss	(153)	(351)	(153)	(351)
Deferred tax on gain (loss) from the change in value of available-for-sale investments	(146)	346	(146)	346
	(299)	(5)	(299)	(5)

The reconciliation between accounting profit and income tax expense is shown below.

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Accounting profit before tax	32,071	107,027	37,116	114,651



	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	6,414	21,405	7,423	22,930
Adjustment in respect of income tax of previous year	(6)	-	(6)	-
Unused tax loss which deferred tax assets have not been recognised	266	1,256	-	-
Effects of:				
Non-deductible expenses	1,012	2,583	339	2,390
Additional expense deductions allowed	(4,829)	(4,429)	(4,829)	(4,429)
Total	(4,490)	(2,039)	(4,490)	(2,039)
Income tax expense reported in the statement of comprehensive income	2,857	20,815	2,927	20,891

The components of deferred tax assets and deferred tax liabilities are as follows:

	Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Deferred tax assets				
Allowance for diminution in value of inventories	4,439	3,028	4,436	3,026
Provision for long-term employee benefits	842	590	842	590
Accumulated depreciation - plant and equipment	1,223	644	676	195
Other	246	206	243	173
Total	6,750	4,468	6,197	3,984

Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Deferred tax liabilities				
Unrealised gain from revaluation of investments	208	354	208	354
Total	6,542	4,114	5,989	3,630

As at 31 December 2018, the subsidiary has deductible temporary differences and unused tax losses totaling Baht 28 million (2017: Baht 27 million), on which deferred tax assets have not been recognised as the subsidiary believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

The unused tax losses amounting to Baht 28 million will expire by 2020-2023.

23. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Profit attributable to equity holders of the Company (Thousand Baht)	29,214	86,215	34,189	93,760
Weighted average number of ordinary shares (Thousand shares)	1,000,000	1,000,000	1,000,000	1,000,000
Earnings per share (Baht per share)	0.03	0.09	0.03	0.09

24. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.



The Company and its subsidiary are principally engaged in the trading of consumer products in the types of cloths, beddings, leather items furniture and household items together with space rental and provide utilities service (as having revenue and/or operating profit and/or assets less than 10% of total revenue and/or total operating profit and/or total assets of all segments, which do not meet the quantitative thresholds as set out in the financial reporting standard).

Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain exclusively to the aforementioned reportable operating segment.

Geographic information

The Company and its subsidiary mainly operate in Thailand. As a result, all of revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

Major customers

For the year ended 31 December 2018 and 2017, the Company and its subsidiary have no major customer with revenue of 10% or more of an entity's revenues.

25. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 3% - 15% of basic salary. The fund, which is managed by Kasikorn Asset Management, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2018 amounting to approximately Baht 1.7 million (2017: Baht 2.0 million) were recognised as expenses.

26. Dividends

Dividends	Approved by	Total dividends Million Baht	Dividend pershare Baht
Final dividends from operating results for 2017	Annual General Meeting of the shareholders on 24 April 2018	36	0.036
Final dividends from operating results for 2016	Annual General Meeting of the shareholders on 28 April 2017	60	0.06

27. Commitments and contingent liabilities

27.1 Capital commitments

As at 31 December 2018 and 2017, the Company and its subsidiary had capital commitments under the following agreements:

	Million Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Construction of projects	19	1	19	1
Installation and development of software system agreements	1	3	1	3

27.2 Operating lease commitments

The Company and its subsidiary have entered into several lease agreements in respect of land, office building space, motor vehicles and others. The terms of the agreements are generally between 1 and 30 years.

Future minimum lease payments required under these operating leases contracts were as follows.

	Million Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Payables:				
In up to 1 year	19	21	16	22
In over 1 and up to 5 years	50	55	50	55
In over 5 years	180	190	180	190

27.3 Service commitment

As at 31 December 2018, the Company and its subsidiary had commitments in respect of various service contracts amounting to Baht 8 million (2017: Baht 8 million).

27.4 Guarantees

As at 31 December 2018 and 2017, the Company and its subsidiary have remaining balance of bank guarantees totaling Baht 11 million, guarantees provided for contacts of the electricity usage with Provincial Electricity Authority and purchasing of goods (2017: Baht 9 million).

