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# WE MAKE A BETTER LIVING

Form 56-1 (One Report) 2020

Home Product Center Public Company Limited

# Home Product Center Public Company Limited



## Location

31 Prachachuen-Nonthaburi Rd.  
Bangkhen, Muang, Nonthaburi 11000

**Telephone** +66 2832 1000

**Facsimile** +66 2832 1234



## Website

[www.homepro.co.th](http://www.homepro.co.th)



## Type of business

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



## Registration No.

0107544000043



## Registered Capital

Common stock 13,151,198,025  
shares (1 Baht per share)



## Paid-up Capital

Common stock  
13,151,198,025 shares



## Exchange Market

Stock Exchange of Thailand

## Ticker Symbol

HMPRO

In this regards, investors may obtain further information from  
Form 56-1 (One Report) at [www.sec.or.th](http://www.sec.or.th) or [www.homepro.co.th](http://www.homepro.co.th)



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WE BRING  
ALL YOUR NEEDS





### Essential Trending Products

We offer products that serve the needs of daily living at home. In order to accommodate the new normal behaviors of customers who are staying at home more, we offer products that support the necessity of Working from Home, Entertainment at Home, Learning from Home, Cooking at Home and Hygienic products as well.



### Product Variety

HomePro never stops developing and sourcing new products to offer the best quality and variety that fulfill the needs of every lifestyle with more than 40,000 SKUs. We have everything for your home in one stop.



### Home GURU

We provide knowledge, tips and solutions to every home problem with in-depth information from more than 24 years of experience in making better living for our customers as the leader in Home Solution and Living Experience business.



### Customer 360°

We emphasize the integration of work practice with technology and data analysis in order to offer the best experience to our customers, including the recommendation of sales promotions, privileges and activities, as well as various notifications that are tailored to suit each individual customer.

WE BRING  
YOU THE RELIABLE EXPERTISE





### Home Service

Our service teams never stop developing to make sure that all our services – including cleaning, installation, renovation, maintenance and emergency services 24 hours – are completed professionally with up to 1 year of service warranty.



### Home Makeover for Better Living

Total makeover of your home to make a better living with comprehensive services that cover the project from start to finish. Our services include designs and recommendations from experts to match your needs and help you control your budget. Each project is completed and delivered on time with service guarantee.



### 3D Service (Virtual design)

Incorporate 3D technology to create realistic virtual designs that are fast and able to demonstrate functions that match your needs. Customers will have a glimpse into the look and feel of the room before deciding to proceed with renovation.



### Room Consultant Team

HomePro has professional teams who possess knowledge and understanding of products and promotions. Our teams can provide recommendations to build your confidence and offer the best value in creating happiness in your homes.

WE BRING  
YOU THE MOST CONVENIENCE





### Omni Channel

Experience the seamless connection in purchasing products and services in stores and through online channel at [www.homepro.co.th](http://www.homepro.co.th), which offers good experience, convenience and comprehensiveness just like visiting a physical store. Online purchases can also be picked up at stores with Click & Collect service.



### HomePro Application

New channel to shop for products and services, through smartphone application on both IOS and Android, offers convenience and speed that serve the demand of customers in the digital era, whose needs are more varied.



### Same day delivery and installation

Elevate the speed of delivery to the next level with express service that can deliver products and services to customers' homes in the same day as the purchase, within Bangkok Metropolitan region.



### SHOP4YOU

Introduce new method of uninterrupted shopping experience as if you had a personal assistant with SHOP4YOU service. During the period when customers were not able to visit stores, customers can still shop by contacting stores through LINE, Facebook and Call Center 1284.



### Home Service Application

Provide services to solve all your home problems through smartphone application that is accessible and fast, just like having a resident technician in your home.

WE BRING  
YOU TRUST FOR SUSTAINABLE



# DEVELOPMENT



## Eco Product

Introduce specially selected products to reduce the impact to the environment. Promote responsible consumption through 6 product labels that consist of Energy Saving, Health and Safety, Sustainable Forest, Environmental Friendly, Water Saving and Greenhouse Gas Reduction.



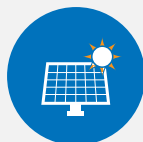
## Young Entrepreneur

Build business partnership and promote sustainability throughout the supply chain together through the elevation of quality of life and skill development for professional technicians to help them earn steady income, as well as to answer the demand of technical needs for customers.



## Elderly Employment

Promote equal human rights by offering the job opportunity to senior citizens. The employment program for retirees provides the senior citizens with income and pride with full knowledge and experience, as well as elevates the quality of life and the society sustainably.



## Solar Energy

HomePro is focusing on using energy efficiently to reduce the impact to the environment and the community. Solar energy panels are installed on the roofs of more than 48 stores owned by the Company and its subsidiary in order to substitute for electricity from the power grid.



HomePro is the  
**LEADING HOME  
IMPROVEMENT RETAILER**  
in Thailand



### Home Service

**1,899** Teams

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



### Product Range

**40,000 –  
80,000**  
Items

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



### Our Associates

**10,524** Persons

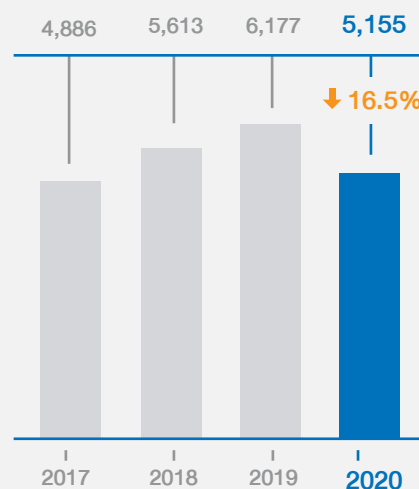
**5**

Million Members

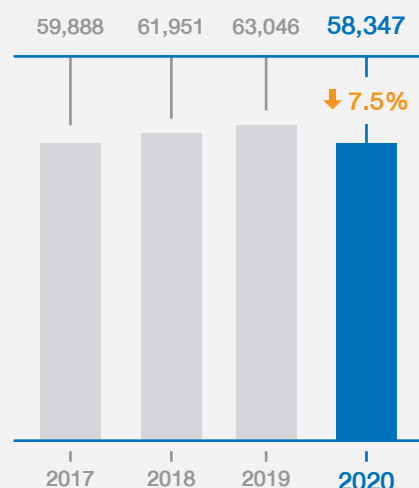


Privileges provide to our valued customers. Cardholders will get a discount for purchasing products or services and every purchase made with the card will accumulate points to redeem a cash equivalent for the next purchase. Besides that, the customers also get other privileges.

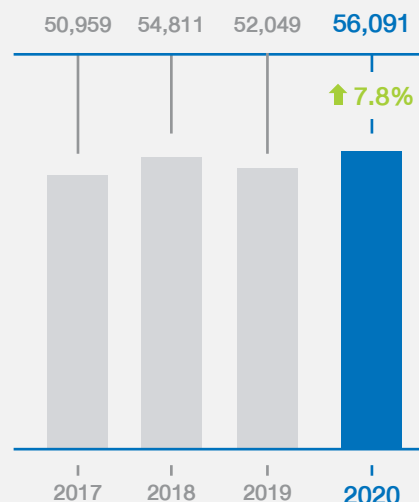
### NET PROFIT (Million Baht)



### SALES (Million Baht)



### TOTAL ASSET (Million Baht)



RANGSIT-KLONG 4

SUKSAWAT



## NUMBER OF STORES



95 Stores in Thailand

6 Stores in Malaysia



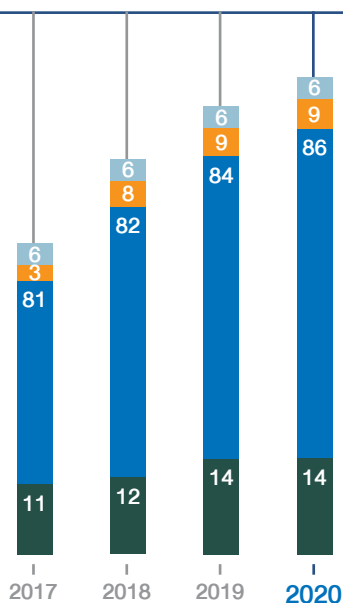
14 Stores

- HomePro Malaysia
- HomePro S
- HomePro
- Mega Home

## NUMBER OF NEW STORES

2 HomePro

1. Rangsit-Klong 4
2. Suksawat



# COVID-19 Impact & Mitigation



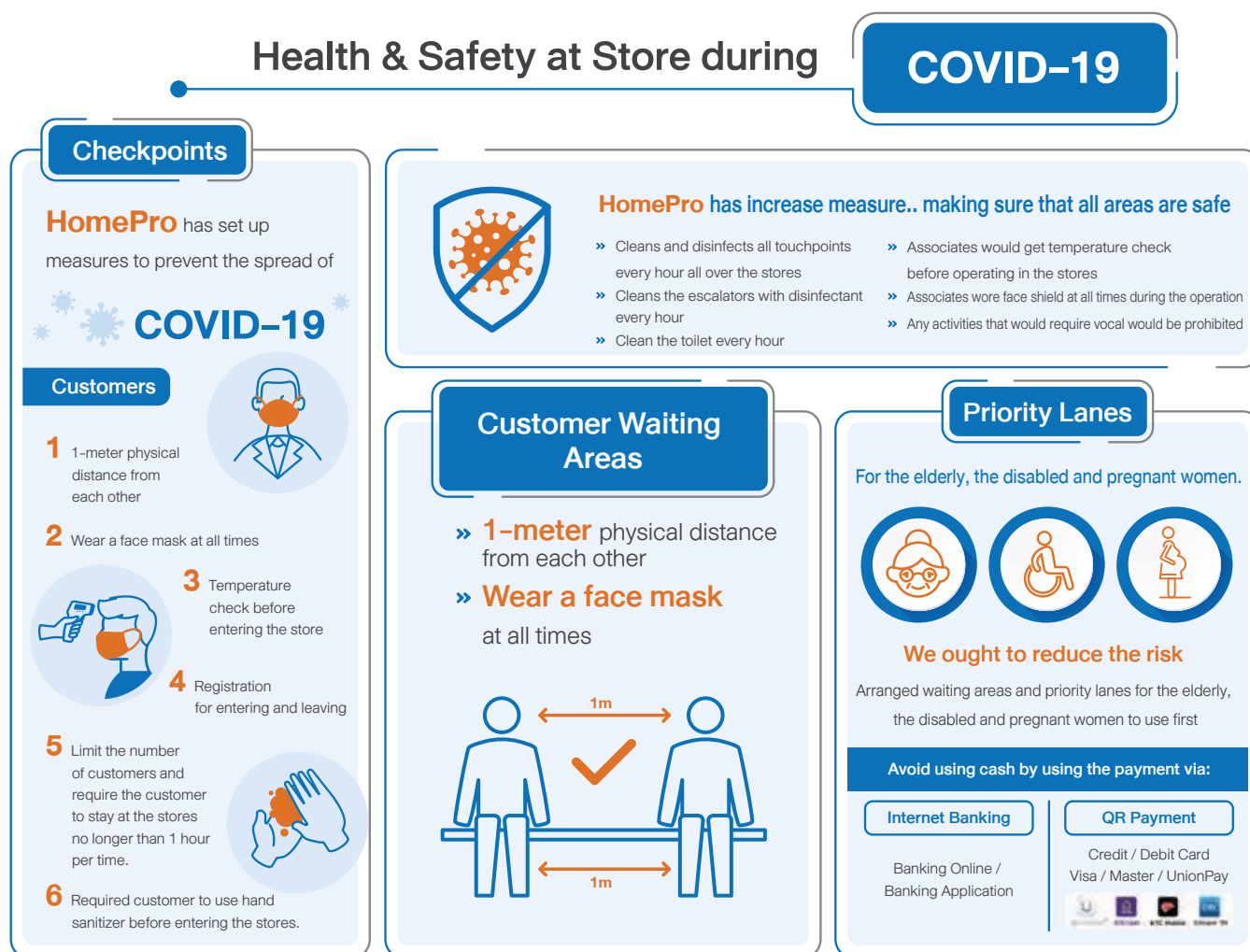
At the end of 2019, Coronavirus (COVID-19) first emerged in China and was spread all over the world. The World Health Organization (WHO) declared the COVID-19 outbreak a Global Health Emergency. During this period in Thailand, the Cabinet declared Emergency Decree on Public Administration in Emergency Situations to impose a Lockdown measure. Enterprises at risk of the COVID-19 pandemic had been closed since March 22nd, 2020. HomePro and MegaHome had correspondingly obliged to such measure by closing stores for total of 56 days, from March 22nd to May 16th, 2020. The stores were reopened on May 17th, 2020, with limited operating hours, in accordance with the lockdown easing measures issued by the Center for COVID-19 Situation Administration (CCSA). In addition, the Company issued the following 4 major measures to control and manage the situation, including Emergency Response, Crisis Management, Impact Mitigation and Stakeholder Care during Crisis Situation, and Business Recovery after COVID-19.

## Emergency Response

During the early state of the COVID-19 outbreak, the Company placed great importance on complying stringently and promptly with the government's measures in order to limit the spread of COVID-19. The health and safety of our customers and associates remains our top priority. The Company appointed the COVID-19 Pandemic Administrative Committee as well as subsidiary committees for each business unit to define all necessary measures with highest accuracy and efficiency in a timely manner to prevent the risk of COVID-19 infection. These committees closely monitored the situation and managing the risk to comply with the health and safety measures that was declared regularly. The committee also continuously performed regular assessment on the business impact.

The Company has closely assessed the situation continuously and operate business to serve the demand of the consumer in a timely manner, especially for essential products or services for home repair and maintenance, products related to healthcare, cleaning, or hygiene, product supporting working from home, kitchen appliances, and home appliances. In addition, our continuous improvement on managing Information Technology System was prompt to serve customers' shopping needs through online channel to supply the urgent demand of customers in time.

The Company's Emergency Response covered the following activities:





- **Supporting Customers**

The Company has set up registration and temperature checkpoints for customers before entering the store, as well as providing hand sanitizer. The Company also limits the number of customers allowed into stores, arranged waiting areas, in which customers are required to maintain a 1- meter physical distance from each other. In addition, the Company thoroughly cleans and disinfects all touchpoints every hour and encourages cashless payment via Internet banking or QR Payment, as well as self-checkout. All associates wear a face mask and face shield at all times during operating hours. In addition, the Company also arranged priority lanes for the elderly, the disabled and pregnant women.

- **Supporting Associates**

The Company takes great concern for associates' safety and has implemented a series of actions to reduce the risk of transmission, including the following: arranging for associates to work at home where possible; working alternate days and shifts; allocation of flexible working hours. The Company also provides the necessary tools and equipment for all associates to work at home

to reduce transmission. Moreover, the Company has put in place travel restriction to risk areas and imposed meeting restrictions in compliance with social distancing practice both at stores and head office. Furthermore, the Company continued developing business plan for on-time delivery of products and services under restrictive situation.

- **Supply Chain and Warehouse Management**

The Company imported products from overseas about 10% of sales, where most of them are from China. Before Chinese New Year long holidays, the Company had reserved product stock sufficiently for preventing in impact when partner suppliers had to close the business due to the COVID-19 pandemic, therefore, the effect is limited. In the present, some partner suppliers have already resumed their production as usual, thus the risk of product availability is under control. However, in the third and fourth quarter, the Company was impacted from the shortage of container and the increase of transportation fees. The Company has managed and analyzed the situation promptly to order and prioritize the product that are more important to be shipped in first, therefore, the Company did not significantly effect from this issues.

## COVID-19 Crisis Management

For crisis management, the Company focused on the following essential dimensions.

- **Consumer Behavior**

The spread of COVID-19 caused consumers to stay at home and generated demand for hygienic products such as hand sanitizer, cleaning products, sterilizer and portable air purifier. In addition, there is a rise in demand for home-related products to improve their homes to suit their new normal lifestyles such as 'Work from Home' and 'Learn from Home'. In addition, COVID-19 period also created new habits like cooking at home, home decoration, gardening and home entertainment. These new habits were the main factors that generated the demand for related product categories such as furniture for home office and home classroom, kitchen products, home decor and gardening products, home appliances and audio visual. In addition, the demand for renovation and partition has increased. HomePro, as the leader in Total Home Solution, are ready to provide Home Services such as decoration, restoration, and renovation etc and able to offer products that matched the needs of customers along with their changing behaviors resulted from the New Normal.

- **Temporary Store Closure Management**

In addition to communication with customers through Call Center and Tele Sales, the Company launched SHOP4YOU service as a communication channel between associates and customers through LINE Official Account. Customers are able to inquire product details, send sample product photos, inquire payment details, and book delivery time (Same Day/Next Day Delivery) or (Click and collect). The Company support online purchase through Omni Channel and adjusted its operation procedure to increase the speed in response to increasing online transactions.

## Impact Mitigation and Stakeholder Care during Crisis Situation

- **Customers**

The Company organized campaigns with special priced products to lessen customers' burden and developed a variety of distribution channels for more convenience. For the stores, the Company still continuously comply with the measures of the Center for COVID-19 Situation Administration (CCSA).

- **Associates**

The safety of our associates is our priority. The Company implemented various measures to handle and control the spread of Coronavirus (COVID-19), including a restriction of travelling to risk areas, reduce physical meeting to maintain social distancing for both stores and head office, as well as work-from-home option. The Company continuously monitor the hygiene and safety of the associates strictly.

- **Tenants**

In the period that the government has ordered lockdown, the Company has reduced the rental fees or adjusted the appropriate rental charge plan for tenants to relieve the burden of the tenants, located both in HomePro stores and Market Village.

- **Shareholders**

With the concern over the health and safety of shareholders and associates, the Company held shareholders' meeting with restriction in number of attendees and provided E-meeting through electronic means for shareholders to attend the meeting virtually to reduce the risk of COVID-19 outbreak.

- **Communities and Society**

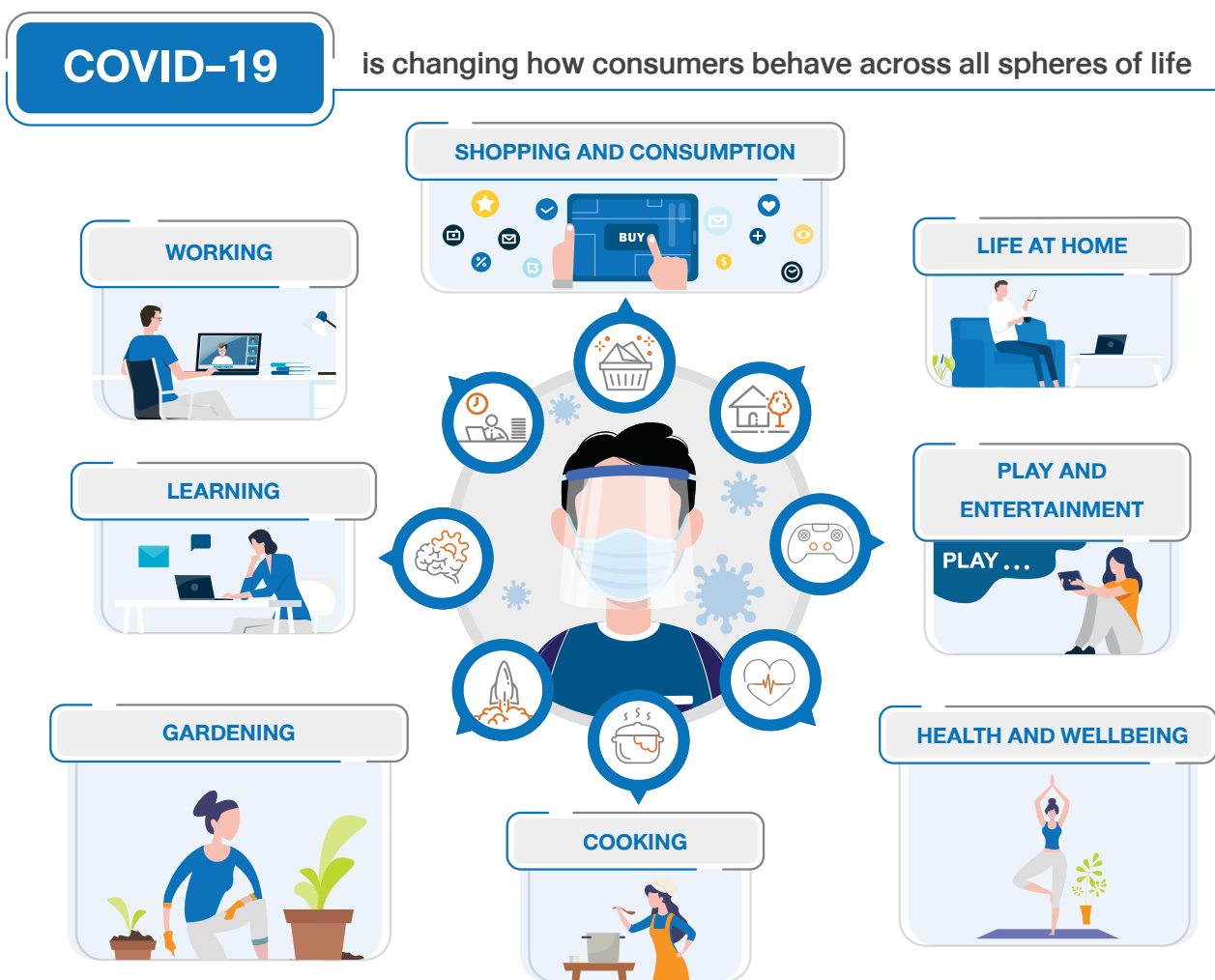
HomePro is a leading company in Total Home Solution. The Company possesses knowledge and experience in Total Home Solution. We participated with three governmental units in helping communities and societies, including Lopburi Province Governor, Lopburi Provincial Public Health Office, and 1st

Medical Battalion in Lopburi Province. With the united efforts, we built a field hospital in accordance with the standard of public health to serve COVID-19 patients during its continual outbreak. Home Service technicians together with military engineers in 1st Medical Battalion, Lopburi Province renovated military dormitory to convert into a proper and sanitary patient room with 16 beds partitioned with amenities such as cabinets, fans, lamps, power outlets. 16 bathrooms and 10 restrooms were renovated with bathroom equipment provided. The roof above nursing counter was renovated to reduce heat by adding ceiling with insulation. The roof above patient screening area was also changed to metal sheet with PU insulation. .

In addition, the Company donate 1 million Baht in support of COVID-19 related programs of the Thai Red Cross Society and participated with suppliers, TCL Electronics (Thailand) Limited presented 110 televisions, worth 489,410 baht. The Company also partnered up with Nontaburi Provincial Chamber of Commerce to deliver 1 Negative Pressure Isolation Room and medical equipment to Bang Bua Thong Hospital, Nontaburi along with providing 50 sets of hand-free dispensers for hand sanitizer to Mr.Jaroonsak Singhadech, Deputy Governor of Pathum Thani Province.

More details can be found in sustainability report on page 138

## Business Recovery after COVID-19



- **Products and Services**

The Company continuously analyze the behavior of the customer and set long-term strategy to respond with the change in consumer behavior and adapt the products to best suit to the customer's new normal lifestyle. In addition, the Company select and study the product that has high demand such as product related to Work from Home, Learn from Home, Cooking at home, Gardening at home, and Entertainment at home.

The Company adapts to a change in consumer behaviors and deals with the COVID-19 situation by focusing on enhancing its existing online channel to ensure uninterrupted business operation. Beside the Company's website, there are also HomePro Application and Home Service Application to serve home improvement needs. The Company also has Fit Tile Application, in which consumers would have a good experience in choosing tiles as consumers take photo of the area and arrange with the tile that they would like to change, the tiles would change automatically with the Augmented Reality features. Moreover in 2021, the Company will launch HomeCard Member Application to support consumer to be more convenient for the HomeCard users. In addition, the Company also utilizes Customer Data Integration and Analytics to analyze customer behaviors, by segmentation and personalization, to identify products and services that suit the needs of customers properly.

Concerning HomePro Expo, the Company developed VR 360° VIRTUAL EXPERIENCE application. Customers can visit the expo virtually on their smartphones and shop on the user-friendly application, or shop online through [www.homepro.co.th](http://www.homepro.co.th), HomePro Thailand Facebook page, or Line Official Account @Homepro.



# Message from the Board of Directors

## Dear all stakeholders

2020 was the year the Coronavirus (COVID-19) pandemic impacted the lives of everyone around the world, and caused the economy of many countries to come to a halt. For Thailand, the government announced a Lockdown during the second quarter of the year, which impacted various aspects of the economy. Tourism was most affected by the measure to restrict travel into and out of the country. Export sector experienced a decline in demand from trade partners, causing domestic demand to fall as well. However, the government introduced various economic stimulus to mitigate the impact to the economy such as Let's Travel Together, Shop and Payback, Co-Pay, debt moratorium and financial support for social-welfare card holders.