27.5 Litigation

The Company has a land dispute at Singburi Branch. On 22 April 2016, the plaintiff (the proprietor of nearby land) filed a lawsuit with respect to tort against the Company and the Court of First Instance dismissed the case on 22 March 2017. Subsequently, the plaintiff appealed against the judgment. On 15 January 2018, the Court of Appeals dismissed the verdict of the Court of First Instance. The Company was sentenced to demolish the building on disputed land and pay for the compensatory damages of Baht 60,000 with interest at the rate of 7.50% per annum from the date of filing including the damage charge of Baht 5,000 per month until the building is demolished. At present, the Company is in the process of submitting the notice of appeal along with the petition against the verdict of Appeal Court to the Supreme Court.

The independent legal advisor views that the Company's petition have a legal provisions and normative judgment of the Supreme Court both facts and laws in which the Supreme Court is approved. Therefore, there is high possibility that the Supreme Court will dismiss that lawsuit.

27.6 Credit facilities

As at 31 December 2018, the Company has been granted credit facilities by banks, as follows:

- a) Letter of credit facilities and trust receipts, totaling Baht 450 million (2017: 350 million), of which Baht 22 million (2017: 17 million) of unutilised amount is outstanding.
- b) Overdraft facilities of Baht 22 million (2017: 20 million), and letter of guarantee and pre-settlement limit of Baht 100 million (2017: 100 million).

28. Fair value of financial instruments

The Company and its subsidiary use the market approach to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.

Fair value hierarchy

In applying the above-mentioned valuation techniques, the Company and its subsidiary endeavor to use relevant observable inputs as much as possible. TFRS 13 Fair Value Measurement establishes a fair value hierarchy categorising such inputs into three levels 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

As of 31 December 2018 and 2017, the Company and its subsidiary had the following assets that were measured at fair value using different levels of inputs as follows:

31 December 2018 (Million Baht)				
Consolidated/Separate financial statements				
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Investments in available-for-sale securities Unit trusts	-	56	-	56

31 December 2017 (Million Baht)				
Consolidated/Separate financial statements				
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Investments in available-for-sale securities Unit trusts	-	252	-	252

Valuation techniques and inputs to level 2 valuations

The fair value of investments in unit trusts has been determined by using the net asset value of the last working day of the reporting period as announced by the asset management company.

During the current year, there were no transfers within the fair value hierarchy.



29. Financial instruments

29.1 Financial risk management

The Company's and its subsidiary's financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, short-term borrowing, investments, trade and other payables and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiary are exposed to credit risk primarily with respect to trade and other receivables and loans. The Company and its subsidiary manage the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company and its subsidiary do not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables and loans, as stated in the statements of financial position.

Interest rate risk

The Company and its subsidiary's exposure to interest rate risk relate primarily to its deposits with financial institutions and loans. However, since the Company and its subsidiary's financial assets bear floating interest rates or bear fixed interest rates which are close to the market rate, and financial liabilities bear fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities classified by type of interest rate, are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.



Consolidated financial statements (Million Baht)

As at 31 December 2018

Fixed interest rates

	Within 1 year	Over 1 - 5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
Financial assets							
Cash and cash equivalents	-	-	-	147	13	160	0.37 - 0.50
Current investments	100	-	-	-	56	156	1.70
Trade and other receivables	-	-	-	-	8	8	-
	100	-	-	147	77	324	
Financial liabilities							
Trade and other payables	-	-	-	-	149	149	-
Liabilities under finance lease agreements	1	2	-	-	-	3	4.86 - 9.37
Long-term loans	-	-	-	109	-	109	Note 18
	1	2	-	109	149	261	

Consolidated financial statements (Million Baht)

		As at 31 December 2017					
		Fixed interest rates					
	Within 1 year	Over 1 - 5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
Financial assets							
Cash and cash equivalents	-	-	-	114	11	125	0.37-0.50
Current investments	1	-	-	-	252	253	1.00
Trade and other receivables	-	-	-	-	9	9	-
	1	-	-	114	272	387	
Financial liabilities							
Trade and other payables	-	-	-	-	99	99	-
Liabilities under finance lease agreements	1	2	-	-	-	3	4.86-9.37
	1	2	-	-	99	102	