From the vision of the Company to be the leader in Home Solution and Living Experience in Thailand and Southeast Asia, the Company remains ready to serve to every customer demand and still aims to build good living experience for customers through quality products and services. The Company also makes continuous development to meet the changing demand from consumers. 2020 was a challenging year for the Company, due to the spread of Coronavirus (COVID-19) that caused customers to do everything from their homes and generated the demand for customers to make their home as functional as possible to suit this New Normal lifestyle.

Our stores were closed to comply with the order from the government [Centre for the Administration of the Situation due to the Outbreak of the Communicable Disease Coronavirus (COVID-19)] during March through May 2020. Some stores in high risk provinces were also closed in December. However, the Company was still able to support the demand for products and services of customers through online channel, which has been prepared and developed continuously. As a result, the Company was able to respond in time to the changing demand and behavior of customers with health and safety products. New Normal lifestyle products were introduced to serve the need for



home improvement as customers switch to Work from Home. All products and services are fulfilled through seamless Omni Channel, which includes Same Day Delivery and SHOP4YOU – an initiative to help customers shop without having to visit physical stores, just like having a personal assistant.

The Company undertook health and safety of COVID-19 prevention measures for customers, associates and visitors to follow those measures strictly. Moreover, the Company has implemented a series of actions to prevent transmission, including the following: set up registration and temperature checkpoints for customers before entering the store, as well as providing hand

“The Company was still able to support the demand for products and services of customers through online channel, which has been prepared and developed continuously. As a result, the Company was able to respond in time to the changing demand and behavior of customers.”

sanitizer. The Company also limits the number of customers allowed into stores at any one time and has arranged waiting areas and priority lanes for the elderly, the disabled and pregnant women. Customers are required to maintain a 1-meter physical distance from each other. In addition, the Company thoroughly cleans and disinfects all touchpoints every hour and encourages cashless payment via Internet banking or QR Payment, as well as self-checkout. All associates wear a face mask and face shield at all times during operating hours. To help customers avoid physical points of contact in public, the company set up a touchless lift in which the customer can use the elevator without having to touch any buttons throughout the journey. The Company takes great concern for associates' safety, arrange associates to work at home where possible, working alternate days and shifts, and provide necessary tools and equipment for all associates. To help the tenant of the Company that was affected by the COVID-19, the company has reduced and adjusted the rent to be suitable for those tenants.

The Company was cautious about store expansion in 2020. Two new stores were opened at Rangsit Klong 4 and Suksawat. Both stores are located in areas with proficient purchasing power. As of the end of 2020, there are 86 HomePro stores, 9 HomePro S stores, 14 MegaHome stores and 6 HomePro Malaysia stores.

The Company recognizes the importance of business operation that builds value for all stakeholders with sustainability, which covers the aspects of the environment, the society, corporate governance and responsible consumption. These aspects are achievable through ECO products, which are energy saving, safe and friendly to the environment and through promoting responsible and sustainable plastic consumption. In addition, the Company also manages its energy consumption

effectively and sets the goal to increase the proportion of Renewable Energy usage. A new goal is also set to manage garbage and waste effectively to achieve Zero Waste in the future. Furthermore, the Company operates by placing great emphasis on human rights, diversity, and fair treatment towards all stakeholders. The Company enhance a well-being of the community through the development of technicians in the 'Tao Kae Noi' project and hire associates in the areas in which the Company has expanded the stores in order to foster economic growth to the local area.

The integration of business operation and sustainability has rewarded the Company with various recognition, both internationally and locally. The Company is listed as a member of Dow Jones Sustainability Index in Emerging Markets for the 4<sup>th</sup> consecutive years, MSCI Global Sustainability Index, and FTSE4Good Emerging Index. The Company received excellent rating from Corporate Governance Report and has been listed as sustainable stock by Thailand Sustainability Investment (THSI), Bloomberg Gender-Equality Index (GEI) and ESG100 Index. The Company also received extension on CAC Certification by Collective Action against Corruption Committee.

On behalf of the Board of Directors, I would like to express my sincere gratitude to our customers, associates, shareholders, business partners and all stakeholders for placing the trust and support in the Company unchangingly. The Company believes that everyone will be the driving force for the company to grow sustainably and continue to create value for all stakeholders forever.



(Mr. Khunawut Thumpomkul)

*Representative of the Board of Directors*

# Message from the Executive Committee

## Dear Stakeholders

The spread of Coronavirus (COVID-19) has significantly impacted Thailand's economy and the behavior of the consumers. Therefore, the Company has reshaped its strategies to keep pace with this social, economic, and technology evolution amid the sluggish economy and change in consumers' behavior. As assigned by the Board of Directors, the Executive Committee closely examine and analyze competitions in respect of store expansion, investment, and operation before seeking an approval from the Board of Directors with the ultimate aim of enhancing value to all stakeholders whilst achieving sustainable corporate growth.

A total of 12 meetings were held in 2020 and the minutes were regularly forwarded to the Board of Directors for acknowledgement. The number of meetings and attendances are as follows:

Name – Surname	Position	Meeting Attendance (times)
Mr. Manit Udomkunnatum	Chairman of Executive Committee	12/12
Mr. Khunawut Thumpomkul	Executive Director / Managing Director	12/12
Mr. Naporn Sunthornchitchareon	Executive Director	12/12
Mr. Rutt Phaniijphand	Executive Director	12/12

## Below are the essences of the work performed in year 2020.

1. Consider and review the operational performance on a monthly basis compared with business plan, as well as screening the Company's strategies and issues requiring an initial decision making prior to be proposed for the Board of Directors' approval.
2. Examine and ensure that investments, stores expansion, and annual budget allocation are accurate in line with the Company's strategies, as well as proposing other strategic plans to the Board of Directors.
3. Consider and conduct a feasibility study of various projects, as well as advising the Managing Director and operational management.
4. The executive committee has performed a self-assessment to evaluate their performance in the previous year, in which they had fully performed all their duties in accordance with the roles and responsibilities.
5. Approve other Board-assigned transactions on a case-by-case basis.



(Mr. Manit Udomkunnatum)

*Chairman of Executive Committee*

# Message from Nomination and Remuneration Committee

## Dear Stakeholders

As assigned by the Board of Directors and the charter of the Nomination and Remuneration Committee, the Nomination and Remuneration Committee has duly performed its duties to determine the recruitment procedures and criteria to select the Director and Managing Director positions, as well as the nomination of potential candidates for the Director position. The Committee is also in charge of regulating the remuneration procedures and criteria; and other benefits entitled to the Board of Directors and committee members; considering and proposing the annual remuneration policies and other benefits for the Managing Director, in accordance with the scope of duties, responsibilities and performance criteria based on different indicators; and lastly allocating budgets for salary increase, bonus, welfare and other benefits for associates working for the Company and its subsidiaries. The indicators cover both short-term and long-term target such as financial performance, return on equity, and sustainability performance.

In 2020, there were 2 meetings involving the Nomination and Remuneration Committee with details as shown in the below table.

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

## The 2020 essence can be summarized as follows:

1. Execute the recruitment and selection for the positions of Company Directors and committee members after the predecessors' expiring term in office. The consideration was based upon the appropriate qualifications of the individuals as specified in the Securities and Exchange Commission and the Stock Exchange of Thailand regulations. The candidates must not possess characteristics prohibited by law but, instead, shall present competencies, experiences, knowledge and skills (Board Skill Matrix) such as experience related to retail industry, information technology, finance, marketing or real estate. Moreover, the Company allowed individual shareholders to nominate qualified candidates for the Director position, from October 1, 2020 until January 15, 2021, in order to propose to the Board of Directors and the Annual General Shareholders Meeting 2021 respectively. However, no nomination was proposed.
2. Formulate the remuneration procedures and criteria for the directors and sub-committee members.
3. Evaluate the Managing Director's performance with regards to the business target in order to determine an appropriate remuneration.
4. Evaluate the Nomination and Remuneration Committee's performance in the previous year, in which the Nomination and Remuneration Committee has performed the duties efficiently according to the roles and responsibilities.
5. Consider appropriate budgets for salary increase, annual bonus, welfare and other benefits for associates working for the Company and its subsidiaries to ensure that they are in line with the Company's operating performance and remain competitive when compared to market rates in the retail business, hence, sufficing the well-being of the associates and families (Living Wage).
6. Give some advice on Human Resource Management and Personal Development.
7. Consider the revision of the charter of the Nomination and Remuneration Committee. There had been no revisions proposed for the year 2020 since the current version is still complete and appropriate.

In conclusion, the Nomination and Remuneration Committee has duly performed its duties in accordance with good governance principle by adhering to the benefit the Company and all stakeholders.



(Mr. Rutt Phanijphand)

*Chairman of Nomination and Remuneration Committee*

# Message from Audit Committee

## Dear Shareholders

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

During the year 2020, the Audit Committee has fulfilled the duties within the boundaries of responsibilities as stipulated in the charter of the Audit Committee and the assignment from the Board of Directors. Two of the examples are the Committee's participations in 12 meetings in total and their visions to invite the external auditors to meetings with relevant agendas. The Committee's attendances are detailed as follows:

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

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

## The 2020's Key Operations

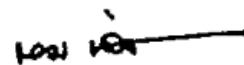
1. In the Company's financial statements review sessions, validate the Company's quarterly and annual financial statements before being exported to the Stock Exchange of Thailand and the Securities and Exchange Commission.
2. Select to nominate the external auditors and arrange audit fees to propose to the Board of Directors for the approval from the shareholders' meeting.
3. Formulate the audit's execution plan and scope in collaboration with the internal audit at 4 meetings without management's participation to achieve the internal audit's completion and appropriateness in conformity with the auditing standards. The audit process should be applied to key operations and risks that can pose impactful threats to the Company's operation.
4. Discuss the operation, the scope of duty and the review plan at meetings with the Internal Audit Department to ensure complete and appropriate internal audit process in line with the internal audit standards. For the year 2020, the assessment of sufficiency and efficiency was implemented for the internal control system of the Company and its subsidiaries. In addition, the Audit Committee acknowledged the review report and followed up the improvement as per recommendation to accomplish the internal control's effectiveness and efficiency and the Company's timely solutions.
5. Review the Company's operation as per good corporate governance to comply with the soon-to-be improved corporate governance code (Good Corporate Governance) as set out by the Securities and Exchange Commission.
6. Review the performance to be in compliance with laws on Securities and Stock Exchange, the rules of Stock Exchange or the laws related to the business proceeding of the Company.
7. As for connected transactions and transactions that could spawn conflicts of interests, the Internal Audit Department inspect and report to the Audit Committee annually to ensure that the Company operates conforming with the typical business condition and disclose complete and accurate information in accordance with the guidelines.

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

#### **The Opinions by the Audit Committee on Performance in 2020**

1. The Company's financial statements are reliable, accurate and complete as per the Generally Accepted Accounting Principle and material information have sufficiently been disclosed in a timely manner.
2. The Company has operated sufficient, effective and efficient internal control system to oversee and monitor appraisal which is in line with the good corporate governance.
3. The Company's risk management system has been proper, effective and efficient. It has successfully met the established policies, guidelines and evolving climates and situations, both internal and external, that could pose emerging risks.
4. The Company has achieved zero non-compliance to the laws on Securities and Stock Exchange, the rules of the Stock Exchange or the laws relevant to the business of the Company.
5. Any transactions, whether have been related to or have included conflicts of interest, have appropriately been performed in accordance with the laws and the rules of the Stock Exchange of Thailand for the utmost benefits for the Company. Neither indication nor other observations to imply irregularity has been found.
6. The appointed external auditors have been knowledgeable, competent and have had experiences in duties. They have gained trustworthy independence and have had no relation or transaction which may cause conflicts of interest to the Company. Their qualities make certain that the audits were completely and appropriately accomplished in parallel to the accounting standards while ensuring efficiency and transparency.
7. The Audit Committee has reviewed the independency, the annual internal audit plan and the responsibilities of the Internal Audit Department. The committee has also conducted the appraisal of the head of the Internal Audit Department. The Audit Committee has viewed that the Company's internal audit has independently, sufficiently, and efficiently fulfilled its duties.

Not only has the Audit Committee independently achieved all of its duties, but also the Audit Committee has followed the designated charter of the Audit Committee through cordial cooperation by all sides concerned.



**(Mr. Boonsom Lerdhirunwong)**  
*Chairman of Audit Committee*

# Message from Risk Management Committee

## Dear Shareholders

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

In the process of considering and managing risk, the Board of Directors considers the risk that would cover all types of activities in the business, both on organizational level and department level and striving through to become part of the organizational culture. Key Risk Indicators and Key Performance Indicators are also set to predict the risk in order to control, minimize the possible risk in accordance to the goal, and ensure appropriate risk management strategies to curb risks at the acceptable or lower level under the supervision of the Risk Management Committee. During the year 2020, a total of 4 meetings were convened and the key performance essences by the Risk Management Committee can be set out below:

1. Review risk factors and enterprise risk levels by taking into account external influences such as economic, social factors, climate, and technological innovation that impact the consumers' lifestyle and behaviors. This includes the competitions which have been caused by competitors in the same industry and newcomers in the other industries. The review also analyzes internal factors to determine risk universe that covers the 4 key risks; namely (1) strategic risks (2) operational risks (3) compliance risks; and (4) financial risks. Details are discussed in the risk factor section. The evaluation of crucial organizational risks and its impact has been jointly conducted by the Risk Management Committee and the Senior Management.
2. Reassess the emerging risks that can significantly impact on the Company's goals or operation. The Risk Management Committee has considered the following risk aspects as below:
  - 2.1 Disruptive Technology – the company realizes potential opportunities, threats, and risks, that could occur in the future. The Company is aware of the importance of business adaptation by setting the Digital Business Unit to be responsible for operating and formulating the sustainability in digital management. The function has to drive HomePro into an Omni channel organization and retain the leading position in the Home Living Experience business. Similarly, the Automated Storage and Retrieval System (ASRS) warehouse which is the main infrastructure of logistic system has been developed in order to achieve effectiveness and ensure competitiveness in terms of cost control management.
  - 2.2 Cyber Security Risk - as the reliance on technology and digital operation across business sectors has been on the rise, the Company has increasingly been aware of cyber threats that can affect the Company's operation and could tarnish the organizational reputation. As such, the Company has implemented state-of-the-art security measures and network systems for data security to ensure the capabilities and readiness to counter cyber threats (Cyber Resilience Capabilities). Moreover, the Company has devised Business Continuity Plans (BCP) to ensure the uninterrupted operation amid crisis or emergency regarding information technology. In addition, to ensure the security system is in place and capable to counter cyber threat, the Company hire third party to verify the security system and test the readiness of the security system on a yearly basis.

The Company also deployed Data Security/Data Privacy Management measures in order to protect the Company and customers' important information by restricting access to selected groups of individuals who are truly related to documents and information through our Information Technology (IT) standard protection.

Rest assured that key information is safeguarded from leakage, adjustment or misuse, and irrelevant usage to the objectives. Last but not least, trainings have been offered to workforce in all levels to raise awareness of cyber security threats.

- 2.3 Personal Data Protection Risk – The Company complies with the PDPA (Personal Data Protection Act, B.E. 2562 (2019)) and fully aware of the importance of personal data and respect customers' privacy. Living up to the trust of users, the Company has implemented the Personal Data Policy to clarify the details and process of collect, use or disclose data protection, data access, transfer of data, and analysis of personal data to the related parties such as customers, suppliers, and associates. In addition, the Company has appointed a Personal Data Protection Committee and Data Protection Officer to set policies and supervise the operations to ensure that the Company's operations are in accordance with the policy.
- 2.4 Climate Change Risks – they can pose severe damage to the Company's operation. For instance, physical threats such as flood and drought are common. Similarly, corporates are encouraged to follow the policies outlined by the public sector. Furthermore, climate risks are a source of the changing behavior of consumers for years to come as green products and technology have grown in popularity. To respond to these trends, the Company has maximized the effectiveness of energy consumption to curb greenhouse gas in the business activities. An awareness of environmental issues has been fostered among associates while green perception in consumers have been promoted through campaigns such as Solar Roof Top and standard and safe products.
- 2.5 Consumer Behavior Change Risks - the increasing tendency of consumers switching from physical stores to online channel. The Company recognizes the opportunity and risk from the changing consumer behavior as mentioned, thus the Company continuously develop online shopping channel for products and services to increase sales opportunity, capture the market, provide convenient access to customers and enhance the potential for business growth. The Company assigns a specialized department to oversee and develop the sales of online products and services. The company's online operation has been well-received with increasing trend as well as continuous higher sales mix.
- 2.6 Risk from the spread of Coronavirus (COVID-19) impacting business operation and affected the overall economy: The Company had to close certain stores temporarily for a period of time complying with the order of the Center for COVID-19 Situation Administration (CCSA). To ensure the safety of customers, associates and related parties, the Company has established measures to manage the risk and enable ongoing business operation as follows:
- For the safety of associates and customers, the Company has organized Social Distancing, set up checkpoints to screen related personnel before entering Company's area, conduct regularly cleaning at every touchpoint and prepared procedure in case an infected person is found in the area of the Company.
  - Utilizing online shopping channel to enable customers to access products and services of the Company conveniently during the spread of Coronavirus, and to ensure the ongoing operation of the Company as well as to reduce the impact on business operation.
  - The economic impact of COVID-19 risk caused the purchasing power of consumers to diminish significantly. The Company has a direction to manage this risk by effectively managing the operation cost, manage liquidity of the Company, and consider expanding customer base to enhance sales opportunity and reduce impact to business performance.

Through the operation that was mentioned above, the Risk Management Committee has successfully fulfilled its duties as assigned by the Board of Directors and regularly reported the risk management's outcomes for the approval by the Board of Directors. These are a testimony that our risk management has been effective and comprehensive. The 2020 risk management has been evaluated at the acceptable level and, thus, presented no significantly harmful factors to the Company.



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

# Board of Directors



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## 1. Mr. Manit Udomkunnatum

- Chairman of Executive committee
- Director

## 2. Mr. Rutt Phanijphand

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

## 3. Mr. Boonsom Lerdhirunwong

- Chairman of Audit Committee
- Independent Director

## 4. Mr. Thaveevat Thatiyamaneeekul

- Audit Committee
- Independent Director

## 5. Mr. Chanin Roonsamrarn

- Audit Committee
- Independent Director
- Nomination and Remuneration Committee



#### **6. Mr. Naporn Sunthornchitcharoen**

- Director
- Executive Director
- Nomination and Remuneration Committee

#### **7. Mr. Weerapun Ungsumalee**

- Director

#### **8. Mr. Khunawut Thumpomkul**

- Director
- Executive Director
- Managing Director

#### **9. Ms. Suwanna Buddhaprasart**

- Director

#### **10. Mr. Pornwut Sarasin**

- Independent Director

#### **11. Mr. Achawin Asavabhokin**

- Director

## 1. Mr. Mani Udomkunnatum (75 years old)

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

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

### Education

High School

### Training

#### Thai Institute of Directors Association

2004

Director Accreditation Program (DAP) 29/2004

### Main Occupation

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

### The brief working experience during the past 5 years

Period	Position	Company
<b>Director of 1 listed company</b>		
2001 – Present	Director and Chairman of Executive Directors	Home Product Center Plc. (Retail)
<b>Director of 5 non-listed companies</b>		
2007 – Present	Chairman of Executive Committee and Director	Elysian Development Co., Ltd. (Property Development)
2006 – Present	Chairman of Executive Committee and Director	Shanghai Inn Co., Ltd. (Hotel)
2003 – Present	Director	Koh Maphrao Island Co., Ltd. (Hotel)
2001 – Present	Director	RLP Co., Ltd. (Leasing Space)
2001 – Present	Chairman of Executive Directors	USI Holding Co., Ltd. (Leasing Space)

## 2. Mr. Rutt Phanijphand (73 years old)

- Executive Director (appointed on 21 June 2007)
- Chairman of the Nomination and Remuneration Committee (appointed on 29 March 2007)
- Director (appointed on 20 December 2001)

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

### Education

Master of Science in Business Administration, Fort Hays Kansas State University, USA  
Bachelor of Science, Kasetsart University

### Training

2018 Information Security Awareness Training : LH Bank

### Thai Institute of Directors Association

2016 Corporate Governance for Capital Market Intermediaries Program (CGI) 14/2016  
2010 Financial Institutions Governance Program (FGP) 1/2010  
2005 Director Certification Program (DCP) 61/2005  
2003 Director Accreditation Program (DAP) 4/2003

### Main Occupation

Chairman LH Financial Group Plc. (Holding Company)

### The brief working experience during the past 5 years

Period	Position	Company
<b>Director of 3 listed companies</b>		
2007 – Present	Executive Director and Chairman of the Nomination and Remuneration Committee	Home Product Center Plc. (Retail)
2001 – Present	Director	
2019 – Present	Advisor	
2014 – 2019	Audit Committee	Banpu Plc. (Energy)
2005 – 2019	Independent Director and Chairman of Remuneration Committee	
2017 – Present	Chairman	
2009 – Present	Director	LH Financial Group Plc. (Holding Company)
2009 – 2017	Chairman of Executive Committee	
2001 – 2014	Director, Chief Executive Officer, and Managing Director	Quality Houses Plc. (Property Development)
<b>Director of 3 non-listed companies</b>		
2013 – Present	Chairman	Land and Houses Securities Plc. (Securities Trading)
2010 – Present	Chairman	Land and Houses Fund Management (Asset Management)
2017 – Present	Chairman	Land and Houses Bank Plc. (Commercial Bank)
2005 – Present	Director	
2005 – 2017	Chairman of Executive Committee	

### 3. Mr. Boonsom Lerdhirunwong (67 years old)

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

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

#### Education

Ph.D. of Civil Engineer, INSA Toulouse, France  
 Master of Civil Engineer, Chulalongkorn University  
 Bachelor of Civil Engineer, Chulalongkorn University

#### Training

##### Thai Institute of Directors Association

2019	Board Matters and Trends (BMT) 7/2019 Ethical Leaderships Program (ELP) 15/2019
2016	Anti-Corruption : The Practical Guide (ACPG) 27/2016
2014	Role of Chairman Program (RCP) 34/2014
2013	Successful Formulation & Executive of Strategy (SFE) 18/2013
2012	Director Certification Program (DCP) 162/2012 Financial Statements for Directors (FSD) 17/2012 Audit Committee Program (ACP) 41/2012 Monitoring Fraud Risk Management (MFM) 8/2012 Monitoring of the Quality of Financial Reporting (MFR) 16/2012 Monitoring the Internal Audit Function (MIA) 13/2012 Monitoring the System of Internal Control and Risk (MIR) 13/2012

#### Others

2014	Corporate Governance : Effectiveness and Accountability in the Boardroom, Kellogg School of Management, Northwestern University
2013	Certificate in Top Executives in the Energy Education Program (Class of 3 <sup>rd</sup> )
2006	Diploma, the Joint State-Private Sector Course National Defense College (Class of 19 <sup>th</sup> )

#### IOD Forum

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

#### Main Occupation

Chairman of the Board of Directors and Independent Director      Quality Houses Plc. (Property Development)

#### The brief working experience during the past 5 years

Period	Position	Company
<b>Director of 2 listed companies</b>		
2014 – Present	Independent Director and Chairman of Audit Committee	Home Product Center Plc. (Retail)
2015 – Present	Chairman and Independent Director	Quality Houses Plc. (Property Development)
2012 – 2014	Director and Audit Committee	PTT Plc. (Energy and Utilities)
<b>Director of 1 non-listed company</b>		
2015 – Present	President	Shinawatra University (Educational Institution)
2010 – Present	Director and Chairman of Executive Directors of Building and Infrastructure Committee	The Thai Red Cross Society (Charitable Organization)
2015 – 2018	Chairman	Thailand Institute of Nuclear Technology (Public Organization)

#### 4. Mr. Thaveevat Thatiyamaneekul (75 years old)

- Independent Director and Audit Committee (appoint 29 May 2001)

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

#### Education

Primary School

#### Training

##### Thai Institute of Directors Association

2006 Director Accreditation 29/2004

#### Main Occupation

Chairman of Executive Director Star Fashion (2008) Co., Ltd. (Garment and Fashion Product Distributor)

#### The brief working experience during the past 5 years

Period	Position	Company
Director of 1 listed company		
2001 – Present	Independent Director and Audit Committee	Home Product Center Plc. (Retail)
Director of 2 non-listed companies		
2013 – Present	Chairman of Executive Committee	Maneepin Co., Ltd. (Holding Company)
1989 – Present	Chairman of Executive Committee	Star Fashion (2008) Co., Ltd. (Garment and Fashion Product Distributor)

## 5. Mr. Chanin Roonsamrarn (73 years old)

- Nomination and Remuneration Committee (appointed on 29 March 2007)
- Independent Director (appointed on 3 October 2005)
- Audit Committee (appointed on 22 September 2005)

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

### Education

Master of Business Administration (MBA), Fort Hays State University, USA

### Training

#### Thai Institute of Directors Association

2006	DCP Refresher course 2/2006
2005	Audit Committee Program (ACP) 9/2005
2002	Director Certification Program (DCP) 15/2002
2001	Role of Chairman Program (RCM) 6/2001
1993	Executive Program Stanford-NUS

### Main Occupation

Director Home Product Center Plc. (Retail)

### The brief working experience during the past 5 years

Period	Position	Company
<b>Director of 2 listed companies</b>		
2007 – Present	Nomination and Remuneration Committee	Home Product Center Plc. (Retail)
2005 – Present	Independent Director and Audit Committee	
1999 – Present	Independent Director and Audit Committee	Thai Reinsurance Plc. (Insurance)
2003 – 2013	Audit Committee, Independent Director and Chairman of Risk Management Committee	Chubb Samaggi Insurance Plc. (Insurance)
1996 – 2009	Managing Director and Chief Executive Director	The Siam Industrial Credit Plc. (Financial Institution)
<b>Director of 2 non-listed companies</b>		
2020 – Present	Chairman	Suzuki Motor Sale Co., Ltd. (Distributor)
2010 – Present	Chairman of Executive Directors	SBL Leasing Co., Ltd. (Leasing)

## 6. Mr. Naporn Sunthornchitcharoen (62 years old)

- Nomination and Remuneration committee (appointed on 1 June 2015)
- Director and Executive Director (appointed on 29 May 2001)
- Authorized Signatory Director

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

### Education

Master of Business Administration (MBA), Thammasart University  
Bachelor of Civil Engineering, Chiangmai University

### Training

#### Thai Institute of Directors Association

2011	Financial Institutions Governance Program (FGP) 2/2011
2005	Director Certification Program (DCP) 53/2005
2004	Director Accreditation Program (DAP) 25/2004

### Other

2006	Diploma, the National Defense College Course
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### Main Occupation

Chairman of the Board of Directors      Land and Houses Plc. (Property Development)

### The brief working experience during the past 5 years

Period	Position	Company
<b>Director of 5 listed companies</b>		
2015 – Present	Nomination and Remuneration committee	Home Product Center Plc. (Retail)
2001 – Present	Director and Executive Director	
2017 – Present	Director	Quality House Plc. (Property Development)
2017 – Present	Chairman and Chairman of Executive Director	Land and Houses Plc. (Property Development)
1992 – Present	Director	
2013 – 2017	Managing Director	
2011 – Present	Director	LH Financial Group Plc. (Holding Company)
2018 – 2019	Nomination and Remuneration Committee	
2011 – 2018	Nomination and Remuneration Committee	
2011 – 2017	Executive Director	
1994 – Present	Director	Quality Construction Products (Construction Materials Manufacturers and Distributor)
<b>Director of 14 non-listed company</b>		
2013 – Present	Director	Land and Houses Securities Plc. (Securities Trading)
2012 – Present	Director	Land and Houses USA, INC (Property Development)
2005 – Present	Director and Executive Director	Land and Houses Bank Plc. (Commercial Bank)
2005 – 2018	Nomination and Remuneration Committee	
2005 – 2018	Director	Phuket Future Plan Co., Ltd. (Property Development)
2005 – 2017	Director	Double Tree Co., Ltd. (Property Development)
2004 – Present	Director	LH Asset Co., Ltd. (Property Development)
2003 – Present	Director	LH Real Estate Co., Ltd. (Property Development)
2002 – Present	Director	Land and Houses Property Fund 2 Co., Ltd. (Fund Management)
2000 – Present	Director	Land and Houses Property Fund 1 Co., Ltd. (Fund Management)
1995 – Present	Director	Land and Houses North East Co., Ltd. (Property Development)
1995 – Present	Director	Land and Houses North Co., Ltd. (Property Development)
1995 – Present	Director	LH Mueng Mai Co., Ltd. (Property Development)
1993 – Present	Director	Siam Tanee Real Estate Co., Ltd. (Property Development)
1990 – Present	Director	Siam Tanee Property Co., Ltd. (Property Development)
1988 – Present	Director	Atlantic Real Estate Co., Ltd. (Property Development)
1986 – Present	Director	LH Mall and Hotel Co., Ltd. (Property Development)
1986 – 2016	Director	Muang Mai Guthrie Plc. Co., Ltd. (Natural Rubber Production)

## 7. Mr. Weerapun Ungsumalee (58 years old)

- Director (appointed on 1 Feb 2019)

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

### Education

Master of Industrial Engineering, Asian Institute of Technology

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

### Training

#### Absolute Alliances

2020 Digital Business Solution Summit 2020

#### Thai Institute of Directors Association

2019 Director Certification Program (DCP) 272/2019

#### Capital Market Academy

2019 Capital Market Leadership Program (CMLP) 29/2019

#### MAI Listed Company Association (maiA)

2019 Chief Transformation Officer Program (CTO), Digital Transformation and Cyber Security

### Main Occupation

Executive Vice President Home Product Center Plc. (Retail)

### The brief working experience during the past 5 years

Period	Position	Company
Director of 1 listed company		
2019 – Present	Director	Home Product Center Plc. (Retail)
2016 – Present	Executive Vice President	
2007 – 2016	Senior Vice President – Operations	
	Senior Vice President – Information Technology	
Director of 3 non-listed companies		
2019 – Present	Director	Home Product Center (Malaysia) Sdn. Bhd. (Retail)
2018 – Present	Director and Managing Director	Mega Home Center Co., Ltd. (Retail)
2013 – Present	Director	DC Service Center Co., Ltd. (Distribution Center)

## 8. Mr. Khunawut Thumpomkul (63 years old)

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

Direct shareholding	Spouse and minor child shareholding	Family relationship with director and management
1.08%	None	None

### Education

Master of Business Administration (MBA), NIDA

Bachelor of Economics, Ramkhamhaeng University

### Training

#### Thai Institute of Directors Association

2018	IT Governance and Cyber Resilience Program (ITG) 8/2018
2001	Director Certification Program (DCP) 8/2001

### Main Occupation

Managing Director	Home Product Center Plc. (Retail)
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### The brief working experience during the past 5 years

Period	Position	Company
<b>Director of 2 listed companies</b>		
2001 – Present	Director, Executive Director, and Managing Director	Home Product Center Plc. (Retail)
2013 – Present	Director	LH Financial Group Plc. (Holding Company)
<b>Director of 4 non-listed companies</b>		
2013 – Present	Chairman	DC Service Center Co., Ltd. (Distribution Center)
2012 – Present	Chairman	Mega Home Center Co., Ltd. (Retail)
2010 – Present	Chairman	Home Product Center (Malaysia) Sdn. Bhd. (Retail)
2005 – Present	Chairman	Market Village Co., Ltd. (Tenant Management)

## 9. Ms. Suwanna Buddhaprasart (65 years old)

- Director (appointed on 2 July 2003)
- Authorized Signatory Director

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

### Education

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

### Training

#### Thai Institute of Directors Association

2011	Financial Institutions Governance Program (FGP) 3/2011
2007	Director Certification Program (DCP) 85/2007
2004	Director Accreditation Program (DAP) 29/2004

### Main Occupation

Chief Executive Officer LH Mall & Hotel Co., Ltd. (Property Development)

### The brief working experience during the past 5 years

Period	Position	Company
Director of 3 listed companies		
2003 – Present	Director	Home Product Center Plc. (Retail)
2018 – Present	Director	Mandarin Hotel Plc. (Hotel)
2000 – Present	Executive Director, Risk Management Committee, and Corporate Governance Committee	Quality Houses Plc. (Property Development)
1996 – 2016	Senior Vice President and Company Secretary	
2011 – 2017	Director	LH Financial Group Plc. (Holding Company)
Director of 12 non-listed companies		
2016 – Present	Director and Chief Executive Director	LH Mall & Hotel Co., Ltd. (Property Development)
2016 – Present	Director	Gusto Village Co., Ltd. (Property Development)
2013 – Present	Director	Property Host Co., Ltd. (Interior)
2013 – Present	Director	Casa Ville (Cholburi 2010) Co., Ltd. (Property Development)
2012 – Present	Director	Center Point Hospitality Co., Ltd. (Property Leasing)
2012 – Present	Director	L&H Hotel Management Co., Ltd. (Hotel)
2010 – Present	Director	QHouse Precast Co., Ltd. (Interior)
2008 – Present	Director	L&H Management Co., Ltd. (Hotel)
2003 – Present	Director	Casa Ville Co., Ltd. (Property Development)
2003 – Present	Director	QH Management Co., Ltd. (Service)
2000 – Present	Director	QH International Co., Ltd. (Property Leasing)
2000 – Present	Director	The Confidence Co., Ltd. (Property Development)
2013 – 2014	Director	
2005 – 2012	Director and Nomination and Remuneration Committee	Land and Houses Bank Plc. (Commercial Bank)

## 10. Mr. Pornwut Sarasin (61 years old)

- Independent Director (appointed on 1 October 2015)

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

### Education

Master of Business Administration (MBA), Pepperdine University, USA

Bachelor of Business Administration, Boston University, USA

### Training

#### Thai Institute of Directors Association

2005 Director Accreditation Program (DAP) 45/2005

### Main Occupation

Chairman Thai Namthip Ltd. (Soft Drinks Bottler)

### The brief working experience during the past 5 years

Period	Position	Company
<b>Director of 5 listed companies</b>		
2015 – Present	Independent Director	Home Product Center Plc. (Retail)
2017 – Present	Chairman	BG Container Glass Plc. (Packaging Manufacturers and Distributor)
2015 – Present	Director	Crown Seal Plc. (Packaging)
2009 – Present	Director	AP (Thailand) Plc. (Property Development)
1994 – Present	Director and Chairman of Audit Committee	Charoong Thai Wire & Cable Plc. (Cable Manufacturers and Distributor)
<b>Director of 9 non-listed companies</b>		
2014 – Present	Director	Bangkok glass Plc. (Packaging Manufacturers and Distributor)
2013 – Present	Chairman	Thai Namthip Ltd. (Soft Drinks Bottler)
2000 – Present	Director	Honda Automobile (Thailand) Co., Ltd. (Automobile Manufacturers)
1998 – Present	Director	Denso (Thailand) Co., Ltd. (Electronic Manufacturers)
1993 – Present	Director	Thai Asia Pacific Brewery Co., Ltd. (Drinking Manufacturers and Distributor)
1986 – Present	Director	Thai-MC Co., Ltd. (Chemical Wholesaler)
1986 – Present	Director	Isuzu Motors (Thailand) Co., Ltd. (Automobile Manufacturers)
1986 – Present	Director	Tri Petch Isuzu Co., Ltd. (Automobile Distributor)
1986 – Present	Director	Tri Petch Isuzu Leasing Co., Ltd. (Automobile Leasing)

## 11. Mr. Achawin Asavabhokin (45 years old)

- Director (appointed on 10 April 2014)

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

### Education

Bachelor of Science in Engineering, Majoring in Systems Science and Engineering, University of Pennsylvania, USA  
 Bachelor of Science in Economics, Concentration in Finance, University of Pennsylvania, USA

### Training

#### Thai Institute of Directors Association

2014 Director Certification Program (DCP)

### Main Occupation

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

### The brief working experience during the past 5 years

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

# Management Team

## 1. Mr. Chaityuth Karunyasopon (62 years old)

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

Direct Shareholding	Shareholding by spouse and minor child
0.04%	0.001%

### Highest Level of Education / Training

Bachelor of Finance, Ramkhamhaeng University

### Experience during the past 5 years

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

## 3. Mrs. Uraiwan Tantipiriyakij (51 years old)

- Starting Date 1 August 2001
- Senior Vice President – HomePro Operation

Direct Shareholding	Shareholding by spouse and minor child
0.003%	None

### Highest Level of Education / Training

Master of Finance, Kennesaw State University, USA

### Experience during the past 5 years

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

## 2. Mr. Vathunyu Visuthikosol (56 years old)

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

Direct Shareholding	Shareholding by spouse and minor child
0.08%	None

### Highest Level of Education / Training

MBA, Georgia State University, USA

### Experience during the past 5 years

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

## 4. Mr. Kasem Pinmontearntong (62 years old)

- Starting Date 1 February 2000
- Senior Vice President – Mega Home Business and Product Management

Direct Shareholding	Shareholding by spouse and minor child
0.002%	None

### Highest Level of Education / Training

Bachelor of Business Administration, Ramkhamhaeng University

### Experience during the past 5 years

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

#### 5. Ms. Sannipa Swangpuen (51 years old)

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

Direct Shareholding	Shareholding by spouse and minor child
0.002%	None

#### Highest Level of Education / Training

Master of Accounting, Griffith University, Australia

#### Experience during the past 5 years

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

#### 6. Ms. Jarusopha Thumkathikanon (61 years old)

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

Direct Shareholding	Shareholding by spouse and minor child
0.08%	None

#### Highest Level of Education / Training

Bachelor of Economics, The University of the Thai Chamber of Commerce

#### Experience during the past 5 years

2003 – Present	Senior Vice President - Home Product Center Plc. (Retail)
1989 – 2003	Senior Purchasing Manager – Siam Makro Plc.

#### 7. Ms. Ittaporn Srisukwattana (49 years old)

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

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

#### Highest Level of Education / Training

MBA, Assumption University

#### Experience during the past 5 years

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

#### 8. Ms. Siriwan Paimsethasin (63 years old)

- Starting Date 1 March 2002
- Senior Vice President - Water Solution & Electric Merchandise

Direct Shareholding	Shareholding by spouse and minor child
0.004%	None

#### Highest Level of Education / Training

Diploma in Business Computing, Dhonburi Rajabhat University

#### Experience during the past 5 years

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

#### 9. Mr. Tanawat Klangsoontornrangsi (53 years old)

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

Direct Shareholding	Shareholding by spouse and minor child
0.005%	None

#### Highest Level of Education / Training

Bachelor of Business Administration, Bangkok University

#### Experience during the past 5 years

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

#### 10. Ms. Apiradee Thavilap (49 years old)

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

Direct Shareholding	Shareholding by spouse and minor child
0.001%	None

#### Highest Level of Education / Training

MBA, Colorado State University, USA

#### Experience during the past 5 years

2014 – Present	Senior Vice President - Home Product Center Plc. (Retail)
2012 – 2013	Senior Manager - Ek-Chai Distribution System Co.,Ltd. (Retail)

#### 11. Mrs. Surangkana Chaiprasart (50 years old)

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

Direct Shareholding	Shareholding by spouse and minor child
0.003%	None

##### Highest Level of Education / Training

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

##### Experience during the past 5 years

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

#### 12. Ms. Monaphat Phongpreedachit (52 years old)

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

Direct Shareholding	Shareholding by spouse and minor child
0.001%	None

##### Highest Level of Education / Training

Senior High School, French Program, Matthayomwatnairong School

##### Experience during the past 5 years

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

#### 13. Ms. Pornsook Damrongsiri (55 years old)

- Starting Date 1 January 2013
- Senior Vice President – Supply Chain Management

Direct Shareholding	Shareholding by spouse and minor child
0.002%	None

##### Highest Level of Education / Training

MS-CIS, Colorado State University, USA

##### Experience during the past 5 years

2013 – Present	Senior Vice President Home Product Center Plc. (Retail)
2007 – 2013	Senior Manager - Ek-Chai Distribution System Co.,Ltd. (Retail)

#### 14. Ms. Wannee Juntamongkol (56 years old)

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

Direct Shareholding	Shareholding by spouse and minor child
0.08%	None

##### Highest Level of Education / Training

MBA, Sasin Graduate Institute of Business Administration of Chulalongkorn University

Bachelor of Commerce and Accountancy, Chulalongkorn University

2020	- Top Executive Program in Commerce and Trade class 13 - Advance for Corporate Secretary Program, Institute of Director Association (IOD)
2019	Attended the following seminars by Thai Listed Companies Association : - The CFO's role in stakeholder communications - Automation & RPA (Robot Process Automation) for Accounting - The Securities and Exchange Commission's policy of capital market development and operational support for listed companies
2017	Director Accreditation Program class 140/2017
2016	Capital Market Academy class 22
2015	Strategic CFO class 1 by Stock Exchange of Thailand (SET)
2008	Laws and regulations of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) Program for the Company Secretary by Faculty of Law of Chulalongkorn University
2005	Company Secretary Program, Institute of Director Association (IOD)

##### Experience during the past 5 years

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

#### 15. Mr. Nitat Aroontipaitoon (55 years old)

- Starting Date 16 March 1997
- Senior Vice President - Human Resource and Loss Prevention

Direct Shareholding	Shareholding by spouse and minor child
0.04%	None

##### Highest Level of Education / Training

MBA, National Institute of Development Administration

##### Experience during the past 5 years

2000 – Present	Senior Vice President - Home Product Center Plc. (Retail)
2005 – 2010	Vice President - Internal Audit

#### 16. Ms. Sudapa Chamod (47 years old)

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

Direct Shareholding	Shareholding by spouse and minor child
0.002%	None

##### Highest Level of Education / Training

MBA, Asian Institute of Technology

##### Experience during the past 5 years

2012 – Present	Senior Vice President - Home Product Center Plc. (Retail)
1999 – 2012	Senior Manager - Accenture Solutions Co.,Ltd. (System Consultant)

#### 17. Ms. Petchompoo Theppipdh (56 years old)

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

Direct Shareholding	Shareholding by spouse and minor child
0.0005%	None

##### Highest Level of Education / Training

Master of Education, Chulalongkorn University

##### Experience during the past 5 years

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

#### 18. Ms. Somjai Maturaporn (60 years old)

- Starting Date 16 January 2001
- Senior Vice President - Home Electric Merchandising

Direct Shareholding	Shareholding by spouse and minor child
0.001%	None

##### Highest Level of Education / Training

Bachelor of Nursing Science, Mahidol University

##### Experience during the past 5 years

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

#### 19. Mr. Wichian Jiamwijitkul (56 years old)

- Starting Date 1 August 2020
- Senior Vice President - Mega Home Business and Product Category Management

Direct Shareholding	Shareholding by spouse and minor child
None	None

##### Highest Level of Education / Training

Bachelor of Engineering, Chulalongkorn University

##### Experience during the past 5 years

2020 – Present	Senior Vice President - Home Product Center Plc. (Retail)
2015 – 2020	Independent Advisor
2014 – 2016	Director - SCG Cement - Building Materials Co., Ltd. (Building Materials)

#### 20. Mr. Vorapot Techathadakul (44 years old)

- Starting Date 1 August 2008
- Senior Vice President - Merchandise Kitchen & Home Organize

Direct Shareholding	Shareholding by spouse and minor child
0.0002%	None

##### Highest Level of Education / Training

Bachelor of History, Kasetsart University

##### Experience during the past 5 years

2020 – Present	Senior Vice President - Home Product Center Plc. (Retail)
2016 – 2020	Vice President - Home Product Center Plc. (Retail)

#### 21. Ms. Saowanee Sirariyakul (43 years old)

- Starting Date 1 September 2020
- Senior Vice President - Marketing

Direct Shareholding	Shareholding by spouse and minor child
None	None

##### Highest Level of Education / Training

Master of Innovation Management, Mahidol University

##### Experience during the past 5 years

2020 – Present	Senior Vice President - Home Product Center Plc. (Retail)
2010 – 2019	Director - Thai Samsung Electronics Co.,Ltd. (Electrical Appliances Manufacturer and Distributor)

# Financial Information

Unit : Million Baht

Item	Consolidated Financial Statements			Separate Financial Statements		
	2018	2019	2020	2018	2019	2020
Total Assets	54,811.35	52,048.96	56,090.77	52,378.30	49,369.53	52,737.15
Total Liabilities	34,897.26	30,910.88	34,525.53	32,476.40	28,726.03	32,015.72
Equity	19,914.10	21,138.08	21,565.24	19,901.90	20,643.50	20,721.43
Revenue from Contracts with Customers	61,951.32	63,046.23	58,346.77	53,459.62	54,888.08	50,771.56
Total Revenues	66,049.91	67,373.72	61,748.99	57,332.83	59,164.79	54,173.71
Net profit	5,612.62	6,176.59	5,154.70	5,483.18	5,686.99	4,788.28
EPS (Baht)	0.43	0.47	0.39	0.42	0.43	0.36
Dividend per share (Baht)*	0.35	0.38	0.30	0.35	0.38	0.30
Paid-up Capital (Million Shares)	13,151.20	13,151.20	13,151.20	13,151.20	13,151.20	13,151.20
Net cash flows from operating activities	8,724.97	8,808.15	8,362.88	7,914.96	8,347.81	7,414.68
Net cash flows used in investing activities	(2,862.45)	(3,016.64)	(3,144.81)	(2,050.60)	(2,519.34)	(2,268.44)
Net cash flows used in financing activities	(2,132.16)	(9,161.80)	(4,797.48)	(2,100.14)	(9,225.38)	(4,687.20)
Cash and cash equivalents at end of year	6,237.75	2,859.98	3,282.69	6,003.28	2,606.37	3,065.41

\* Remark : Dividend for 2020 amounted to 0.30 Baht/share paying from the first 6 months operation of 0.10 Baht/share, according to the resolution of the Board of Directors' Meeting No. 8/2020, and from the last 6 months operation of another 0.20 Baht/share, according to the Board of Directors' Meeting No.2/2021 approved to propose to 2021 Annual General Meeting of Shareholders.

## Financial Ratio

Item	As of			
		31 Dec 2018	31 Dec 2019	31 Dec 2020
Liquidity ratio				
Current Ratio <sup>1</sup>	(time)	0.80	0.70	0.77
Quick Ratio <sup>2</sup>	(time)	0.28	0.15	0.18
Current Ratio – Cash basis <sup>3</sup>	(time)	0.40	0.36	0.39
Account Receivable Turnover <sup>4</sup>	(time)	274.90	250.54	266.99
Account Receivable Day <sup>5</sup>	(day)	1.00	1.00	1.00
Inventory Turnover <sup>6</sup>	(time)	4.48	4.53	4.20
Inventory Day <sup>7</sup>	(day)	81.00	81.00	87.00
Account Payable Turnover <sup>8</sup>	(time)	3.84	3.92	3.79
Account Payable Day <sup>9</sup>	(day)	95.00	93.00	96.00
Cash cycle <sup>10</sup>	(day)	(13.00)	(11.00)	(8.00)

Item	As of			
	31 Dec 2018	31 Dec 2019	31 Dec 2020	
Profitability ratio				
Gross Profit Margin <sup>11</sup>	(%)	25.49	25.73	25.28
Operation Profit Margin <sup>12</sup>	(%)	11.82	12.62	11.37
Other Revenue to Total Revenue <sup>13</sup>	(%)	6.21	6.42	5.51
Cash flow to Operation Profit <sup>14</sup>	(%)	119.16	110.67	126.09
Net Profit to Total Revenue <sup>15</sup>	(%)	8.50	9.17	8.35
Return on Equity <sup>16</sup>	(%)	29.12	30.09	24.14
Efficiency ratio				
Return on Asset <sup>17</sup>	(%)	10.61	11.56	9.53
Return on Fixed Asset <sup>18</sup>	(%)	24.53	25.65	11.13
Asset Turnover <sup>19</sup>	(time)	1.25	1.26	1.14
Financial policy ratio				
Debts to Equity Ratio <sup>20</sup>	(time)	1.75	1.46	1.60
Interest Coverage Ratio <sup>21</sup>	(time)	27.18	25.19	40.53
Interest Bearing Debt to EBITDA <sup>22</sup>	(time)	1.56	1.41	1.60
Debt Service Coverage <sup>23</sup>	(time)	0.55	0.62	0.61
Dividend Payout Ratio <sup>24</sup>	(%)	83.95	87.88	82.40*

Remark : \* Dividend Payout Ratio in 2020 is subject to AGM approval

<sup>1</sup> Current Ratio = Total Current Asset / Total Current Liabilities

<sup>2</sup> Quick Ratio = (Cash and cash equivalents + Account Payable) / Total Current Liabilities

<sup>3</sup> Current Ratio – Cash basis = Operating Cashflow / Avg. Current Liabilities

<sup>4</sup> Account Receivable Turnover = Revenue / Avg. Account Receivable

<sup>5</sup> Account Receivable Day = 365 / Account Receivable Turnover

<sup>6</sup> Inventory Turnover = Cost of Sales / Avg. Inventory

<sup>7</sup> Inventory Day = 365 / Inventory Turnover

<sup>8</sup> Account Payable Turnover = Cost of Sales / Avg. Account Payable

<sup>9</sup> Account Payable Day = 365 / Account Payable Turnover

<sup>10</sup> Cash Cycle = Account Receivable Day + Inventory Day – Account Payable Day

<sup>11</sup> Gross Profit Margin = Gross Profit / Revenue

<sup>12</sup> Operation Profit Margin = Operation Profit / Revenue

<sup>13</sup> Other Revenue to Total Revenue = Other Revenue / Total Revenue

<sup>14</sup> Cash flow to Operation Profit = Operating Cash flow / Operation Profit

<sup>15</sup> Net Profit to Total Revenue = Net Profit / Total Revenue

<sup>16</sup> Return on Equity = Net Profit / Avg. Total Equity

<sup>17</sup> Return on Asset = Net Profit / Avg. Total Asset

<sup>18</sup> Return on Fixed Asset = (Net Profit + Depreciation) / Avg. Fixed Asset

<sup>19</sup> Asset Turnover = Total Revenue / Avg. Total Asset

<sup>20</sup> Debts to Equity Ratio = Total Liabilities / Total Equity

<sup>21</sup> Interest Coverage Ratio = EBITDA / Interest Expense

<sup>22</sup> Interest Bearing Debt to EBITDA = Interest Bearing Debt / EBITDA

<sup>23</sup> Debt Service Coverage = EBITDA / Short term Interest Bearing Debt + Current Portion of Long term Interest Bearing Debt

<sup>24</sup> Dividend Payout Ratio = Dividend Payment / Net Profit from Separate Financial Statements

# Organization Culture

The Company has set the organizational culture for all HomePro's associates (HomePro Culture) to serve as the guideline for their conduct and work procedure in order to achieve the vision and missions as planned. The Company aims for the culture to be interpolated into the way of life of every associates as part of their daily lifestyles. The purpose is to develop the capabilities of associates to have more knowledge and expertise, along with promoting great products and services to compliment the good quality of living for customers. New innovations are adapted to handle all aspects of change, so that the Company can move forward and develop itself steadily and sustainably. In the present, there are 5 pillars of HomePro Culture as follows:



## Customer First

The best service comes from the heart. Heart is the foundation of all service-related work that is translated into thoughts, actions and gestures.