Separate financial statements

As at 31 December 2018

Fixed interest rates

	Within 1 year	Over 1 - 5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
Financial assets							
Cash and cash equivalents	-	-	-	145	13	158	0.37-0.50
Current investments	100	-	-	-	56	156	1.70
Trade and other receivables	-	-	-	-	16	16	-
Short-term loans to subsidiary and accrued interest	-	-	-	22	-	22	Note 6
	100	-	-	167	85	352	
Financial liabilities							
Trade and other payables	-	-	-	-	147	147	-
Liabilities under finance lease agreements	1	2	-	-	-	3	4.86-9.37
Long-term loans	-	-	-	109	-	109	Note 18
	1	2	-	109	147	259	

Separate financial statements						
As at 31 December 2017						
Fixed interest rates						
	Within 1 year	Over 1 - 5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total
						Effective interest rate (% p.a.)
Financial assets						
Cash and cash equivalents	-	-	-	111	11	122
Current investments	1	-	-	-	252	253
Trade and other receivables	-	-	-	-	17	17
Short-term loans to subsidiary and accrued interest	-	-	-	21	-	21
	1	-	-	132	280	413
Financial liabilities						
Trade and other payables	-	-	-	-	96	96
Liabilities under finance lease agreements	1	2	-	-	-	3
	1	2	-	-	96	99
						4.86-9.37

Note 6

Foreign currency risk

The Company and its subsidiary's exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies

As at 31 December 2018 and 2017, the balance of financial assets and liabilities denominated in foreign currencies are immaterial.

29.2 Fair values of financial instruments

Since the majority of the Company and its subsidiary's financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

For long-term loans carrying interest approximate to the market rate, their carrying amounts in the statement of financial position approximates their fair value.

30. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2018, the Group's debt-to-equity ratio was 0.20:1 (2017: 0.09:1) and the Company's was 0.19:1 (2017: 0.09:1).

31. Reclassification

The Company and its subsidiary reclassified certain accounts in the statement of financial position as at 31 December 2017 and 1 January 2017 and the statement of comprehensive income for the year ended 31 December 2017 to conform with the classification of the year. The reclassifications, which had no effect to previously reported profit or shareholders' equity, are as follows:



As at 31 December 2017 (Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
Cash and cash equivalents	124,628	124,608	121,992	121,972
Trade and other receivables	8,892	-	16,939	-
Trade accounts receivable	-	6,342	-	14,303
Other receivables - related parties	-	540	-	626
Other current assets	21,707	23,479	20,910	22,682
Intangible assets	16,277	-	15,768	-
Leasehold rights	4,072	-	4,072	-
Other non-current assets	3,190	23,806	3,627	23,734
Trade and other payables	98,723	60,806	96,267	58,250
Other payable - related parties	-	-	-	667
Other current liabilities	2,064	-	2,062	-
Accrued expenses and other current liabilities	-	42,719	-	44,815
Other non-current liabilities	15,438	12,709	18,103	12,709

As at 1 January 2017 (Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
Cash and cash equivalents	89,915	89,902	84,167	84,154
Trade and other receivables	9,107	-	18,151	-
Trade accounts receivable	-	6,891	-	15,943
Other receivables - related parties	-	1,439	-	1,439
Other current assets	20,575	21,200	19,610	20,073
Intangible assets	12,666	-	11,826	-
Leasehold rights	2,199	-	2,199	-



As at 1 January 2017 (Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
Other non-current assets	3,121	18,162	2,181	16,536
Trade and other payables	99,387	59,884	97,101	59,645
Other payable - related parties	-	244	-	244
Other current liabilities	2,016	-	2,012	-
Accrued expenses and other current liabilities	-	44,263	-	43,555
Other non-current liabilities	15,264	12,287	16,607	12,287

For the year ended 31 December 2017 (Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
Selling expenses	186,996	177,485	184,915	175,025
Administrative expenses	221,638	231,149	215,941	225,831

The reclassifications had no effect to previously reported profit or shareholders' equity.

32. Events after the reporting period

On 28 February 2019, the Board of Directors Meeting No.1/2019 of the Company approved the dividend payment from the operation of 2018 totaling Baht 13 million (Baht 0.013 per share) to the shareholders. The dividend payment will be further proposed to the Annual General Meeting of the Company's shareholders for approval in April 2019.

33. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 28 February 2019.



Audit Fee

Audit Fee

In 2018, the audit fees paid by the Company and its subsidiaries of Baht 2,585,000 to EY Office Limited, an audit firm appointed by the 2018 AGM as the Company's auditor, are as shown below.

Such audit firm and its designated auditors do not have relationships or conflicts of interest with the Company or the Company's executives or major shareholders, including their related persons.

Audit Fee of the Company

Unit: THB	2018
1. Annual audit fee	1,250,000
2. Interim financial statements review fee	750,000
Total	2,000,000

Audit Fee of the Subsidiaries

Unit: THB	2018
1. Annual audit fee	450,000
2. Interim financial statements review fee	135,000
Total	585,000

Non-Audit Fee

- None -

Corporate Social Responsibility

Initially driven by an aspiration to help local communities that surround the FLYNOW factory in Petchaburi and experience hardship in a time of the economic crisis, the Company offered local residents the opportunities to sell their products such as ready-to-eat food, canned food and handicrafts within its premises. This initiative has been furthered under the concept of “Sprout of the Community and Branch of the Royal Projects” and the Company, as a growth incubator, assisted with the product quality and packaging improvement and the marketing strategy. At present, these products are sold at “Tonkla” shops which offer quality products from local communities and the Royal Project Foundation and initiated as part of the Company’s corporate responsibility towards the society and the environment. The overarching goal of this initiative is to contribute towards the betterment of the society and the environment rather than the benefits for the Company and shareholders that are treated by certain profit organizations as a top priority. In addition to Tonkla shops, the Company also aims to assist and educate start-ups to enable their business growth.

In addition, the Company joins forces with local government agencies and government tourism promotion agencies in organizing events to celebrate festivals or return to communities in accordance with the Company’s founding objective. These activities include aid programs for flood victims around the branches’ locations, promoting local community economy, supporting Ramathibodi Hospital Foundation’s “Endless Giving” Campaign to raise funds for financially-challenged patients.

Policy Overview

In conducting its business, the Company adheres to the principles of ethics, good corporate governance, transparency and auditability as guided by the corporate social responsibility guidelines that are stipulated by the Stock Exchange of Thailand. The guidelines address 8 principles, i.e. fair business practice, anti-corruption, respect for human rights, fair treatment of labor, responsibility towards consumers, environmental protection, involvement in community and social development, and development and nurture of innovation derived from operations with responsibility towards the society, environment and stakeholders.

Practices and Reporting

The Company’s practices governing social and environmental responsibility are as follows:

Fair Business Practices

- 1) The Company is committed to legally and ethically operating business with honesty, integrity, and social responsibility as well as is determined to contribute to the well-being of individuals, society, communities, and environment. Business is run with high standards and supervision. In addition, its operations and systems are governed rigorous standards and controls.
- 2)) The Company does not offer benefits to government officials or other parties in an attempt to obtain preferential advantages or works.

- 3) The Company treats its business partners with fairness and does not demand or accept undue benefits from its business partners. Where an agreed condition cannot be met, the Company will notify its business partners to jointly identify solutions.
- 4) The Company follows the principle of fair competition and refrain from obtaining trade secrets of its competitors through dishonest means.

Anti-Corruption

The Company adopts the Zero-Tolerance Policy with the aim of fighting against corruption and bribery. In addition, it strictly abides by the anti-corruption and bribery laws and regulations of Thailand as well as refrains from the direct and indirect involvement with in bribery and corruption activities through the implementation of effective anti-corruption and bribery systems. All directors, executives and employees of the Company are prohibited from involving in corruption and in offering or receiving bribes to or from officers of government or private entities.

Respect for Human Rights

The Company observes the principles of human rights which are the basis rights for all individuals in recognition that every person is entitled to an existence worthy of human dignity without distinction of any kind, such as race, color, sex, language, religion, political or other opinion, national or social origin, property, birth or other status.

Fair Treatment of Labor

The management is obligated to treat all employees fairly and without biases, promote their growth potentials, develop their performance effectiveness, ensure their correct understanding about the codes of conduct binding upon them, and provide employees with welfare and benefits that are fair and commensurate with their performance.