## Teamwork

Every goal is achievable with teamwork. No individual can succeed alone. Working together as a team can bring about success and the achievement of the common goal.



## Think & Act as HomePro

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



## Passion

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



## Integrity

Integrity is the honesty to do good even when nobody is watching, because our determination and good deeds are always visible.

# Management Structure

## Business Purpose

We make a better living

## Vision

To become a leader in **Home Solution and Living Experience** in Thailand and Southeast Asia.

## Mission



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



We recognize the importance of developing our associates and enabling them to surpass their potential, enhancing productivity, behaving according to the company culture, having good standard of living, and devoting to the organization.



We will continuously seek for new business opportunities and appropriately add value to our stakeholders.



We corporate with business partners to develop innovative products and services, and enhance management effectiveness for mutual success.



Our management team is dedicated to operate with good governance and social responsibility, and create good relationships with the community and the environment.

# Business Objectives

In accordance with the vision to be the leader in Home Solution and Living Experience business in Thailand and South East Asia, HomePro focuses on becoming a One-Stop Shopping destination and plans to continuously expand its investment in areas with potential, in order to serve to the needs for home improvement and accommodate the New Normal lifestyle. The overall market still shows potential for growth in the long run from more than 27 million residences in Thailand, which will support the growth of urban society, regardless of the impact from the spread of Coronavirus (COVID-19). To cope with the current circumstances, the Company has developed services that cover the needs of customers such as Same-Day Delivery, as well as selected new products to add to the variety of each product category. By the end of 2020, there are 95 HomePro stores nationwide.

Besides HomePro business, the Company also expanded “Mega Home” to accommodate the market for building materials. Mega Home Center offers a comprehensive range of home-related products and building materials, both wholesale and retail. The target customers of Mega Home are technicians, contractors, and project owners. By the end of 2020, the Company has already opened and operated 14 Mega Home Stores with the focus to become the leader in building materials business.

As part of the ASEAN Economic Community, the Company expanded its “HomePro” business internationally with Malaysia being the first destination. By the end of 2020, there are 6 stores in Malaysia. Vietnam has been selected as the second destination. The Company has set up the business in 2020.

In 2020, the Board of Directors have reviewed the vision, mission, and strategy of the Company and saw the necessity to adapt to the current circumstances and envision the direction of the business more clearly. The development

includes the emphasis on offering more products and services through online channel and stores seamlessly (Omni Channel), to provide more convenience to the customers who can shop from anywhere, anytime. Online shopping and home service channel is also extended to smart phone application. The new Order Tracking system allows customers to track the status of their orders. Self-Checkout counters offer more speed to payment process for customers who shop in stores. Moreover, the Company began to use the Automated Storage and Retrieval System (ASRS) in the previous year, which increased the precision of warehouse management and reduced the lead time to deliver products customers. Ultimately, the Company aims to expand up to 150 stores by the year 2025. The business model for expansion will take the economic conditions and the purchasing power of consumers as the main factors for consideration.



## Major Changes and Development in the Past 3 Years

**2018:** The Company opened 1 new HomePro store in Kalpapruerk and opened 5 new HomePro S stores at The Paseo Park Kanchanaphisek, Big C Supercenter Bangna, The Market Place Nanglinchee, Sena Fest and Gateway at Bangsue. New store openings in 2018 were expansions with good potential, especially in Bangkok Metropolitan region that still had high purchasing power generated from new resident areas. By the end of 2018, there were total of 82 HomePro stores, 9 HomePro S stores, 12 Mega Home stores and 6 HomePro Malaysia stores.

**2019: The Company opened 2 new stores** in Charan Sanitwong and in Mukdahan province, as well as 1 HomePro S store at Samyan Mitrtown. 2 Mega Home stores were opened in Rayong (Ban Chang) and in Bangna-Trat. Store expansions in 2019 were in the areas with high potentially, especially in Bangkok Metropolitan region and Special Economic Development Zones that had purchasing power from new resident areas. By the end of 2019, there were total of 84 HomePro stores, 10 HomePro S stores, 14 Mega Home stores and 6 HomePro Malaysia stores.

**2020: The Company opened 2 new HomePro stores** in Rangsit Klong 4 as “Market Village” form and in Suk Sawat. Store expansions in 2020 were executed with careful discretion as the Company was affected by the closing order of stores during Q2 by Thailand’s Center for COVID-19 Situation Administration (CCSA). At the end of 2020, there were 86 HomePro stores, 9 HomePro S stores, 14 Mega Home stores and 6 HomePro Malaysia stores. In addition, The Board of Directors have also approved for the Company to proceed with the establishment of Home Product Center Vietnam Company Limited to operate retail business for home-related products in Vietnam. The Company plans to proceed in 2021.



2018

2019

2020

## Nature of Business



Home Product Center Company Limited was established on June 27, 1995 as a joint venture between Land and Houses Public Company Limited and Quality Houses Public Company Limited. The Company was transformed into a public company since May 29, 2001 with the initial registered capital of Baht 150 million and listed on the Stock Exchange of Thailand since October 30, 2001. The structure of business group is as follows:

### The Structure of Business Group

As of December 31, 2020



## Nature of Business of the Company

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

### 1. Home Improvement Retailing

#### 1.1 Product Category

2 groups of merchandise categories as follows:

- Hard Line:** Tools, Paint, Home Improvement, Bathroom and Sanitary Ware, Kitchen, Home Appliances and Electrical Equipment
- Soft Line:** Bedding, Home Textiles, Furniture, Lighting, Household Decorative Products, and Household Accessories

#### 1.2 Services relating to retail business

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

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

The Company enhances customer convenience through various channels in addition to the stores i.e.

mobile application, website, and call center to serve every need of customer, as well as providing beneficial services for looking after customers’ homes including technician and contractor services, product exchange and return, DIY demonstration (Do It Yourself), and workshops. Furthermore, every channel of “Home Service” includes Emergency Service assistance 24 hours a day such as fixing of power outage, electric shock, broken water pump, and broken pipe.

### 2. Space Rental Service for Retail Tenants

The Company provides available space in some HomePro Stores for retail tenants to rent. At the same time, the Company has developed a store format called “Market Village” which operates as a full-service shopping center. Inside the premise, in addition to HomePro store, there is a shopping center in which most tenants are supermarkets, restaurants, banks, bookstores, and IT shops etc. As of December 31, 2020, the Company has a total of 5 stores under Market Village format: Suvannabhumi, Hua-Hin, Phuket-Chalong, Ratchapruk, and Rangsit Klong 4.

## Nature of Subsidiary Businesses

### 1. Market Village Co., Ltd.

was incorporated on May 26, 2005 with the objective to manage rental space and to provide facility services to tenants. In the first quarter of 2006, Market Village commenced its first operation with “Hua-Hin Market Village” project, located on Petchkasem Road, Amphoe Hua-Hin, Prachaukirkhan. At the end of 2020, The Company operates 5 Market Village stores in total.

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

was incorporated on July 28, 2011 with the objective to operate a retail business in home improvement segment in Malaysia. At the end of 2020, the Company operates 6 HomePro Stores in Malaysia.

### 3. Mega Home Center Co., Ltd.

was incorporated on July 4, 2012 with the objective to operate a retail and wholesale business in construction and home improvement products. At the end of 2020, the Company operates 14 MegaHome stores.

### 4. DC Service Center Co., Ltd.

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

## Revenue Structure

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

Unit: Million Baht

Item	2018		2019		2020	
	Amount	%	Amount	%	Amount	%
1. Revenue from contracts with customers						
- Hard Line	43,012.9	65.1	43,970.2	65.3	41,082.3	66.5
- Soft Line	10,107.8	15.3	10,466.0	15.5	9,233.7	15.0
- Home Service <sup>1</sup>	370.3	0.6	451.8	0.7	484.1	0.8
2. Revenue from Subsidiaries	8,460.3	12.8	8,158.2	12.1	7,546.7	12.2
- Revenue from Thailand	6,995.3	10.6	6,905.2	10.2	6,375.7	10.3
- Revenue from CLMV countries	1,465.0	2.2	1,253.0	1.9	1,171.0	1.9
<b>Total Revenue from sales</b>	<b>61,951.3</b>	<b>93.2</b>	<b>63,046.2</b>	<b>93.6</b>	<b>58,346.8</b>	<b>94.5</b>
3. Other income <sup>2</sup>	4,468.9	6.8	4,327.5	6.4	3,402.2	5.5
<b>Total</b>	<b>66,049.9</b>	<b>100.0</b>	<b>67,373.7</b>	<b>100.0</b>	<b>61,749.0</b>	<b>100.0</b>

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

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

## Product Sourcing

The Company sources products by:

### 1. Purchase order

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

### 2. Make to order

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

Currently, the Company sources products from more than 1,139 manufacturers and distributors. The Company offers the channel for vendors to introduce their new products. Selection process is conducted

by evaluating 8 aspects of Vendor's Assessment Level: Ability to Produce, Ability to Control Quality, Risk Management, Product Quality Audit, Warehouse Management, Quality of Delivery, After Sales Service, and Environmental, Social, and Governance. Over the years, manufacturers and the Company effectively coordinated and supported each other in product development, advertising, public relations, sales promotion, business planning, and new store openings.

## Research and Development Policy

The Company strives to serve the changing demand of consumers and is ready to adapt to the changes in the economy, the society and the environment through research and development of products and services. The Company also explores new business opportunities to enhance long-term competitiveness with the following highlighted programs in 2020:

- The Company has developed the Information and Communication Technology systems to serve the needs of modern consumers through 4 major projects:

- 1) Continuous development and improvement project for seamless online and offline shopping experience (Omni Channel): Improve various processes for online purchase and offline in-store purchase to be more effective. For example, purchase online and deliver to home, purchase online and pick up at store (Click & Collect), offer self-service payment channel (Self-Checkout), and incorporate Smart Devices in stores to deliver the best shopping experience to customers. Total spending related to this project is approximately 36.70 million Baht.
- 2) Smartphone application development project for “HomePro Application”: Deliver convenience and speed to answer the demand of customers in the digital era. Total spending related to this project is approximately 18.57 million Baht
- 3) Smartphone application development project for “Home Service Application”: Offer various services such as cleaning, sanitizing, installation, expansion, improvement, maintenance and 24-hour home emergency service. Total spending related to this project is approximately 9.31 million Baht.
- 4) Private Brand development program: The Company established a specific team to focus on the development, design and ordering of various products in order to offer products that match the needs of customers. Total spending related to this program is approximately 47.12 million Baht.

#### Details of Spending on Research and Development

Spending	2018	2019	2020
Spending on Research & Development	160 million Baht	2,170 million Baht	112 million Baht

#### Market and Competitive Condition

Retail business of building materials and home-related products still has high growth potential bolster by increasing urbanization and government's infrastructure investment projects such as intercity motorway and redeveloping and expanding of high-speed rail, which consequently leads to continuous urbanization and standard of living improvement. The overall outlook of the market this year was affected by the spread of Coronavirus (COVID-19), which also caused the sales to miss the target. However, the Company has prepared and developed the seamless online and offline shopping experience (Omni Channel) continuously, as well as sourced products that match the New Normal lifestyle in alignment with the changes in customer behaviors, such as health and safety product category and more.

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

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

### 1. Home Center

- Baan&Beyond is a retail business unit offering home related products, operated by Central Retail Corporation Group, which has been merged and rebranded from Homework to Baan&Beyond. At the end of 2020, there are 7 stores in operation.
- Thai Watsadu is a retail business unit offering construction materials, home improvement goods and equipment in form of warehouse store, operated by Central Retail Corporation Group. At the end of 2020, there are 56 stores in operation.
- Global House operates warehouse store business offering construction materials, tools for construction, extension and decoration of home and garden. Managed by the Siam Global House Plc. At the end of 2020, there are 70 stores in operation.
- Do Home operates warehouse store business offering construction materials, tools and construction equipment. Managed by Do Home Co., Ltd. At the end of 2020, there are 24 stores in operation. Including 13 stores under Do Home format and 11 stores under Dohome ToGo.

### 2. Specialty Store

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

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

### 3. Operators of Large Retail Business in Hypermarket

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

### 4. Online Retail Business

There are 2 main categories as follows:

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

## Asset for Business Operation

The Company has asset for business operation as of 31 Dec, 2020 as follow:

Item	Amount (Million Baht)
1. Investment properties	6,081.62
2. Property, buildings and equipment	51,114.58
3. Right-of-use assets	7,269.15
4. Computer software	1,020.62
<b>Total</b>	<b>65,485.96</b>
Less Accumulated depreciation	25,666.55
Accumulated amortisation	531.75
Allowance for impairment loss	65.60
<b>Net Fixed Asset</b>	<b>39,222.07</b>

The type of ownership can be divided as follows:

Type of Rights	Approximate Area Size	Contract End Date	Right of Contract Recurring
<b>1. Land Lease</b> Comprise of HomePro store, distribution Center and Mega Home store	823 Rai 0 Nhan 35.2 Sqaure Wa.	2022-2050	Yes*
<b>2. Leasehold</b> Comprise of HomePro store, HomePro in Malaysia and HomePro S	194,718.54 Sqaure Metre.	2020-2048	Yes*
<b>3. Freehold</b> <b>(The Company is the owner)</b> Comprise of HomePro store, distribution center, Mega Home store and new store	1,024 Rai 2 Nhan 152.4 Sqaure Wa	-	-

Remark : \* Detail and condition of contract recurring will be agree with lessor consequ

# Risk Management



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

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

## - Board of Directors and Audit Committee

The Board of Directors has assigned the Audit Committee to review the Company's performance to efficiently and effectively organize and manage risk. The Internal Audit Department is responsible for inspecting to ensure that the operational department has an adequate internal risk management system and reporting to the Audit Committee. In addition, the Internal Audit Department also provides consultations to auditees and communicates feedbacks for further improvement.

#### - **Determining Level of Risk in Business**

The Company has clearly set the objectives and acceptable level of risk (Risk Appetite) in risk management so that every department can follow the same direction.

#### - **Risk Management Committee**

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

#### - **Risk Management Processes and Tools**

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

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

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

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

materials in the form of Digital Learning to broadly raise awareness of the risk management for associates.

In 2020, the Company continues to operate under the stated risk management policy which aligns with the business direction according to the international standards. The Risk Factor are as follows:

### **1. Strategic Risk**

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

#### **1.1 Economic Volatility**

In 2020, the overall economy of Thailand and around the world was significantly affected by the spread of Coronavirus (COVID-19). Economic activities were directly affected, especially tourism, due to the measures to limit traveling into and out of the country. On the other hand, domestic consumption also shrunk. However, the government introduced various economic stimulus to mitigate the impact to the economy such as Let's Travel Together, Shop and Payback, Co-Pay, debt moratorium, and financial support for social-welfare card holders. By evaluating the economic factors, the Company recognizes the importance of enhancing operation effectiveness throughout the supply chain, including the quality and value of products and services, product sourcing, product selection and service offerings that match the needs of consumers with the New Normal lifestyle, as well as to achieve the operation cost management goal.

The Company was well aware of the above-mentioned risks, thereby conducting initial risk evaluation and set the policy for cautious investment on store expansion to reduce the risk of operation results not reaching the target. The Company also urges to improve internal work process and practices to minimize loss (Lean Management) to reduce overall expenses. Moreover, the Company tracks the performance of stores and develops

a marketing plan for sales promotion activities with business partners such as credit cards, government agencies, vendors, as well as marketing activities to pull in more customers to visit and shop at stores.

## **1.2 Domestic Investment**

As of December 31, 2020, the Company operated the stores under “HomePro” and “HomePro S” of 95 stores nationwide. In 2020, there were 2 new stores under HomePro format at Rangsit Klong 4 and Suksawat. For “Mega Home” business, the Company operated 14 stores nationwide.

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

## **1.3 Foreign Investments**

The Company had begun to invest abroad with its first store in Malaysia. This was determined by the availability in many aspects such as the purchasing power of consumers, lifestyles, transportation system, and infrastructure. The Company launched its first store at IOI City Mall shopping center in Kuala Lumpur in late 2014 with the official opening in January 2015. Currently, there are 6 stores of HomePro in Malaysia.

The Company still plans overseas investment to expand the current business and increase the opportunity for long-term growth. In 2020, the Board of Directors approved the establishment of Home Product Center Vietnam Company

Limited to operation retail business of home-related products in Vietnam. The Company plans to proceed within the year 2021.

The Company managed risks relating to foreign investments by studying and analyzing on the market, laws, taxes, regulations on foreign investment promotion, economic and political factors, the governmental policy, and other factors in order to assess impacts and likelihood that the risk could arise in which they would help the consideration of investment plans. Moreover, the Company arranged the system and internal team to monitor performances and develop the Company’s capabilities and personnel’s potential development.

## **1.4 Competition**

Retail business of building materials and home-related products still has high growth potential, bolstered by increasing urbanization and government’s infrastructure investment projects such as intercity motorway and redeveloping and expanding of high-speed rails, which consequently leads to continuous urbanization and standard of living improvement. Although this year’s overall market outlook was affected by the spread of Coronavirus (COVID-19), causing the sales to miss the target, but the Company has prepared and developed the seamless online and offline shopping experience (Omni Channel) continuously, as well as sourcing products that match the New Normal lifestyle, and health and safety products.

Many retailers of building materials and home-related products are still trying to expand their stores to cover a broader market. However, the home-related business has different customer groups that can be categorized as homeowners with purchasing power, technician customers or contractors. The Company is explicitly targeting homeowners with purchasing power.

The Company managed risks through diversification by focusing on product differentiation and complete range of services such as 'Home Service', which provides services for inspecting, cleaning, changing sanitary ware, painting, renovating the house, and Home Makeover, which have been continuously and increasingly used by customers. Although this income has small proportion, but it is a business strategy in creating satisfaction for customers, and attracting customers to come back and buy products and use services. Moreover, the company has offered more convenience for customers to use Home Service through several channels including mobile application, website, call center, and GPS "Tracking Service" for tracking delivery status and installation quality. In addition, the Company aims to enhance the efficiency of internal management, economy of scale and increase capability of associates in order to gain the competitive edge.

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

### **1.5 Risk of Shareholder's Right and Investment**

Land and Houses Public Company Limited is the number one major shareholder and the only one that holds shares over 25%. As of

September 9, 2020, it held 3,975,878,432 of the Company's shares, accounting for 30.23% of paid-up capital leading to its controlling power to control votes in the shareholders' meeting except a resolution prescribed by laws or the Articles of Association that it shall be passed by the votes not less than three-fourths of the total number of votes of shareholders who attend and are entitled to the voting right at the Meeting.

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

## **2. Operational Risk**

The risk relating to the operation system, the readiness of Information and Communication Technologies (ICT) system, and personnel.

### **2.1 Personnel Loss**

"Personnel" was considered as a key driver of business operations of the Company including since the processes of recruitment, and understanding the nature of business, scope of work and responsibilities of staff in all levels. For all associates in the operational level, prior to start working and completing such development program, they would be provided the basic training of retail business, knowledge of product details and information system usage, and working procedures. For associates in management level, the proper management, leadership, and competencies development programs will be provided.

In a highly competitive business environment, the Company could have the risk of loss of skilled personnel to the competitors or other retail businesses. Therefore, the Company attempted to reduce such risk by developing abilities and skills of associates along with promoting all level for the mutual benefits

as well as using technology and modern management system in operation to increase efficiency and reduce labor. Furthermore, the Company paid attention to associates and provided them good welfares, and arranged various projects to build their happiness and job stability as well as created good engagement between associates and the Company such as:

- Creating a good working atmosphere and culture focusing on innovation
- “Suk Jai Klai Baan” (Happy Home Town) project to offer opportunities for associates to relocate to work at stores in or nearby their hometown
- Employee Joint Investment Program (EJIP)
- Scholarships for bachelor’s degree and master’s degree
- Succession Planning
- Talent Management
- Management trainee programs
- Knowledge Development via Digital Training
- HomePro nursery to take care of associates’ children during their school holiday.
- Ensuring associates’ health and safety. During the COVID-19 pandemic, the Company does not lay off any associates. The Company also provides necessary tools and equipment to support Work From Home and Social Distancing in the stores and headquarter.

In addition, to supervise and monitor the manpower of every department to be sufficient and aligned with future business expansion, Human Resource Management at both organization and store level have developed Personnel Development Plan to increase capacity and capability to suit the task in order to enhance the associates to be ready to dedicate and innovate good work for the organization consistently.

## 2.2 Product Loss

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

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

## 2.3 Inventory Management

As of December 31, 2020, 2019, and 2018, the Company had the net inventory of Baht 10,344.56 million, Baht 10,421.26 million, and 10,245.45 Baht million, respectively. The increase of inventory was caused by the adjustment to align with sale volumes and the increase in number of stores. The average inventory turnover was at 87 days, 81 days, and 81 days, respectively.

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

The Company has a distribution center located on the Company’s proprietary land at Wang Noi, Ayutthaya. It is the strategic location connected to main roads such as Phaholyothin Road which connected to Bangkok on the inbound side and connected to the Eastern region on the outbound, Asian Highway to North East, and Outer Ring Road to the East and the West which can deliver products on time and reduce the risk of out of stock (Supply Chain Disruption). In addition, there is a plan to expand area of distribution

center to efficiently manage stock and can supply for future store expansion; including investment in the Automated Storage and Retrieval System (ASRS) that provides accuracy and speed in inventory storage and retrieval, security to products, and support domestic and international expansion.

## **2.4 Procurement**

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

Moreover, the Company had the policy regarding sourcing and purchasing products from many selected manufacturers and agents to reduce the risk that might occur when relying on only single supplier and balance volume and price bargaining power in the long term. Furthermore, the Company conducted Human Rights Risk Assessment and Supplier Audit in conformity to environmental laws.

## **2.5 Anti-Corruption**

The Company prioritizes moral and ethics in its operation and refuses to tolerate any act that may lead to dishonesty and corruption, even if the act is beneficial to the Company. For HomePro, corruption refers to any kind of bribery including calling for bribe, offering or promising to offer bribe, extortion, offering benefits in terms of money, property or other inappropriate offers to a government official, private party or related authorized person, both directly and indirectly, in order to gain or maintain the business or other benefits

that are not appropriate for the business. For instance, misappropriating assets, distorting financial and non-financial reports, seeking, demanding or accepting gifts from business associates.

The Company has measures to prevent corruption and reduce the risk of corruption within the organization. The measures start with the anticorruption policy and no gift policy. Both policies have been informed to all stakeholders of the company. The evaluation of corruption risk, the design and execution of internal control, and the creation of moral and values among associates are with "Integrity" culture, which is crucial to the Company's goal to prevent corruption. In addition, the Company also encourages suppliers to counter corruption by joining the Collective Action Coalition Against Corruption (CAC).

## **3. Financial Risk**

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

### **3.1 Accounts Receivable**

The Company divided its customers into 2 groups: retail customers, and contractors and project owners. Retail customers were the ones whose sales basically based on cash. Meanwhile, contractors or project owners were the ones whose sales were in large volumes and based on the credit term. The main customers were retail customers who account the major proportion of sales. For sales in credit term, the Company would consider only projects with good financial positions by investigating their operating results and financial positions; otherwise, contractors must place the guarantee for debt repayment.

As of December 31, 2020, 2019 and 2018, the Company had account receivables of Baht 220.72 million, Baht 216.35 million, and Baht 286.23 million, respectively. They

were mainly trade receivables from sales of projects and sales through credit card. Moreover, the management had assessed the term of repayment and financial positions of each individual debtor; hence, the allowance for doubtful accounts would be proper and adequate.

For other receivables, as of December 31, 2020, most of them were from sales promotions, and space leasing and related services, amounting to Baht 1,542.4 million, and Baht 15.16 million for the allowance for doubtful accounts.

### **3.2 Loan Covenant / Bond Issuance**

The change in interest rate also had an impact on business operations relying on external funds. The interest rate and inflation were relatively low in the previous year, subsequently resulting in low short-term financial risk. Moreover, the management had the financial management mechanism by analyzing and considering the investment cost through various funding instruments such as cash flows, loans from banks, and bond issuance. These would help the Company balance the cost of investment for each asset type's investment structure and comply with the Company's policy, along with proper liquidity management. In 2020, amid the spread of Coronavirus (COVID-19), the Company sought various working capital sources and paid off its bonds last year.

As of December 31, 2020, the Company had long-term debt amounting to Baht 75.17 million from domestic financial institutions and outstanding bonds amounting to Baht 12,055.59 million due from 2021 to 2023. The Company had committed to the bondholders in order to maintain the financial debt to equity (D/E) ratio not exceeding 2.50 times. Moreover, the Company's D/E ratio was 0.83 times as of December 31, 2020.

### **3.3 Exchange Rate**

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

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

## **4. Compliance Risk**

The consideration of domestic and international legal restriction of business.

### **4.1 Town and Country Planning Act**

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

### **4.2 The Trade Competition Act**

In the year 2019, the Office of Trade Competition Commission has announced, by virtue of the Trade Competition Act 2560 (2017), By establishing guidelines for considering unfair trade practices between wholesalers, retailers, and manufacturers or distributors as follows:

1. Unfair price settings. By setting the purchase price or lowering the price of the product from the manufacturer or supplier below the normal purchase price or forcing the manufacturer or

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

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

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

By conducting a business with a partner, the company adheres to live by the standards of freedom and justice without compulsion, discrimination, exclusion, given a clear standard along with a written agreement in advanced and proceeding the business as of reasonable explanation. The company has also banned the gift exchanging in any occasions to prevent the demand of unfair economic benefits.

#### **4.3 Industrial Product Standards Act 1968 B.E.**

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

The Company recognizes the importance of product standards. The Company provides training and sets clear standards for responsible associates in order to ensure that they have the necessary knowledge and understanding of each product, and perform their tasks effectively. Moreover, there are officers who are solely responsible for inspecting local and imported products in order to make sure that the quality meets the standard obliged by the law. Moreover, the Company emphasized on quality of product and service by joining “Thai Industrial Standard (TIS) store” project in order to promote the selling of product with good standard and safety for customer. These could enhance customer trust for shopping with the Company.

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

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

#### **4.5 Personal Data Protection Act 2019 B.E.**

It is the law that sets the rule or regulatory measures regarding the protection of personal information. Regardless of whether the personal information of customers, partners and associates must not be violated. To ensure the legal compliance operation of the company, the company has appointed the personal data protection committee of the organization to have a duty to oversee and prepare various plans by analyzing and improving work process through set policies and practices. This shall be in accordance with the law including strict control to keep personal data of customers, business partners and associates to be safe, stable and transparent in order to comply with the enforcement of the Personal Data Protection Act B.E. 2019.

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

can be found in the Personal Data Protection Policy on the company's website.

### **5. Emerging Risk**

#### **5.1 Cyber Security Risk**

Presently, the threat of Cyber Security Risk has emerged and become more severe, stemming from wider digital system involvement in the business sector. HomePro has related information for its work processes or data analysis to meet various needs of stakeholders such as customers, suppliers, and associates, that are efficient, accurate, transparent, and in compliance with the laws and regulations.

The Company placed a high importance on cyber security, including information leakage and misuse of information, which subsequently damages its performance, credibility, and reputation.

To manage and reduce such risks, the Company has undertaken various actions such as establishing a personal information security policy, a security policy, and information technology system management. Along with various clear measures including the establishment of Personal Data Protection Committee, preparation of the up-to-date and secured system, provision of training to educate and raise awareness to all associates on Cyber Security Risk, and determinations of steps and measures which can be detailed as follows:

- Conduct screening and set authorization to give only related personnel the proper access, implementation, distribution and back-up of the data.
- Set system inspection schedule. Assign qualified officers to monitor the work process and provide solutions to system-related issues that can occur at any time. Continuously update Hardware and Software systems to meet the modern standard in order to handle new types of cybercrimes and prevent unauthorized persons from accessing the information.



- Perform Cyber Security Drill and set Disaster Recovery Plan (DRP) in case of any incident that causes the system to stop functioning. The drill is conducted annually to ensure timely execution if an incident occurs, lessen the damage to the Company's information system and ensure the continuation of business operation.
- Install firewall and threat surveillance systems at head office and stores. Organize monthly meeting to track and monitor new threats, report cyber-attacks, find solutions and collect data to prepare preventive measures for the future.
- Perform a Penetration Testing and Vulnerability Assessment at least once a year to assure the effectiveness of the current system.
- Roll out information security systems in accordance with international standard such as ISO/IEC 27001 (Information Security), which is a standard guideline of Information Security Management System (ISMS).
- Raise awareness of cyber security, cyber threats, prevention and related IT laws

among the workforce through internal communication channels and training. Organize E-learning to allow associates of all levels to access the training materials anywhere, anytime. In addition, E-learning also includes assessment tool for future program development.

- Arrange cyber insurance to enhance reliability and limit potential impact of information technology activities, such as online trading or data storage in the corporate network.

## 5.2 Disruptive Technology

Concerning disruptive technology, the Company recognizes the risks and sees opportunities for the future as the Company closely monitors the progress and innovation of digital technologies. These technological advancements are causing behavioral changes in customers, such as the massive shift towards online purchasing. In addition, customers also demand products and services, which they purchase online, to be delivered to them at an even faster pace than ever before.

Long-term, online shopping proves to become the norm as it offers more convenience

to customers, especially with the recent COVID-19 pandemic. Eventually, customer footfall in physical stores may decline as online shopping soars due to rapid technological development. A change in the Company's business model is required to adapt to new customer behaviors, and to maximize the benefits of the upcoming technology to deliver products and services to customers in time.

Fully aware that business adaptation is needed, the Company established Digital Commerce Department to be in charge of sustainable digital management and handles the changes that come with new online customer behaviors. All possible technological solutions are reviewed and selected to drive the organization to become the leading Home and Living Experience solution provider in ASEAN. These solutions include significant infrastructure such as Automated Storage and Retrieval Systems (ASRS) and Omnichannel system implementation. ASRS contributes to significant improvement in the speed and accuracy of goods storage and retrieval in Company's warehouses. Omnichannel system integrates online and in-store shopping to the Company's operation and supply chain, which creates seamless shopping experience for customers as well as effective delivery management for the Company.

### 5.3 Climate Change Risk

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

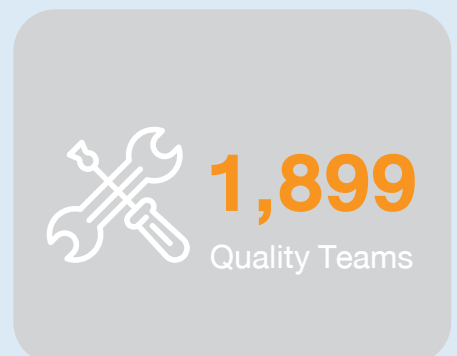
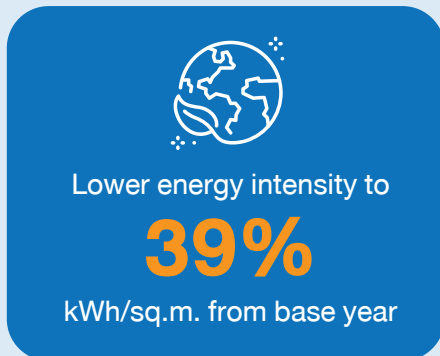
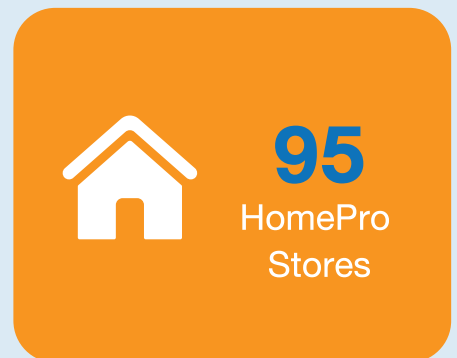
The following are the Company's measures on the issue:

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



# 2020

## SUSTAINABLE DEVELOPMENT REPORT



# Message from the Board of Directors and Sustainability Development



## Dear stakeholders

In 2020, Coronavirus (COVID-19) spread across the world and affected global economic activities. Consumers had to change their behaviors to cope with the pandemic by doing their activities at home more. This created the demand and necessity for home improvement to support the new daily lifestyle of working or studying from home. It was a challenge for the Company to adapt and support this change. To handle the situation, the Company set up COVID-19 Pandemic Administrative Committee to monitor and manage the risk. The Committee follows the situation closely and evaluates the impact to the business in terms of sales, expenses and liquidity. The Committee also monitors business operation to align with health and safety measures for COVID-19 control and prevention. For products and services, the Company adjusted the strategy for the sourcing of products and services to reflect on the New Normal lifestyle of customers. The aim of new products and services procurement is to accommodate the lifestyle and activities at home. In addition, for the convenience of customers, the Company also offers a seamless online and offline shopping experience (Omni Channel); SHOP4YOU, a communication channel between customers and staff through LINE Application; Same Day/ Next Day Delivery; and Click & Collect for customers to shop products online and pick them up at a store. On the aspect of associates care, the Company supports staff

to Work from Home by providing necessary tools and equipment in the effort to reduce the risk of COVID-19 spreading. For operation management, the Company has exempted or appropriately reduced the rental fee for tenants that had to temporary close their businesses to comply with the government's order for COVID-19 prevention. These tenants include shops inside HomePro stores and Market Village shopping malls. The aim was to ease the financial burden for the tenants. For community and society, the Company supported various COVID-19 related programs of the Thai Red Cross Society and helped to build the field hospital to support COVID-19 patients in Lopburi province. In addition, 2020 Annual Shareholders meeting was organized with limited attendees to maintain social and physical distancing between participants. The meeting was also aired live through VDO Conference to minimize the need to travel of attendees and help reduce the risk of Coronavirus spreading.

From the determination to become the leader in Home Solution and Living Experience in Thailand and Southeast Asia, the Company has incorporated the sustainability strategy with the business strategy to create practical guidelines for balanced business operation. The Strategy and Sustainable Development Committee is driving the organization in all dimensions including Environment,

“ HomePro strives to create better living for the society and the community through the development and innovation of products and services, which are tailored to serve the needs of every customer’s lifestyle, safe and friendly to the environment. In addition, the Company prioritizes the development of its personnel to help them advance and succeed to be the driving force in supporting the dynamic changes, reinforcing the position as Home Solution and Living Experience leader in Thailand and Southeast Asia. ”

Social and Governance (ESG) in order to achieve the sustainability goal of the Company, which also aligns with the National Sustainable Development Goals (SDGs). The Company has analyzed and determined critical stakeholders, as well as reviewed factors that relate to the expectations of every stakeholder group. The analysis covers the following aspects:

**1. QUALITY PRODUCTS AND SERVICES:** Promote Responsible Consumption through the development and support of ECO Products, which consist of Environmentally Friendly, Energy Saving, Water Saving, Sustainable Forest, Greenhouse Gas Reduction and Health and Safety products. In 2020, the Company achieved the targeted 40% sales mix for ECO Products, and set a new target to raise the sales mix of ECO Products to 50% by the year 2025. Moreover, the Company also promotes Responsible Plastic Consumption, as well as delivers services that offer convenience and answer the needs of customers through the integration of online and offline channels seamlessly (Omni Channel).

**2. ASSOCIATES CARE:** Prioritize the development of our associates to have knowledge and progression with the emphasis on Human Right. The Company also offers the opportunity for associates to transfer back to work in their original hometowns. Provide extensive Living Wages that are ample to the livelihood of associates and their families. The goal is to ensure that associates are happy with their work and build the engagement between associates and the organization.


**3. EFFICIENCY ENHANCEMENT:** Manage energy consumption effectively by installing Building Control Monitoring System for Energy (BCMS). BCMS monitors and controls various systems inside the Company’s buildings automatically, including the air conditioning and ventilation systems. In addition, the Company promotes its associates to engage in energy saving campaign. In 2020, the Company achieved and surpassed the target for energy consumption per area by reducing 38% of energy consumption compared to the target of 30%. The Company has also set an additional long-term goal to switch to Renewable Energy 100% for store buildings owned by the Company, and a goal for waste management to ultimately achieve Zero Waste.

**4. SUPPLY CHAIN MANAGEMENT:** Elevate the sustainability of the supply chain in cooperation with business partners by developing products and packaging that are environmental friendly. In addition, the management of transportation has been enhanced by picking up goods from manufacturers and deliver them back to the warehouse or stores (Backhaul), to aid business partners in terms of warehouse management and transportation, while help minimize underutilized trips at the same time. The goal is to grow the business sustainably together with business partners.

**5. SOCIETY AND COMMUNITY:** Create good livelihood for the community and the society. Promote economic growth by providing local employment in areas that the Company opens new Stores in order to create jobs and generate income for the community, as well as providing training to technicians through Young Entrepreneur program. The programs aim to serve the demand of customers that require Home Service more and more.

From the operation in 2020, the Company is listed as a member of Dow Jones Sustainability Indices (DJSI) in Emerging Markets for the 4<sup>th</sup> consecutive year. The Company received rewards and recognitions from various international institutions such as MSCI Global Sustainability Index, FTSE4Good Index, Sustainalytics Low Risk Rating and Bloomberg Gender Equality Index (GEI). Locally, the Company received excellent rating from Corporate Governance Report for the 6<sup>th</sup> consecutive year and is listed as sustainable stock by Thailand Sustainability Investment (THSI) and ESG100 Index. The Company also received extension on CAC Certification by Collective Action against Corruption Committee.

The Company firmly believes that business operation in parallel with mutual value creation to the society, engagement in taking care of the environment, and management under good corporate governance will help the Company grow sustainably, receive acceptance from the public and create value for all stakeholders in the long run.



(Mr. Khunawut Thumpomkul)  
*Chairman of the Strategy and  
Sustainable Development Committee*

# Award of Pride

## Member of Dow Jones Sustainability Indices

Powered by the S&P Global CSA

Selected to become a member of Dow Jones Sustainability Index (DJSI) for retailing industry in emerging market for the fourth consecutive year in 2020, an index for assessing the effectiveness of business practices according to sustainable development of global leading companies, rated by S&P Global.



Being listed in “MSCI Global Sustainability Indexes” and “MSCI ESG Rating Indexes”, promoted from “A” to “AA” rating from ESG Research of Morgan Stanley Capital International (MSCI).

Received Sustainably Low Risk Rating in ESG Risk ranking from the evaluation of Sustainalytics.



### FTSE4Good

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



Being listed in Bloomberg Gender Equality Index (GEI). The index measures gender equality in various aspects such as employment, skill development, compensation, and prevention against sexual harassment.



Being listed in Thailand Sustainability Investment (THSI) by Stock Exchange of Thailand for the sixth consecutive year in 2020.



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



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



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

# Sustainability Development Report

The sustainability report of Home Product Center Public Company Limited is a yearly publication to impart significant aspects in sustainable strategies, operational processes and performance that are integral to business operation and stakeholders across-the-board. This year the Company introduced the 56-1 (One Report) together with the reporting guideline of Global Reporting Initiative (GRI) Standards.

In 2020, the joint effort between the Corporate Strategy and Sustainable Development Committee, and the Risk Management Committee reviewed and assessed the important issues in sustainable development and business-bound risks based on the integrated international approaches between the Sustainable Development Assessment criteria by S&P Global (Dow Jones Sustainability Assessment Criteria), Committee of Sponsoring Organizations of the Treadway Commission (COSO), the United Nations Sustainable Development Goals (UN SDGs) and the opinions of stakeholders. This aims to propel working and strategic planning and organizational indicators to the appropriateness in management across issues and the satisfaction of stakeholders.

The 2020 Sustainability Report's content centers on the sustainability topics on which all stakeholders stress the importance. The matters are also related to the Company's operational visions which are to be the Leader in the Home Solution and Living Experience in Thailand and Southeast Asia, and to align with the business purpose of the Company, "We make a better living". The following are the five items of the sustainability operational strategies that cater to the Company's visions:

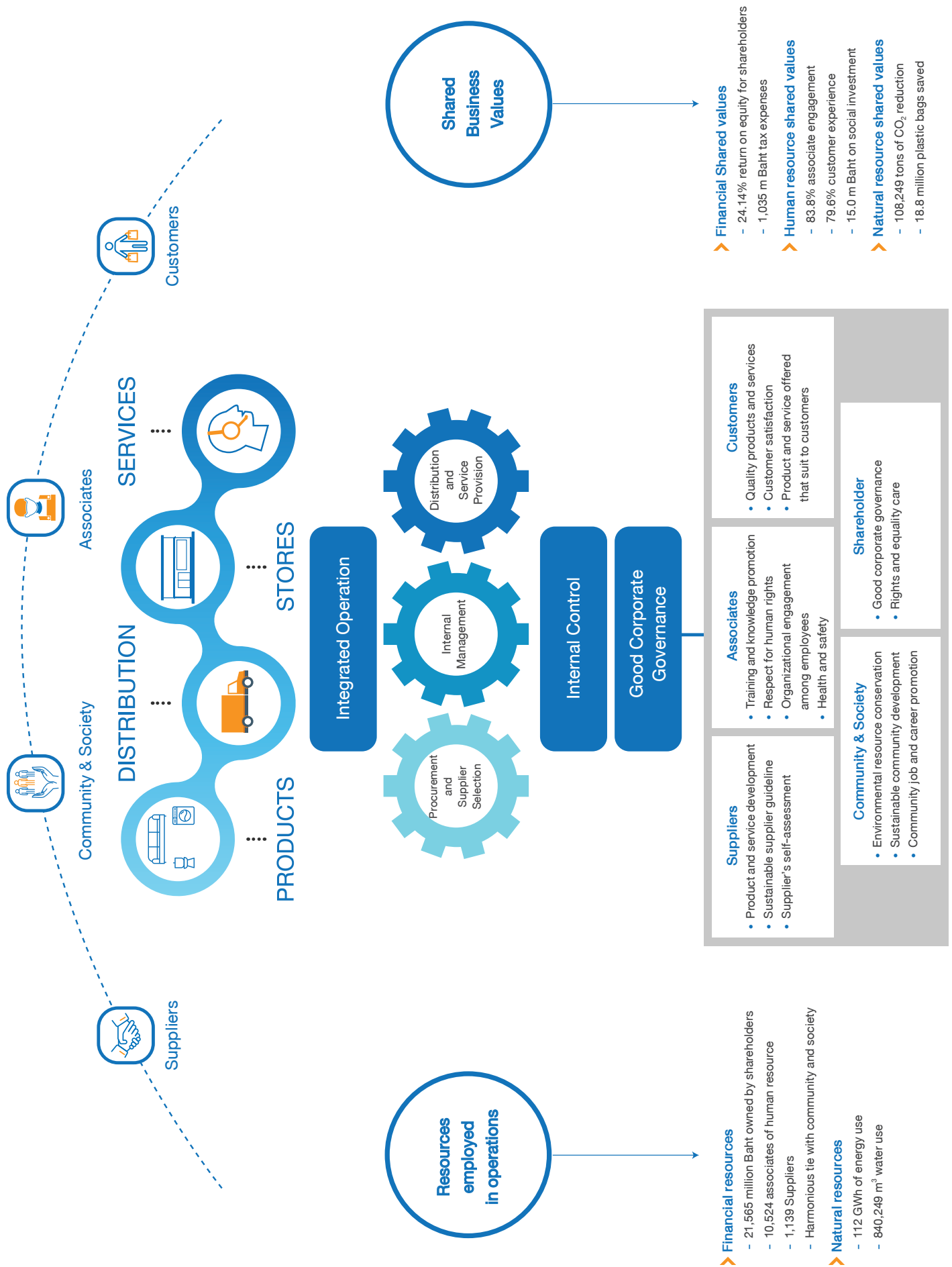
1. Quality Products and Services
2. Associate Care
3. Efficiency Development
4. Supply Chain Management
5. Social and Community Development

The scope of information is from January 1, 2020 to December 31, 2020. The report's scope concerns only HomePro in Thailand which is the Company's key business.