Responsibility towards Consumers

The Company treats its customers fairly and equally without discrimination and does not disclose customers' information that is obtained through business transactions and generally must be treated as confidential unless otherwise required by laws. In addition, the Company honors all obligations under the fair terms and conditions agreed with its customers. Where an agreed condition cannot be met, the Company will notify its business partners to jointly identify solutions.

Environmental Protection

The Company recognizes the importance of environmental protection and this is evident in the designs of the Company's offices and branches which use energy-efficient building materials. In addition, environmental and energy-saving awareness is promoted among employees at all levels of the Company through internal campaigns, activities and posters at the offices and branches.

In 2017, the Company installed the rooftop-mounted solar energy system at the Ayutthaya Branch as a pilot project in order to save energy and costs and contribute to environmental protection. The Company plans to expand this initiative to other branches in the future.

In 2018, the Company released tender for the rooftop-mounted solar energy system installation project for the Rayong Branch which will be the second branch for this energy-saving initiative. The project is presently under the agreement conclusion and signing process and is expected to begin in mid-2019.

Involvement in Community and Social Development

compliance with all relevant laws and regulations as well as responsibility towards the society. In addition, the Company provides cooperation, assistance and voluntary support for activities that are beneficial to its neighboring and other communities and the society.

Development and Promotion of Innovation Derived from Operations with Responsibility Towards Society, Environment and Stakeholders

The Company promotes innovation within its organization and cross-organizational network, striving to encourage process improvements, new paradigms, and value-added production. The goal of innovation is to create positive changes for higher productivity and greater benefits to the society.

Social and Environmental Activities

The Company supports activities that benefit the society and the environment. These efforts include the social and environment improvement projects for communities in proximity to the Company's outlets.

In 2018, the Company signed the memorandum of understanding on "No Plastic Bags" with the Ministry of Natural Resources and Environment to declare its intent to be part of the No Plastic Bag Day which falls on the 4th of every month, starting from 4 December 2018 which is the Thai Environment Day.

The Company also run a mattress trade-in program that allowed customers to trade in their old mattresses for credit toward new mattress every year. The old mattresses are donated to the underprivileged and the needy in nearby communities or other locations through foundations.

Anti-Corruption Policy

In operating its business, the Company upholds honesty, integrity, transparency, responsibility towards the society and all stakeholders, and anti-corruption practices. The Company also aims join the Thailand's Private Sector Collective Action Coalition Against Corruption (CAC). In this connection, to demonstrate its earnest commitment, the Company has formulated the Anti-Corruption Policy which is communicated across the organization to foster the corruption-free culture to ensure that directors, executives, and employees at all levels acknowledge and comply with this Policy. Practice guidelines for directors, executives, and employees pursuant to the Policy are as follows:

1) The Board is responsible for the formulation of the Anti-Corruption Policy and communicating the Policy to employees and all related parties. The Board shall also exercise oversight to ensure compliance with the Anti-Corruption Policy and the review of the Company's compliance with the Policy, regulations, rules, Articles of Association, and laws on a regular basis.

2) The Company encourages knowledge sessions for executives and employees with the aim of fighting against corruption and promote honesty, integrity, and responsibility in the performance of duties. In addition, the Company strictly adheres to the Anti-Corruption Policy and the Good Corporate Governance to demonstrate its earnest commitment.

3) Directors, executives and employees of the Company shall not, directly or indirectly, commit or support corruption and bribery in all forms and shall strictly comply with anti-corruption measures.

4) Directors, executives and employees shall cooperate with government and private organizations in anti-corruption efforts as and when necessary and appropriate.

5) Directors, executives and employees shall not ignore or neglect any actions which may be considered as corruption that has come to their knowledge. They shall report such cases to their supervisors or related parties for further investigation and, for material cases, escalation to a relevant committee and shall provide cooperation to investigation or inquiries.

6) The Audit Committee has the duty and responsibility to review financial reports and the internal control and internal audit systems to ensure their appropriateness and adequacy for the prevention of potential corruption risk.

The logo for FN OUTLET is centered on the page. It features the letters 'FN' in a large, white, stylized font. Below 'FN', the word 'OUTLET' is written in a smaller, white, sans-serif font, with each letter spaced out.

FN OUTLET

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