## Inquiries



Strategy and Sustainable Development department of Home Product Center Plc. (Head Office)  
31 Prachachuen-Nonthaburi Road, Tumbon Bangkhen, Amphoe Muang Nonthaburi, Nonthaburi, 11000





Tel. 02-832-1000 (1702) Fax. 02-832-1066 email: [sd@homepro.co.th](mailto:sd@homepro.co.th) Website: [www.homepro.co.th](http://www.homepro.co.th)



## Stakeholder Engagement

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

Stakeholders	Expectation	Approaches	Communication Channel
<b>Customer</b> 	<ul style="list-style-type: none"> <li>- Social and environmental friendly products</li> <li>- Fair prices</li> <li>- Product quality and safety</li> <li>- After-sales services</li> </ul>	<ul style="list-style-type: none"> <li>- Offer Eco products</li> <li>- Promote responsible plastic consumption</li> <li>- Sales promotions</li> <li>- Sales of products complying with standards as advertised</li> <li>- Equality of services</li> <li>- Pre- and after-sales services</li> <li>- Listening and responding to all complaints</li> </ul>	<ul style="list-style-type: none"> <li>- Customer satisfaction surveys</li> <li>- Comment box in all branches</li> <li>- Call Center 1284</li> <li>- Customer service</li> <li>- Complaint through Website: <a href="http://www.homepro.co.th">www.homepro.co.th</a></li> </ul>
<b>Associate</b> 	<ul style="list-style-type: none"> <li>- Treat associates with respect to Human Rights</li> <li>- Fair compensations</li> <li>- Comply to labor ethics</li> <li>- Life and Property Security</li> <li>- Knowledge Development</li> <li>- Opportunity for Career Advancement</li> <li>- Work-life-balance</li> </ul>	<ul style="list-style-type: none"> <li>- Activities promoting associate engagement</li> <li>- Work stability and career opportunities</li> <li>- Fair compensations including competitive welfares in comparable market</li> <li>- Pleasant and safe working environment</li> <li>- Training programs directly relevant to the role of responsibility and develop in accordance with career advancement opportunities</li> </ul>	<ul style="list-style-type: none"> <li>- Information providing to associates</li> <li>- Satisfaction survey</li> <li>- Team meetings</li> <li>- Hotline center/ Complaint center, the human resource department</li> <li>- Direct complaint to the management Email: <a href="mailto:md@homepro.co.th">md@homepro.co.th</a></li> <li>- HR Clinic and hotline for associate consultation</li> </ul>
<b>Suppliers</b> 	<ul style="list-style-type: none"> <li>- Fair trades</li> <li>- Higher volume of product orders</li> <li>- Business growth through partnership</li> <li>- Cooperate for product innovation</li> </ul>	<ul style="list-style-type: none"> <li>- Equitable treatment</li> <li>- Well-defined purchasing process</li> <li>- Knowledge sharing and improvement of product and services</li> <li>- Implementation complying to trading regulations and conditions</li> <li>- Free and fair competition focusing on manufacturing standards</li> <li>- Operations with ethics</li> <li>- Promote sustainability management to suppliers through the joint projects and activities.</li> <li>- Support the participate of anti-corruption coalition</li> <li>- Promote the sharing of economy knowledge (Sharing Economy)</li> <li>- Promote labor utilization with respect for Human Rights</li> </ul>	<ul style="list-style-type: none"> <li>- Policies and ethics for business operations and regulations of business partnership</li> <li>- Site Visits and evaluations</li> <li>- Training programs for Suppliers</li> <li>- Contact via the management</li> <li>- Website : <a href="http://www.homepro.co.th">www.homepro.co.th</a></li> </ul>

Stakeholders	Expectation	Approaches	Communication Channel
<b>Creditor</b> 	<ul style="list-style-type: none"> <li>- Debt repayments as scheduled</li> <li>- Actions upon defined conditions</li> </ul>	<ul style="list-style-type: none"> <li>- Debt repayment as scheduled and comply to conditions and covenants</li> <li>- Maintaining the debt-to-equity ratio as required in conditions of bond and bank loans covenants.</li> </ul>	<ul style="list-style-type: none"> <li>- Contact via the management</li> <li>- Website : <a href="http://www.homepro.co.th">www.homepro.co.th</a></li> <li>- Contact to the Finance Department at 662 832 1000</li> </ul>
<b>Shareholder/ Investor</b> 	<ul style="list-style-type: none"> <li>- Improvement in business performance</li> <li>- Good corporate governance</li> <li>- Data transparency</li> <li>- Equal rights treatment</li> </ul>	<ul style="list-style-type: none"> <li>- Dissemination of reports, disclosure and transparent information providing</li> <li>- Conduct business operations in accordance with the corporate governance</li> <li>- Consistent deliver long term return</li> <li>- Benefits maximization to shareholders</li> </ul>	<ul style="list-style-type: none"> <li>- Annual reports</li> <li>- Annual General Meetings</li> <li>- Contact via the Investor Relation at 66 2831 1000</li> <li>Email: <a href="mailto:ir@homepro.co.th">ir@homepro.co.th</a></li> <li>Website: <a href="http://hmpro-th.listedCompany.com/">http://hmpro-th.listedCompany.com/</a></li> </ul>
<b>Community</b> 	<ul style="list-style-type: none"> <li>- Operation business with responsibilities</li> <li>- Community development to be self-sustainability.</li> <li>- Economic improvement of community</li> </ul>	<ul style="list-style-type: none"> <li>- Maintaining the ecosystem surrounding the store areas</li> <li>- Listening to all opinions and comments from community</li> <li>- Career supports in the local community</li> <li>- Organizing cultural activities together</li> </ul>	<ul style="list-style-type: none"> <li>- Meeting with the community before starting the construction</li> <li>- Contact via branch managers and mall managers after the Construction</li> <li>- Website : <a href="http://www.homepro.co.th">www.homepro.co.th</a></li> </ul>
<b>Government and Organization</b> 	<ul style="list-style-type: none"> <li>- Compliance to the laws and regulations</li> <li>- Participation in public activities</li> </ul>	<ul style="list-style-type: none"> <li>- Full support and compliance to the laws and regulations</li> <li>- Coordination and participation in activities of public sectors</li> </ul>	<ul style="list-style-type: none"> <li>- Contact via the management and Government Relations Department</li> <li>- Website : <a href="http://www.homepro.co.th">www.homepro.co.th</a></li> </ul>

## Plans and Strategies

The Company sets business strategy in alignment with its sustainable development strategy. The Strategy and Sustainable Development Committee oversees driving the Company towards sustainability that covers every aspect, including Environment, Social and Governance (ESG). The goal is to achieve the Company's sustainability target, which is also in line with the Sustainable Development Goals (SDGs) of the United Nations. To achieve this goal, the Company identifies and analyzes important stakeholders, consider factors that relate to the expectations of every stakeholder group, and take these factors into account when evaluating important topics.



### Report Content Designing Process

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

#### Step 1

##### Identification

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

#### Step 2

##### Prioritization

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

#### Step 3

##### Validation

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

## Critical Issue identification's outcomes

An annual critical issue of the Company is designed by the survey of interest and expectation from first-handed stakeholders. The outcomes are deployed as important information as part of the decision-making session for sustainable policy and strategy planning. The 2020 key issues can be illustrated as follows:



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

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

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

## Goals and Operation Results

Quality Products and Services	2018	2019	2020	Goal	Target Year
Sales Mix of ECO Products (%)	32.5%	35.2%	40.3%	50%	2025
Sales Mix of Products that Promote Responsible Plastic Consumptions (%)	40.6%	53.5%	63.4%	100%	2025
Customer Experience Survey (%)	82.7%	81.6%	79.6%	85.0%	2025
Sales of ECO Choice Products (Quantity)	54,687	236,594	1,325,065	-	-
Elder Care Products (Quantity)	629,847	788,524	671,827	-	-
Number of Room Consultant Team (Person) (Service In-store)	44	91	140	-	-
Emergency Home Service (Job Count)	21	49	173	-	-
Number of Lady Service Teams (Team)	128	159	255	-	-

Associates Care	2018	2019	2020	Goal	Target Year
Employee Engagement (%)	88.1	84.1	83.8	88.0	2025
Associates Development (% Associates Knowledge)	87.9	91.5	94.2	96.0	2025
Accident rate per store	0.14	0.22	0.33	0	2025
Lost Time Injury Frequency Rate: LTIFR	0.25	0.41	0.64	0	2025
Lost Time Injury Severity Rate: LTISR	1.39	118.06	9.48	0	2025
Lost time Injury Rate: LTIR	0.05	0.08	0.13	0	2025
Occupational Illness Frequency Rate: OIFR	0.0001278	0.0000738	0.0000583	0	2025
Bilateral Scholarship Program					
- High Vocational Certificate Level	338	398	412	-	-
- Bachelor's Degree Level	22	30	16	-	-
Happy Hometown Project (Associates Count)	1,262	1,347	116	-	-
Elderly Employment Program (Associates Count)	21	52	50	-	-
Employment of Persons with Disabilities (Associates Count)	88	95	92	-	-
Average Yearly Employee Turnover (%)	17.88%	20.04%	19.56%	-	-
Digital Learning Access (Login Count)	21,000	34,000	47,000	-	-

Efficiency Development	2018	2019	2020	Goal	Target Year
Energy Consumption Reduction from Base Year (2014)	-32%	-31%	-39%	-40%	2025
Renewable Energy Usage in Company's Buildings	15.0%	15.3%	22.7%	100%	2030
Amount of Electricity Generated from Solar Energy (kWh/year)	31,464,766	32,376,668	37,659,040	30,000,000	Maintain Amount of Electricity Generated
Greenhouse Gas Emission Reduction from Base Year (%)	-15%	-14%	-18%	-50%	2030
Amount of Waste Sent to Landfill (Ton)	295	297	307	0	2030
Amount of Recycled Waste (Ton)	2,005	2,024	1,273	-	-
Water Consumption per Store (m <sup>3</sup> )	11,189	11,531	8,573	-	-
Circular Economy: Trading In Old Appliances for New Ones (Quantity)	535	3,152	1,408	-	-

Supply Chain Management	2018	2019	2020	Goal	Target Year
ESG Evaluation Response Rate by Vendors	60%	76%	83%	100%	2025
Acknowledgement of suppliers on the Supplier Sustainable Code of Conduct	100%	100%	100%	100%	2025
Increase in the quantity of Local Procurement	93.3%	93.2%	93.9%	90.0%	2025

Social & Community Development	2018	2019	2020	Goal	Target Year
Number of Young Entrepreneur (Teams) (Service Outside Store)	1,228	1,391	1,899	1,800	2025
Number of Restrooms Built under Public Restroom Project (Room)	52	34	26	-	-
Religion Support Activities (Baht)	2,463,007	2,355,015	2,956,933	-	-
Blood Donation Program (Number of participating associates)	4,765	6,201	222	-	-
Commercial Initiatives	66.8%	37.1%	74.8%	-	-
Charitable Donations	18.8%	6.4%	16.5%	-	-
Community Investment	14.3%	56.5%	8.7%	-	-



# Quality

## Products and Services

“

Promote Responsible Consumption and Responsible Plastic Consumption through the development and support of ECO Products. Offer convenient services that serve the needs of customers through the seamless integration of online and offline shopping (Omni Channel).

---



## 1. Quality of Products and Services >

### Challenges

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

### Management

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

encompasses the Same day and Next day delivery in Bangkok, allocation of 3D design experts, installation, decoration, repair, checking and maintenance. Aside from customer needs, this aims to ensure the control of budget and time as per individual requirement.

### Goals

1. To raise the sales mix of Eco Product to 50% of sales revenue by 2025.
2. To ensure that customer experience reaches 85% by 2025.
3. To raise the sales mix of products that promote responsible plastic consumption to 100% by 2025.

### Strategies

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

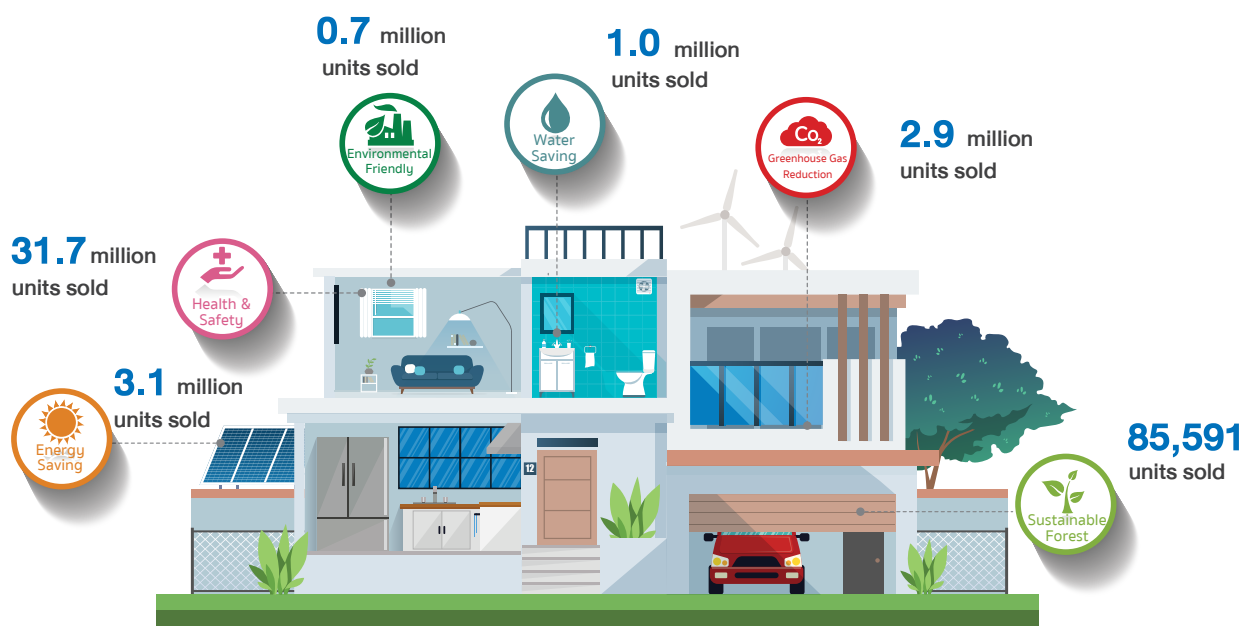
## The Performance of the Quality Products in 2020

### Eco Product

The key objectives of the eco product selection rest on the determination to deliver the best offer to customers through cooperation with suppliers, the Company sources environmentally friendly merchandizes and promotes eco products that save energy, cherish natural resources, ensure safety, and is certified with the international standard in support of responsible consumption for our clients. The ECO products consist of 6 categories as follows:

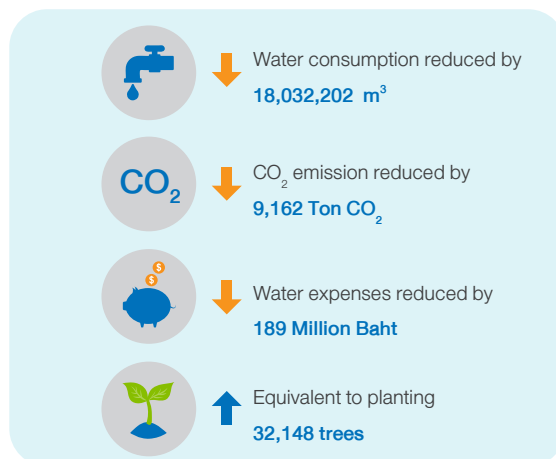
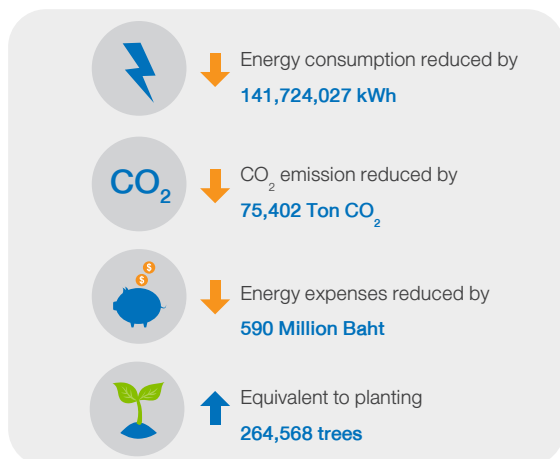
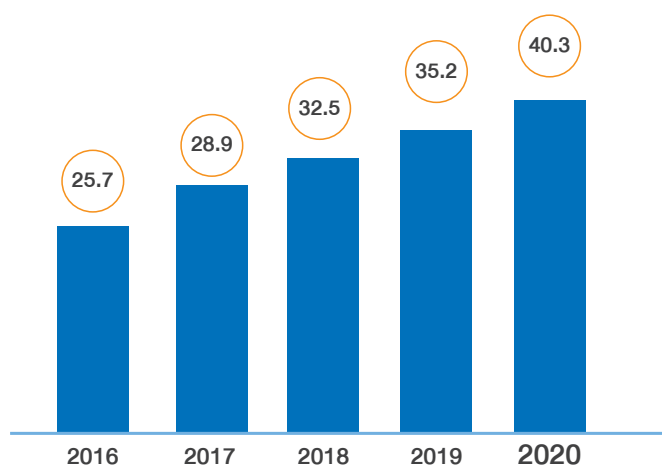
1. Energy Saving
2. Health and Safety
3. Sustainable Forest
4. Environmentally Friendly
5. Water Saving
6. Greenhouse Gas Reduction

In 2020, sales unit of Eco Products are as following:



## Performance

Eco Product sales mix (%)



## ● Activities to promote energy saving

The Company encourages customers to choose energy efficient products to help reduce the emission of carbon dioxide gas (CO<sub>2</sub>), which is the major cause of global warming. The Company signed an MOU with Electricity Generating Authority of Thailand (EGAT) to organize activities to promote Label No. 5 products during 2020 New Year season, by offering new year gifts and happiness to everyone around the country in form of special 300-baht discount coupons to use when purchasing Label No. 5 products.



## ECO CHOICE

The Company has elected ECO Choice products from the selection of 6 ECO Product groups, which consist of Environmentally Friendly, Energy Saving, Water Saving, Sustainable Forest, Greenhouse Gas Reduction and Health and Safety products. ECO Choice products are specially offered to customers as products that are friendly to the environment and promote good health of consumers.



## ● Products Recycled from PET Plastic Bottles

The Company promotes Circular Economy and recognizes the importance of recycling used materials in the production process of new items to promote the optimal utilization of resources. The Company has developed ECO Choice products of cushions, curtains, and carpets under the brand HOME LIVING STYLE. These products are certified by OEKO-TEX Standard 100, the international standard for textiles, for being friendly to the environment and safe to consumers. In the production process of the cushions, curtains and carpets, the Company uses plastic pellets that were recycled from PET plastic bottles. The pellets are converted into fiber and used as stuffing for the cushions. The converted fiber is also used in the production of carpets and curtains to help reduce waste from plastic bottles and promote responsible plastic consumption.



## ● Biodegradable Plant Pots

The Company invented ECO Choice for plant pot product group to support environmentally friendly gardening. The innovative production combines coconut coir and rubber together, making the pot strong, durable, light, and easy to use. When planting the plant into the ground, the pot does not need to be removed since the pot will biodegrade and become fertilizer for the plant. The pot is elastic, able to absorb water, allows good airflow, helps adjust the soil to make it more suitable for plant roots to expand, and helps make the plant grow faster.



## ● Cleaning and Sanitizing Product Group

The Company developed cleaning and sanitizing product group under the brand PORRIN, such as alcohol gel and alcohol spray hand sanitizer. Both types of hand sanitizer do not need to be washed off after use, dry fast, contain more than 70% of alcohol ingredient, contain vitamins to help prevent bacteria from building up, and are not sticky. PORRIN brand also offers dishwashing soap, detergent and fabric softener that are made of natural extracts. In addition, PORRIN offers multipurpose paper towel that is made of recycled paper pulp and sterilized at 200 degree Celsius. The paper towel contains no bleach, which is friendly to the environment and safe for consumers.



## Elder Care Products

The Company responds to customer's demand in upcoming aging society. The Company offers products for the elderly, starting from 3D design by the Universal Design Standard qualified experts, installation service, and product consultation for bathroom, bedroom, kitchen, and living room. The Company designs model rooms that reflect the daily lives of elders by incorporating products that support the safety of elders and people with disabilities. The model rooms are displayed as demonstration in stores. Similarly, launched in the partnership with the Faculty of Architecture, Chulalongkorn University, the Universal Design Center is built at the institute to demonstrate sample bedroom, bathroom and kitchen with a myriad of facilities for the senior, expertized consultation and room design for the elderlies.



The Company developed Private Brand products including toilet, portable toilet, rails, shower chairs, and mirror to ascertain safety and suitability to the elderly and disabled whereby these products have been certified by the Construction Institute of Thailand (CIT) and received label that represents the certification which indicates the suitability. The condition of the products for elderly and disabled are in accordance with the Thai Industrial Standard which is certified by the CIT. In 2020, 671,827 pieces of Elder Care Products were sold.

### Responsible Plastic Consumption



Presently, the world is waking up to plastic waste issue due to its significant impact on the environment and living organisms. The Company is aware of the impact, thus, laying out policy to promote responsible and sustainable plastic consumption, thereby the Company sets the target to stop selling Single-Use Plastic 100% by the year 2025. and selected durable plastic, recyclable plastic, bio-degradable plastic, and products manufactured from recycled plastic. Moreover, the Company cooperates with suppliers to reduce the usage of plastic in the manufacturing process by replacing plastic with biomaterials such as paper straws, biodegradable plastic bag, boxes and plastic baskets that composed of plastic from renewable ocean shell.

Furthermore, the Company rolled out 'No Bag Eco-Friendly shopping' campaign with the aim of Packaging Reduction by encouraging customers to bring their own cloth bag. The Company announced the termination of providing plastic bags, which began on 1 July 2019. Customers willing to receive plastic bag must donate 1 baht for each bag whereby contributions will be donated to individuals with educational disadvantaged.

	2019	2020
Reduce number of plastic bags (bag count)	12.4	18.8
CO <sub>2</sub> emission reduced (Ton)	444	675
Equivalent to planting trees (tree count)	49,388	75,002

## New Normal Products

The spread of Coronavirus (COVID-19) has caused customers to adapt to the New Normal lifestyle. Their behaviors shift towards doing more activities at home such as working from home, studying online from home, cooking at home, and enjoying entertainment at home. The Company responded to the needs of customers by selecting products that match their changing lifestyles such as furniture, desks and chairs that support Working from Home and Learning from Home; Smart TVs that provide Entertainment at Home for customers who do not wish to leave their residence; air fryer, kitchenware and small appliances for customers who care about health and like Cooking at Home; Hygienic and sanitizing products such as sterilizing dish dryers, air purifiers, water purifiers, hand sanitizer and disinfectant solutions; and necessary equipment for home maintenance, repair and improvement. The response solidified the Company's position as the leader in Home Solution and Living Experience business in Thailand and Southeast Asia.



## Product Source Identification and Product Safety Standard

Strongly emphasizing the safety standard of products, the procurement department inspects products closely and constantly with distributors and manufacturers to ensure that merchandises meet with official safety certification of Office of the Consumer Protection Board (OCPB). It is so because the Company is aware that products' safety and quality are essential to customer's hygiene. Practically, trainings on safety standard, accurate product labels to create awareness, and systematic product display remain the Company's main priority. In 2020, the Company found products or services that did not meet the health and safety standard requirements from 3 complaints filed by customers to related government agencies. The Company has already rectified the case of every complaint.

The Company sells products with regulatory compliance and do not commit infringement of intellectual property, copyright, and patent. The Company also receives safety standard certification for all cases required by local law.

The following are the list that required by local law:

	Thai Industrial Standard (TIS)
	Food and Drug Administration (FDA)

For list that is not required by local law but it is quality certified or guaranteed:

	International Electro Technical Commission (IEC) - Electrotechnology
	Ingress Protection Ratings (IP25), (European Committee for Electro Technical Standardization: CENELEC)
	Conformité Européenne (European Conformity)
	The International Association for Research and Testing in the Field of Textile Ecology (OEKO)-Tex standard 100 - Curtain and Bedding
	Smart fabric UV - Curtain
	Seal of Approval - Allergy UK - Bedding, air purifier, and washing machine
	French VOC label
	CIT Label of products for elders and people with disabilities such as grab bars and sanitary ware

In case of damaged product, it can be returned within 14 days. In 2020, the Company received 218 complaints related to product issues. All of complaints has been solved. In 2020, there was no Product Recall case.

## 2020 Operation on the Aspect of Quality Services

### Omni Channel

The technology evolution has impacted the current consumers' lifestyle, particularly the rise in purchases through Online Shopping. Hence, the Company adapts and reshapes its strategies to correspond to the environmental changes by implementing Omni Channel, which is a seamless integration of online and offline shopping, to deliver exceptional customer experience. Furthermore, the system offers delivery to customer's house and Click and collect, in which such transactions can be made via store, online, mobile application, Call center, and website.

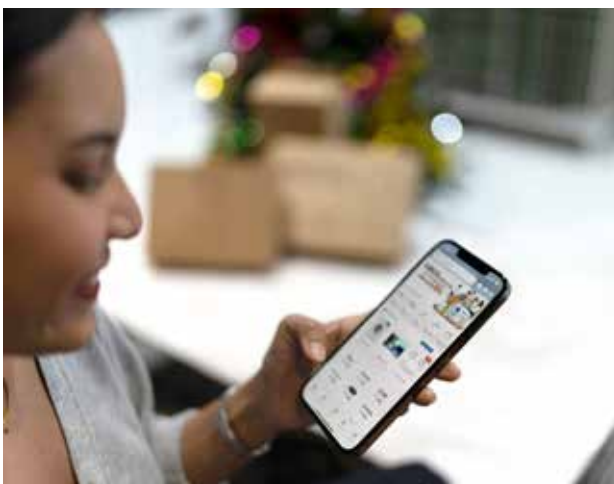


#### SHOP4YOU Service

In 2020, the Company debut SHOP4YOU service as a communication channel between staff and customers through LINE application. Customers can add @ Homepro as friend on LINE, send message or picture to inquire product details, and order products from staff directly. Customers can also make contact via HomePro Thailand Facebook page and Call Center 1284. Variety choices of convenient payment channels are available for customer such as online payment by credit/debit card, bank transfer, or pay at store.

### ● Same-Day Delivery & Installation

In 2020, the Company introduced Same-Day Delivery & Installation to offer more convenience to customers when purchasing air conditioner, shower heater, water heater, water purifier, washing machine, dryer, water pump, water tank, or hob and hood product groups. Same-Day Delivery and Installation also includes Home Service such as cleaning, home inspection, home repair, electrical appliance installation and other services. When customers purchase products or services before 15:30, the Company will make the delivery and provide installation within 21:00 on the same day.



### ● Home Pro Application

In the present, the purchasing behaviors of customers are changing due to rapid technological advancement. As a result, consumers turn towards other online channels more. Besides shopping channels on websites, the Company has developed HomePro Application as a new shopping channel for products and services through smartphone application, on both iOS and Android. The Application offers convenience and speed in response to the more varied needs of customers in the digital era.

### Home Service Mobile Application

The spread of Coronavirus (COVID-19) in 2020 changed the purchasing behaviors of customers as they adapt to spending their daily lives and doing activities at home more. The Company has built on Home Service Mobile Application by introducing a new version that fulfill the needs of New Normal lifestyle. The Application serves as a resident technician who can provide comprehensive services, convenient for customers to reach. The Application has the highest coverage for service areas in Thailand, both in Bangkok and upcountry, to provide convenience and comfort to customers anywhere, anytime throughout 24 hours. Customers can rest assure that the technicians will not abandon the work. Service warranty of up to 365 days is also provided. Home Service Application is designed to be easy to use. The Application is a helper for customers who are looking for technicians. All customers, whether HomeCard members, Home Service Card members, or regular customers, can view promotions and select various services in the Application easily. Home Service Application

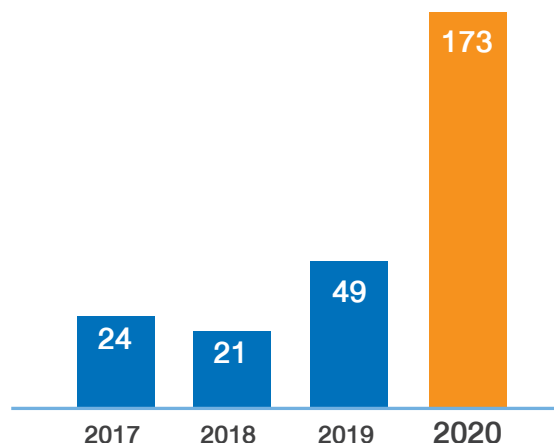
includes air conditioner cleaning, washing machine cleaning, kitchen hood cleaning, sink unclogging, house cleaning, appliance relocation – installation, home renovation, miscellaneous repair, sanitization and 24-hour emergency technical services. Every service comes with service quality warranty. Other than the ease of use, Home Service Application also has other distinctive features. For example, customer can schedule the appointment date on their own in real-time. The appointment will be booked into customer's calendar app automatically for convenience. Customer can reschedule the appointment by themselves and track service status at every step, from the moment the technician starts the commute all the way to the completion of the project. Payment process is convenient and protected by top-tier payment security system. Customer can choose to pay by credit card or Home Service Card. In addition, a special "Gift" function allows customer to send service as a gift to their loved ones, to let them use trusted service from HomePro.

## ● Emergency Service

The Company has developed a format of home service and home improvement to help customers solve their home problems throughout 24 hours. Customers can contact technicians to provide service at any time, including cases of blackout, short circuit, malfunction water pump and broken water pipe, etc. The service is available within Bangkok Metropolitan Region. In 2020, total of 173 Emergency Service jobs were provided to customers.



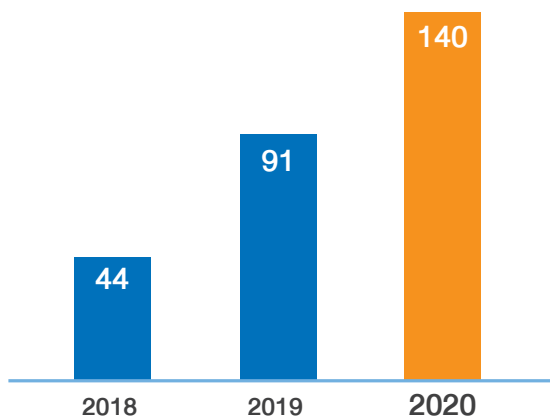
Emergency Service (No. of Job)



## ● Room Consultant Team

The Company determined to offer solutions to customers, the Company provides well-trained consultant team as per the Company's standard to be experts of bathrooms, kitchens, bedrooms and living rooms. Mere service from one consultant ensures that a customer receives services to fulfill all design and product purposes for one room. This is intended to maximize convenience that avoids multiple contact points across departments. In 2020, a total of 140 associates were trained to master solution-based presentation skills and foster living experience among shoppers. 49 of them are in charge of bathroom consultancy, 50 of them are in charge of bedroom/living room and 41 of them are in charge of kitchen.

Room Consultant (Person)



## ● Cleaning Services

To combat the spread of Coronavirus (COVID-19) in 2020, the Company expanded the Cleaning Solutions service that aims to promote the health and safety of customers, such as sanitization service for air-conditioner, steaming and coating services to disinfect COVID-19, which can sterilize bacteria as small as 0.1 micron. Strict measures were put in place to ensure that every technician in every service team maintain their hygiene when visiting every customer, which is one of the principles of Home Service work in being responsible to the society. Before setting out to provide service, every technician is required to measure their body temperature, and wear facemask and gloves while providing services in customer's house. Every piece of equipment is required to be cleaned using disinfectant solution before the technician can provide service for the next customer.



## ● Home Makeover

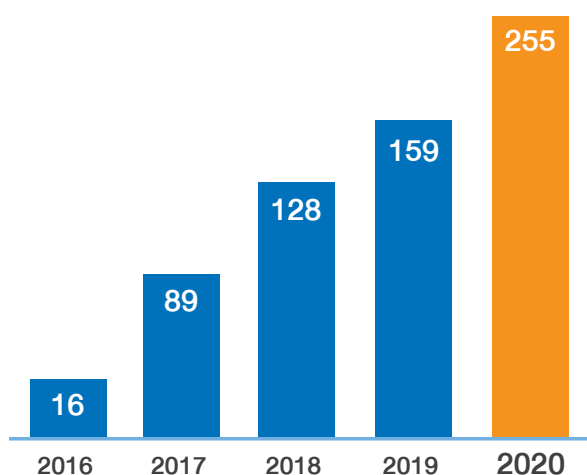
The Company aims to continuously deliver best value for money for both products and services. The Company learns from customers' needs and develops a suitable service which can serve customers' needs. Currently, there are over 6 million existing homes in Bangkok and Greater Bangkok, and some of these residences are not matched with the homeowner's demand while continually change of lifestyle. Moreover, sometimes, Home improvements could create hard experience and problems for homeowner. HomePro, as a leader of Home Improvement product, recognized these problems by which "Home Makeover" service is developed to meet customer's expectation which enhance the quality of life and living conditions for Thais.

In 2020, the Company produced "Home Makeover" program for the 5<sup>th</sup> consecutive year. In this program, technical experts from Home Service team provide consultation, designs, and improvement to selected homes. For the entire duration of the program between 2016 – 2020, there have been over 5,536 customers who inquired to participate in the program, and 470 houses have received home makeover.

## ● Lady Service

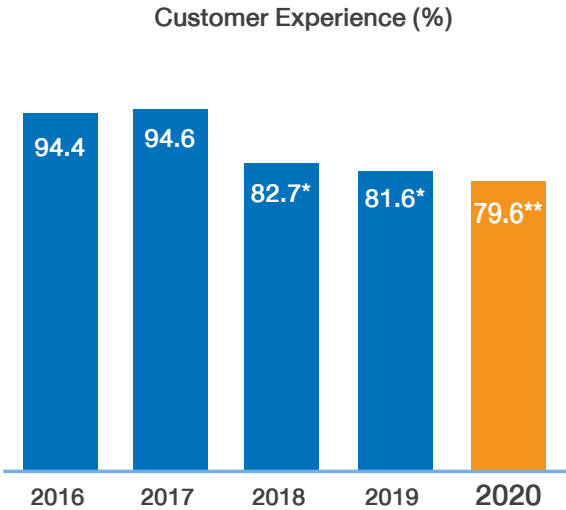
Currently, there were large numbers of elders and ladies staying alone, so the Company recognized the importance of security and safety. The lady service was then adopted by providing female technicians who would be trained for services of installation and maintenance of electrical appliances in which in 2020, there were female technicians for the lady service of 255 teams.

Number of Lady Service (Teams)



Customer Experience

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



Remark: \*Since 2018, the Company changed the evaluation criteria from Customer Satisfaction to Customer Experience.  
\*\*In 2020, the evaluation score reduced due to store closing during the spread of COVID-19.





# Associates

## Care

“

Prioritize the development of employees to gain knowledge and improvement by respecting Human Right and ensuring that the welfare cover the associates and their families' basic needs (Living Wage) in order for associates to work with joy and enhance employee engagement.

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### Challenges

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

### Management

The Company cultivates organizational values that look appealing to prospect associates while retaining potential and competent associates and ensuring thorough care and fairness. The accomplishment is monitored continuously by the indicators of the survey result on associate engagement to the organization for management development. In addition, People Analytics system was brought in to analyze associates data. This system uses statistical information to analyze various data related to associates to measure and evaluate performance, assist in manpower planning, identify additional skills that associates need to develop, support talent sourcing and recruitment, and analyze data in other aspects to develop employee engagement with the organization.

### Goals

1. To drive employee engagement to exceed 87% in 2025
2. To enhance associate knowledge to reach 96%
3. To achieve zero accident
4. To increase share of women in management level more than 50% of total management associates

### Strategies

1. To take care of associates thoroughly and justly with Human Right principles as the focus, in order to build employee engagement with the Company and attract skillful potential candidates to join the Company.
2. To provide Living Wage and benefits that are sufficient for the living of associates and their families.
3. To augment associates' competency and leadership.
4. To promote the awareness of safety, risk reduction and disciplined work supervision.

### The performance of associate care in 2020



## Personnel Recruitment

Associates are crucial resources in driving the organizational success. The Company, therefore, stresses an emphasis on the recruitment and retention of high potential associates while raising the organizational values to attract competent candidates to the organization. Social media and online technology such as Facebook and LinkedIn are additional tools to widen the scope of recruitment process. They publicize a vacancy and impart application information to candidates. Social media is used in conjunction with the Company's workforce recruitment process which features easy search and higher associate recruitment effectiveness. Furthermore, the Company places an importance on the recruitment of knowledgeable newcomers who fit in with job position as well as the organizational culture. Various staff recruitment campaigns were implemented by the Company to find the candidates with potential, such as Bilateral Scholarship Program, the Happy Hometown (Suk-Jai-Klai-Baan) project, and the Employee Referral program.

### ● Bilateral Scholarship Program

The Company provides Scholarship included High Vocational Certificate Level and bachelor's degree under Bilateral Scholarship Program. Additionally, the Company signed the memorandum of agreement with the Office of the Vocational Education Commission (OVEC) to jointly develop and manage vocational education and training in commerce, majoring in retail business. In 2020, there was 412 Scholarships for High Vocational Certificate Level with an amount of 8,899,200 Baht and 16 Scholarship for bachelor's degree with total value of 345,600 Baht. In 2020, there were 132 students graduated from this program were admit as HomePro associates.

#### Retail Program (High Vocational Certificate Level)

Year	Batch No.	No. of Participating Institutions	No. of Scholarships	Scholarship Amount (Baht)
2012	1	6	64	1,843,200
2013	2	9	123	3,542,400
2014	3	20	183	5,472,000
2015	4	35	258	8,064,000
2016	5	41	169	4,867,200
2017	6	51	290	8,092,800
2018	7	55	338	9,734,400
2019	8	68	398	11,462,400
2020	9	32	412	8,899,200
<b>Total</b>			<b>2,235</b>	<b>61,977,600</b>

#### Bachelor's Degree

Year	Batch No.	No. of Participating Institutions	No. of Scholarships	Scholarship Amount (Baht)
2015	1	2	36	4,096,000
2016	-	-	-	-
2017	-	-	-	-
2018	2	4	22	3,312,000
2019	3	6	30	864,000
2020	4	4	16	345,600
<b>Total</b>			<b>104</b>	<b>8,617,600</b>

### ● Happy Hometown (Suk-Jai-Klai-Baan)

The Company provides the opportunity for associates to go back to work in their domiciles under program “Suk Jai Klai Baan” to enhance their happiness. In 2020, there are 116 associates participating in this program

Year	No. of Associates engaged (Person)	No. of Accumulated Associates engaged (Person)
2016	241	1,081
2017	76	1,157
2018	105	1,262
2019	85	1,347
2020	116	1,579

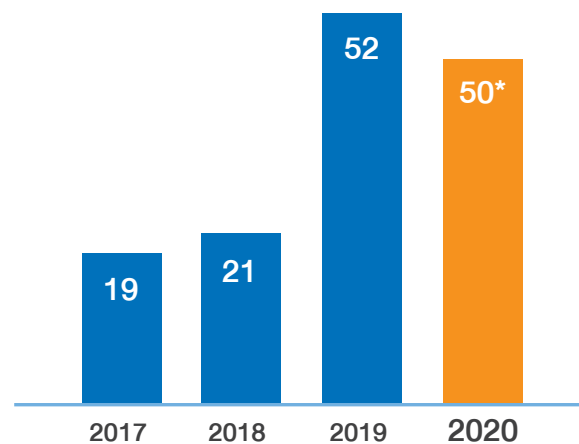
### ● The Referral Program

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

### ● Empowering Elderly Employment (Young Smart Project)

The Company joined the business network of Corporate Social Responsibility towards the Elderly group, to develop an Age-Friendly Business in collaboration with Thaipat Institute, Department of Elder Persons, Ministry of Social Development and Human Security. The Company has recruited elders as service personnel's both at stores. Currently, there are 50 elders working at HomePro.

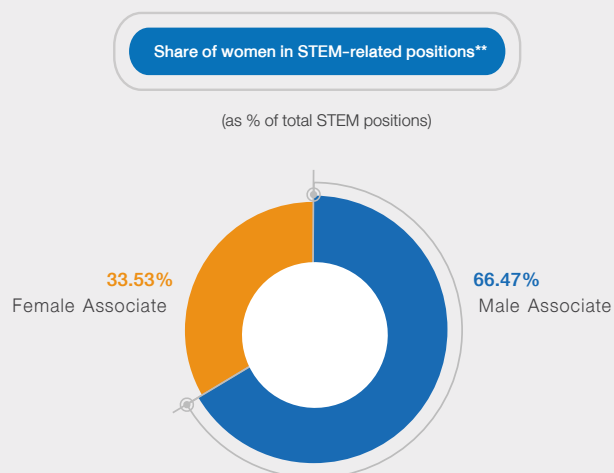
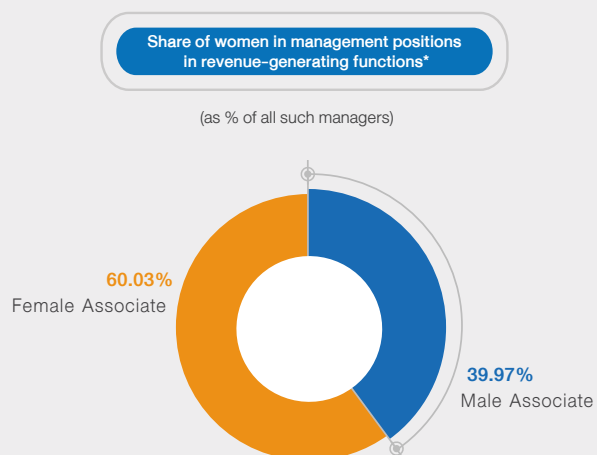
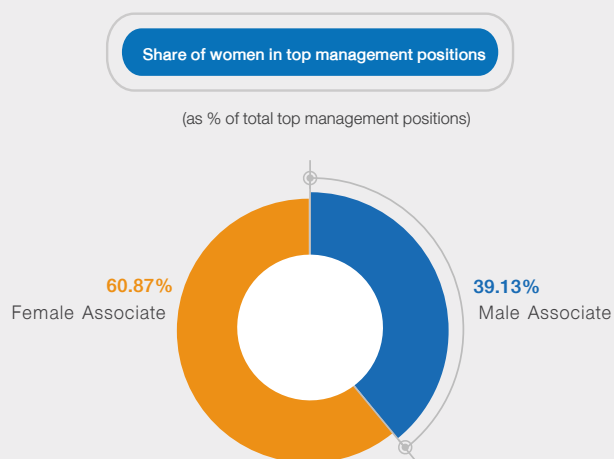
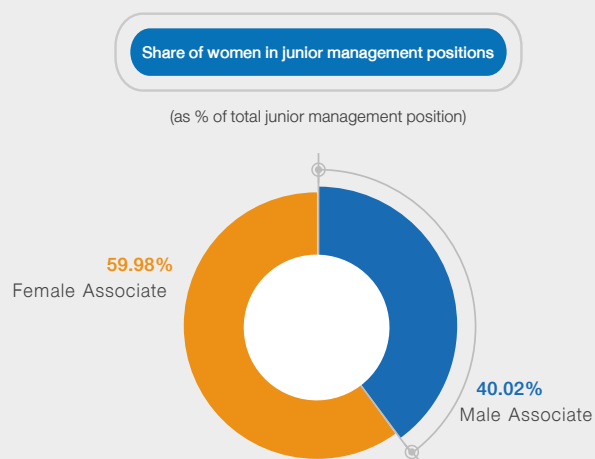
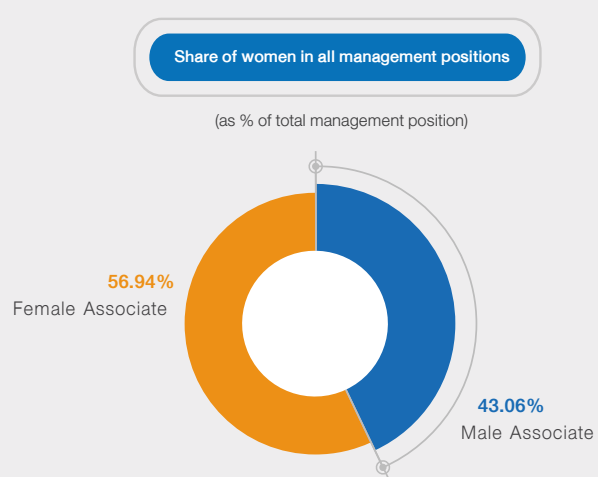
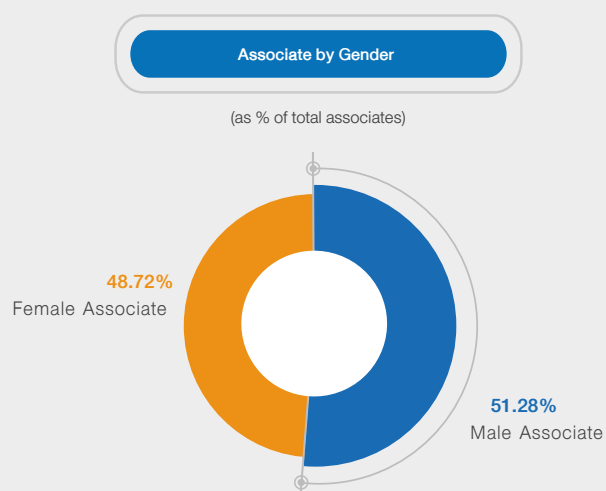
Elderly employment (No. of person)



Remark : \* In 2020, the number of elderly employment declined as the Company takes into account the safety of the elderly and to reduce the risk of infection with COVID-19



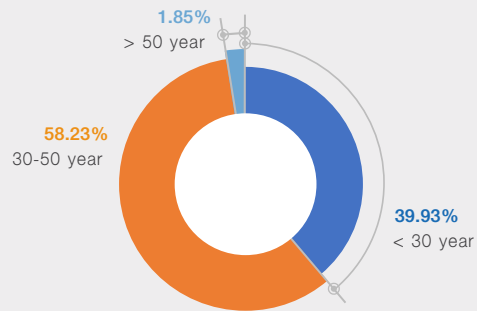
## Associate Profile in 2020



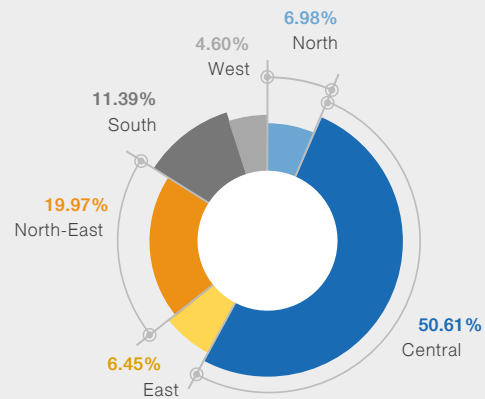
Remark : 9,123 Homepro associates (not include subsidiaries)

\* STEM stands for Science, Technology, Engineering, and Mathematics.

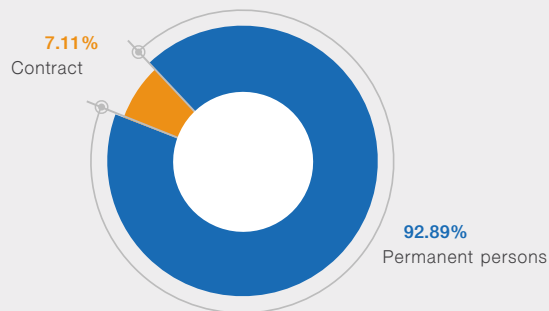
Associate by Gender



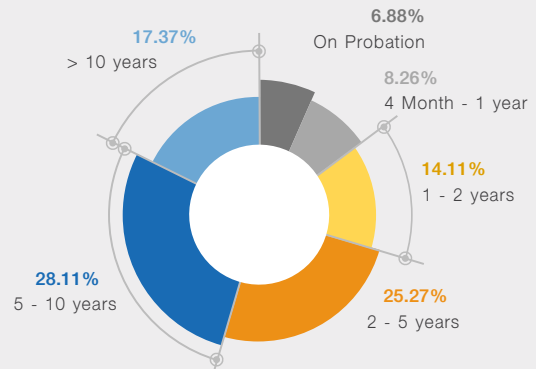
Associate by Region



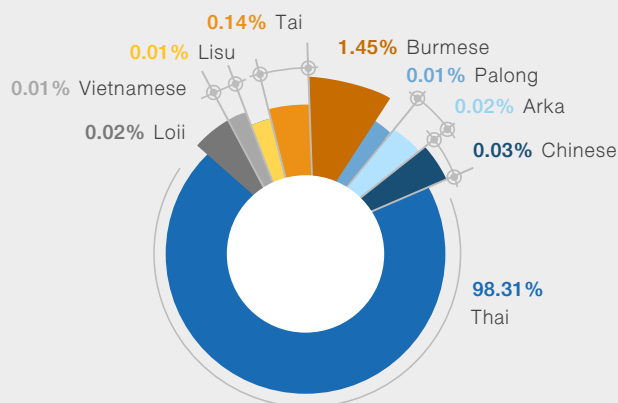
Associate by Type of Employment



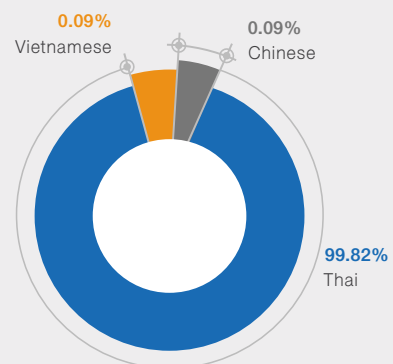
Associate by Years of Service



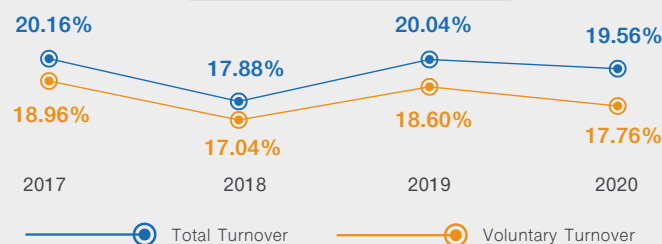
Total Associate by Ethnicity



Associate in all management positions by Ethnicity



Turnover Rate (per year)



Total employee turnover rate (% of total employee)	2017	2018	2019	2020
<b>Age group</b>				
<30	9.82%	9.91%	11.77%	12.06%
30-50	10.23%	7.86%	8.04%	7.26%
>50	0.11%	0.11%	0.23%	0.24%
<b>Gender</b>				
Male	11.24%	10.52%	11.19%	10.86%
Female	8.92%	7.36%	8.85%	8.70%
<b>Nationality</b>				
Thai	20.16%	17.88%	20.04%	19.56%
Non-Thai	0.00%	0.00%	0.00%	0.00%
<b>Management level</b>				
Top Management	0.02%	0.01%	0.01%	0.00%
Middle Management	0.11%	0.08%	0.12%	0.12%
Junior Management	0.64%	0.47%	0.48%	0.70%
Non-Management (other than what stated above)	19.39%	17.33%	19.43%	18.74%

Voluntary Turnover rate (% of total employee)	2017	2018	2019	2020
<b>Age group</b>				
<30	8.97%	9.46%	10.82%	10.96%
30-50	9.87%	7.48%	7.52%	6.53%
>50	0.12%	0.10%	0.25%	0.27%
<b>Gender</b>				
Male	10.09%	9.36%	9.69%	9.16%
Female	8.87%	7.68%	8.91%	8.60%
<b>Nationality</b>				
Thai	18.96%	17.04%	18.60%	17.76%
Non-Thai	0.00%	0.00%	0.00%	0.00%
<b>Management level</b>				
Top Management	0.02%	0.01%	0.01%	0.00%
Middle Management	0.14%	0.09%	0.15%	0.15%
Junior Management	0.72%	0.52%	0.55%	0.84%
Non-Management (other than what stated above)	18.09%	16.43%	17.89%	16.78%

information of new associates	2017	2018	2019	2020
Total number of new associates hires (Person)	3,029	2,993	3,571	2,280
Number of open positions filled by internal candidates (%)	1.89%	3.47%	6.54%	6.14%
Average hiring cost/FTE (Baht)	3,762	3,505	3,505	3,580

\* Examples: Recruiter salaries, advertising, travel and relocation, agency fees

Total number of new associates hiring (Person)	2017	2018	2019	2020
<b>Total</b>	3,029	2,993	3,571	2,280
<b>Age group</b>				
<30	1,917	2,066	2,490	1,743
30-50	1,097	903	1,014	524
>50	15	24	67	13
<b>Gender</b>				
Male	1,395	1,410	1,756	1,127
Female	1,634	1,583	1,815	1,153
<b>Ethnicity</b>				
Arka	0	1	1	1
Burmese	1	0	1	3
Chinese	0	0	0	1
Loii	0	2	1	1
Palong	0	0	1	0
Tai	5	3	7	6
Thai	3,023	2,987	3,560	2,268
<b>Management level</b>				
Top Management	0	0	0	2
Middle Management	20	11	16	7
Junior Management	69	58	79	78
Non-Management (other than what stated above)	2,940	2,924	3,476	2,193



### Associate Trainings and Development

The challenges of the organization in the present day are to maintain and develop the ability of the associates, which is the key to thrive the business. The Company prioritized the importance of developing the potential of associate, increase knowledge and continuously develop those associates to have an competency and skills to operate. The Company aimed to drive the career advancement of those associates in their position to strive toward sustainability.

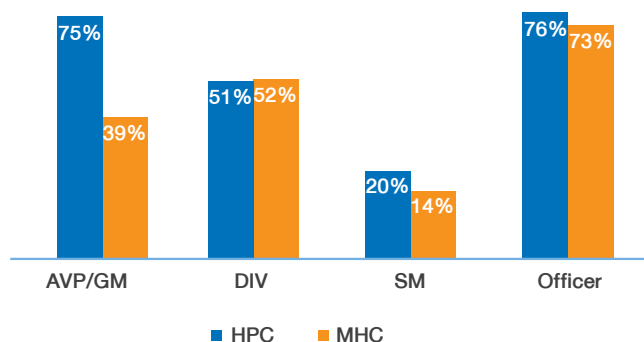
The Company use multi-design and training development process to accommodate and keep abreast with changes such as Experimental Learning, On-the-Job training, Coaching and Mentoring culture. The supervisors are encouraged to be the trainer which will enhance development both self and others. Also, Tactic knowledge is applied to create explicit knowledge in forms of tools, medial, manual to communicate internally. In addition, soft-skill development within classroom training applied Model 10:20:70 along with doing workshop to increase knowledge transfer. To handle COVID-19 situation, the Company cooperated with training institutions, who are experts in organizing Virtual Classroom, to develop various virtual training processes in order to ensure that learners can receive knowledge and skills effectively, similar to attending the training in a physical classroom.

## ● Upskill-Reskill Program

To provide associates in the organization with important and necessary skills for the present and the future, the Company has launched Upskill-Reskill program for associates in each position level. The program for Assistant Vice Presidents (AVPs) and Store General Managers (GMs) includes Business Innovation and Positive Feedback. The program for Division Managers includes Proactive to Success. The program for Section Manager includes Professional Sales Technique and Online Sales. Percentage of associates who received Upskill-Reskill is displayed in the figure below:

### 2020 Upskill Program Results

Percentage of associates that was trained according to Human Resource Development plan: Up-Skills 2020

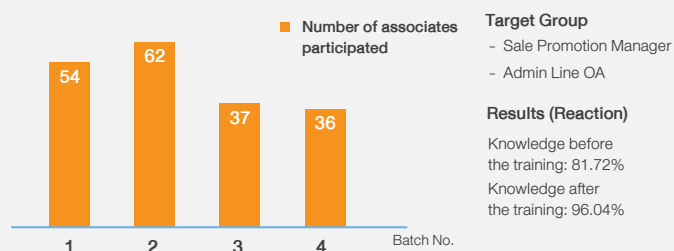


### 2020 Reskill Program Results

#### Social Media Marketing for Retail Business (SMM for Retail Business)



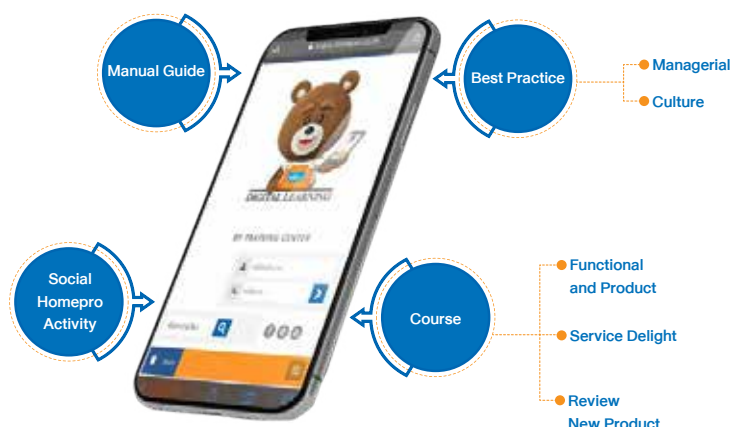
#### Selling technique through Shop 4 You platform



Remark: SMM for Retail Business and Selling technique through SHOP4YOU are part of Reskills program.

## ● Ma Share (Let's sharing) Program

The Program focuses on gathering knowledge that is essential for successful career path or perspectives on career, and beneficial elements for career and everyday life in which associates can use for coaching and sharing within the organization.



## ● Digital Learning

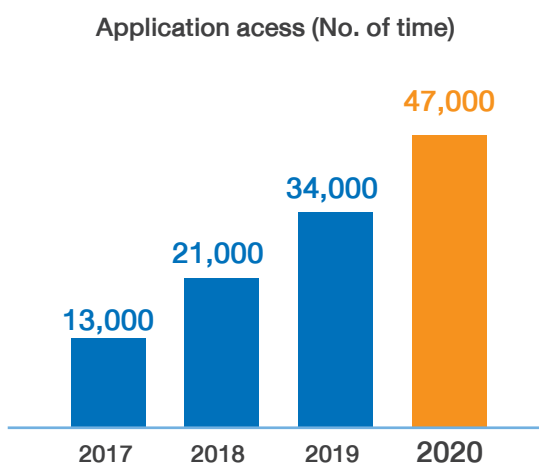
Technology in digital world plays an important role in organization development in many aspects. Thus, the Company has developed a Smart Phone base training system under the concept of "Learn Everywhere Anytime" called Digital Learning. This important learning tool consists of short, concise, and interesting content for associates to apply.

Digital Learning consists of 4 parts as follows:

1. Basic Functional Skill: Basic knowledge for regular operation. To inform associates about important basic information under the same standard e.g.daily operation procedures, product knowledge for each department, customer service standard, etc.
2. Best Practice: Case studies from real events that occurred in the Company. Introduce innovation from associates to associates within the organization for learning and further application.

3. Self-Learning: Information and technique for enhancing work efficiency e.g. promotional information, Home Service, sales technique, customer service technique, Employee handbook etc.
4. Interactive: Activities that promote and build good relationship among associates e.g. opportunities for associates to share idea, working process, and open to participate in many activities to win prizes during festivals.

In 2020, the Company expand scope of learning through Digital Learning for associates both in Thailand and Malaysia which covers more than 74 courses, Culture enhancement for the Company, Management course, and Manual Guide in various aspects. In 2020, there were over 47,000 accesses in Digital Learning



### ● Talent Management Program

The Company emphasized for associate development as well as shaping associates' behavior to be in accordance with organizational culture along with building excellent leadership in accordance with personnel development strategy. The Company has clearly developed the plan of career path along with associate development plan for all associate levels. These would continuously enhance skills, knowledge, and capability. In order to adapt, transform, and develop, not only the Company annually reviewed the Succession Development Plan and Personnel Development

Plan to prevent retirement and resignation for each level ascertaining business continuity. The Company also arranged Personnel Development Program for management team and associates at any level so that these personnel are ready for promotion. This includes: In collaboration with a consulting company, DDI Thailand, the Company arranged Talent Development Program for division managers under the name of **"Young Talent Program"**, which was divided into 3 stages as follows:

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

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

**Stage 3** The experts from DDI conducted the interview to assess the skills of the talent and close the gap at the end of the program. The results showed that 92.9% of the talent's gap was closed.

The Talent Development Program for vice president and assistant vice president under the name of **'VP/AVP Talent Management'**. The stages of the program are identical to the Young Talent Program. The only difference is that 360-degree feedback can be reflected upon before and after the VP/AVP test. The results reflected a 5.6% skills improvement in 2020.



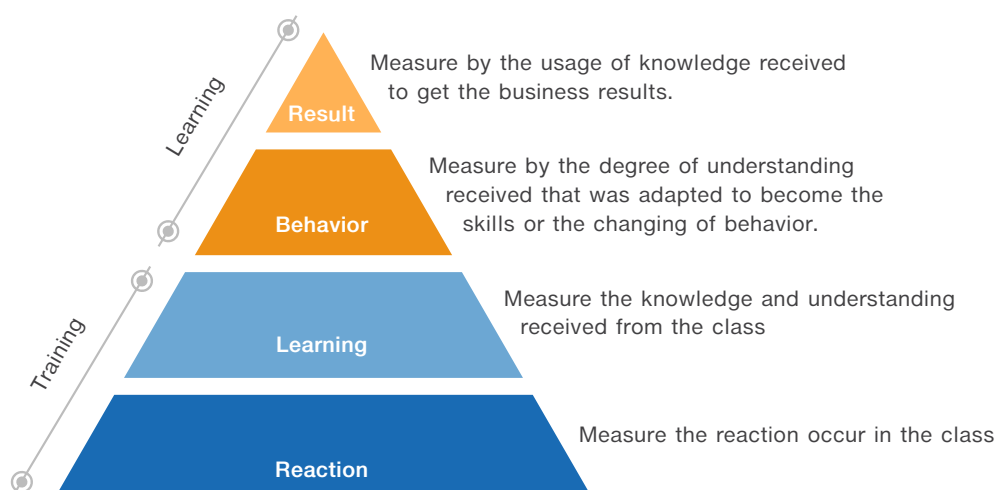
The company has applied the Kirkpatrick Model Employee Training Assessment to analyze and assess the return on employee training. There were 4 training assessments as follows:

**Reaction:** To measure results in terms of efficiency, such as the satisfaction from the training and the trainer capabilities.

**Learning:** The assessment before and after the class, test the knowledge annually by using Knowledge Survey Check of each stores at least 2 times per year.

**Behavior:** For the Soft Skills course, using the feedback of knowledge received to apply and change the behavior. Model STAR was used to collect the qualitative data.

**Result:** Follow up the results by observing the sales and the satisfaction of services that increases after the training such as the increase of sales, customer satisfaction, higher compliment, lower claims, and the return on investment of the training (ROI)



## Information on training performance

Details of training	2017	2018	2019	2020
Classroom (person) <sup>1</sup>	5,314	8,591	10,448	6,826
OJT (person) <sup>2</sup>	1,690	1,922	1,377	750
Digital Learning (person) <sup>3</sup>	19,864	21,097	21,208	7,887
Classroom (hour) <sup>1</sup>	57,559	83,934	88,042	48,417
OJT (hour) <sup>2</sup>	489,448	347,379	401,820	135,000
Digital Learning (minute/person)	16.14	16.43	15.83	8.55
Mandatory (hour)	24,182	38,951	31,389	20,962
Non-mandatory (hour)	496,123	360,416	410,824	221,868
Average Training Hours per Participant per year <sup>4</sup>	48.72	49.53	53.83	22.3
Associate's knowledge	95.40	87.91	91.52	94.2
Training and Development Investments (million baht)	11.03	14.83	14.00	11.9
- Mandatory (Baht)	1,470,267	1,169,906	1,951,861	1,069,307
- Non-mandatory (Baht)	9,559,733	13,660,094	12,048,139	10,870,527
Training investment per person per year (Baht)	1,350	1,703	1,538	1,589
Return on investment (%) <sup>5</sup>	444	379	441	433
Net profit per associate (million baht/associate)	0.46	0.52	0.57	0.49

Remark: 1. In 2020, number of hours training and the number of associates participated in the classroom has declined due to the COVID-19 pandemic as the Company switched to digital learning system instead.

2. On the Job training is the training on the actual operating areas (In store Training), which was taught by the supervisor. In 2020, the number of hour trained and the number of associates participated in OJT has declined due to the decline in the number of stores open and the adjustment to reduce the number of OJT to be more precise.

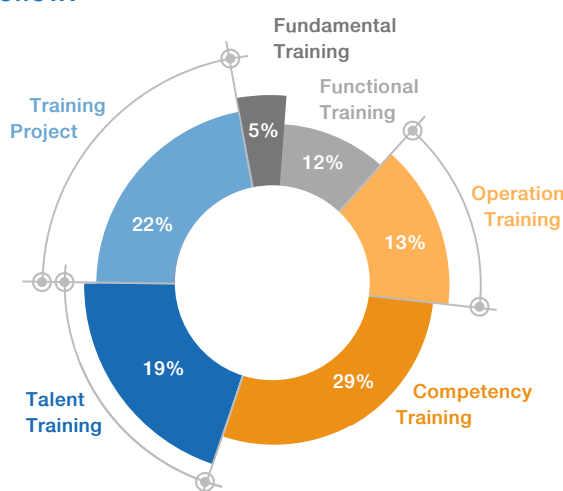
3. In 2020, the number of associates participated in the Digital Learning Training has declined due to the changes in the regulation of the criteria in counting the associates, which includes only the full time associates. The part-time, PC, and the scholarship students wasn't included.

4. In 2020, the number of hours trained average per year has declined resulted from remarks 1-3.

5. Return on investment came from the net profit per cost of training. In 2020, the return on investment has declined due to the COVID-19 pandemic.

### Training is categorized into 2 types as follow:

1. Mandatory Trainings:  
Trainings related to work function
2. Non-Mandatory Trainings:  
Trainings unrelated to the job



## 2020 Training and Development Investment

Training and Development Investment per associate per year	Baht/Person/Year
<b>Age group</b>	
<20	33.05
20-29	597.47
30-39	1,365.16
40-49	3,904.03
>50	11,158.72
<b>Gender</b>	
Male	1,456.73
Female	1,727.84
<b>Nationality</b>	
Thai	1,593.52
Non-Thai	197.07
<b>Management level</b>	
Executive Vice President	3,077.69
Senior Vice President	14,131.39
Vice President	26,541.25
Assistant Vice President	12,323.81
Division Manager	5,675.33
Non-Management (other than what stated above)	630.93
Mandatory (Baht/Person/Year)	324.13
Non-mandatory (Baht/Person/Year)	893.66

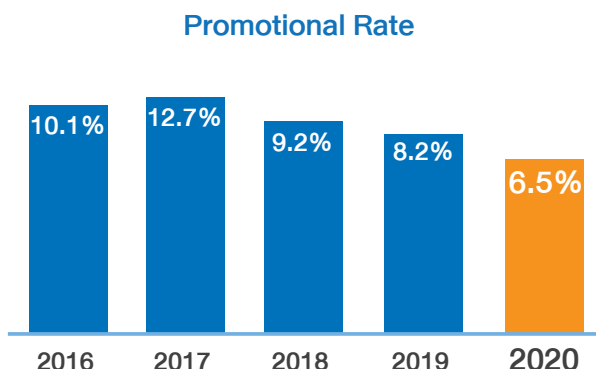
## Career Path

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

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

- **Individual Career Plan (ICP)** the projection of short-term and long-term career growth of associates considered by current competencies comparing to the expectation for a higher position.
- **Individual Development Plan (IDP)** the determination of associates' skills that should be developed with the procedures defined in the Individual Career Path Plan such as on-the-job training, coaching, and Project Assignment. Associates would be monitored on their IDP progress and receive feedbacks from their supervisors every 6 months. It would be in terms of development progress and discussion between associates and then supervisors to continuously develop capabilities for the future career growth. The capability assessment accumulated as foundation to be ready would be the same in all levels and positions for associates to freely rotate across to related positions in the future, and it was divided into 3 areas including performance indicator index, management capability, and core value of organization.

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

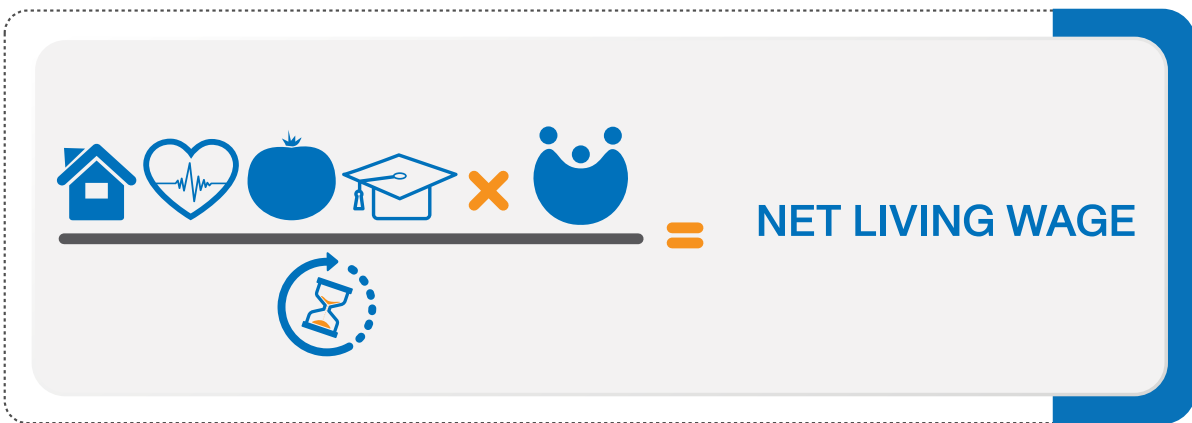


### Associate Retention

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

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

- The Company prioritizes the good quality of living of associates and their families by providing sufficient and appropriate Living Wage and benefits to fulfill their basic needs, which include food, shelter, clothing, healthcare, savings, and leisure for associates and their families in alignment with their local cost of living. The Company hired human resource experts as consultants for the study and establishment of fair compensation and benefits policy, in order to provide wage and benefits that are higher than the general market. The average compensation and benefits data from Thai Retailers Association is used as a reference. The rate provided by the Company is higher than the requirement of the law. Anker Methodology is used as a reference in wage calculation to ensure that associates compensation is sufficient for their living. In addition, the Company provides additional allowances that align with the cost of living in the area where associates work, as well as positional compensation, travel allowance, language allowance, provident fund, phone allowance, health insurance (IPD & OPD), accident insurance, uniforms, maternity clothes, associates discounted price, emergency fund, interest-free emergency loan, presents for visit during hospital admission, wedding support allowance, funeral support allowance for associates and family members, academic scholarship for associates' children and more.



$(\text{Food} + \text{housing} + \text{education}) \times \text{average family members} \div \text{full time workers per family} = \text{Net Living wage}$

- Evolving technology in Human Resource Management System (HRMS) in which associates could manage by themselves (Employee Self Service) for checking working profile, taking leave as well as welfare disbursement. The system would help reduce the approval process so that associates could efficiently manage their time attendance with accuracy and fast, and this was the result of openness for associates' feedbacks to improve the system. This provided the mode for associates to access HRMS system anywhere anytime with convenience and fast. In 2019, HRMS has been enhanced from web base to HRMS mobile application.
- The Company offers Flexible Working Hours by setting different work schedule such as 08:00 – 17:00 shift, 09:00 – 18:00 shift, and 09:30 – 18:30 shift. Flexible working hours allow each associates to manage their working time to be suitable to their lifestyle and necessity. In 2020, 125 associates participated in the program, which account to 8.7% of total associates in head office.
- The Company has a policy to allow associates to Work from Anywhere, whether from home or off-site. The Company provides work equipment and system along with various communication channels to support associates in managing their daily living appropriately. Especially during the spread of COVID-19, the Company organized for associates to Work from Home. In 2020, total of 804 associates participated in the program, accounting to 56.0% of all head office associates. (More information can be found in COVID-19 page 12-17)
- Respect associates' rights without prohibition to establish or participate in the labor union. Moreover, the Company was open for giving advice to associates in all aspects of both working and personal issues. The consultation is open for both individually or group discussions, by allowing associates to communicate directly with their supervisors, or through committee representatives. The discussion could also be done with human resource team, supervisors, representatives, or complaint channels for the human resource division to rectify all areas in such that associates could receive the guideline and participate to solve when the issues arises. However, eventhough the Company do not prohibit to establish or participate in the labor union, there has been no labor union within the organization, and none of the Company's associates has participated in any other labor union.
- Allow associates to gather and form sports and recreational activities clubs (Sport Club) as preferred and volunteered, such as sports club of football, badminton, table tennis, fitness, jogging, and yoga.

- The HR Clinic program offered consultation and some advice to solve their personal problems ranged from depression, stress, work or family problem etc. Experts with consultant experience from the Human Resource Department provided mental treatment via a telephone conversation or an appointment of a personal session. Activities for mental self-awareness i.e. meditation were held throughout the year
- HomePro Nursery provides child care to associates' children during a school holidays. This aims to lessen the burden of parents who work during daytime and cannot find a babysitter. The program covers improving self-development ability, training children to socialize and live in harmony with the others in society. It also bolsters organizational loyalty and engagement among associates. The HomePro Nursery service runs during school holiday on weekday from 09:00 to 18:00 hrs. The company also provides childcare out of school hour to associates' children on weekday between 16:00 to 18:00 hrs.
- The Company organized Wealth Talk activity in cooperation with financial institution to educate associates on savings and financial planning.
- Ergonomics risk assessment ensured that working station settings were suitable and lowered ergonomic pains in workforce. The investigation suggested that the Ergonomics risk associated associates entailed improper gesture and working environment. As such, the Company organized ergonomic trainings to imbue associates with correct postures while amending working station to fit operational requirement. Health check-up is performed alongside a follow-up on a yearly basis together with tracking associate medical record.
- The Company tracked the health condition of associates through the annual physical checkup and found that most of the associates has a health problem related to office syndrome, respiratory syndrome, and Dyslipidemia. Therefore, the Company arranged various activities both preventive measure and promoting healthy

habits by changing the behavior that could lead to the risk of those syndrome such as:

- Promote HomePro Funwalk activity, encourage associate to exercise in their daily life by walking or running. Mobile application has been used to track steps of project participant. The person who records the targeted steps as the first one will get award. Participant under this program have average of 8,000 steps per day which higher than average of 4,764 steps of Thai, studied by Stanford University.
- The Company organized HomePro Virtual Run; an online marathon activity similar to an actual marathon where associates can manage their own running schedule. those associates can run anywhere, anytime, and collect their running distance on Mobile Application. The winner also received a prize.



- Various vaccinations were provided to associates and their family members such as influenza vaccine, which is a widespread respiratory disease. In 2020, total of 1,044 associates received vaccination, accounting to 10.26% of all associates.

### Track of Health Condition Recovery

The Company tracked the health condition of associates from the annual physical checkup in 2020 and found that 40.28% of head office associates, who received physical checkup, had Cholesterol level below the standard of 200mg/DL.

## Human Rights Management

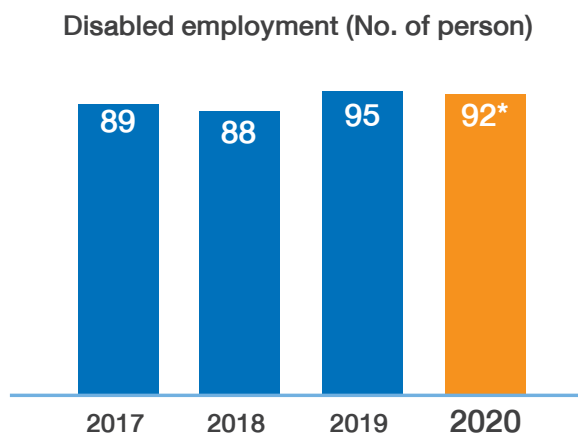
The Company is committed to human rights policies stated in the Company's operational code of conduct guideline. Human Right Due Diligence Process was put in place while human rights risks are assessed through 2 key factors – risk's impact and risk's possibility. The risk level is classified into three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

The Company has conducted human rights risk assessment on every associates in 86 HomePro stores and 9 HomePro S stores, and prepared plans and measures to reduce the risk of human rights violation. In addition, the Company has prepared knowledge manual to help suppliers to manage the risk of human rights violation in form of Supplier Code of Conduct. Human rights risk assessment is also conducted on suppliers by identifying the affected group or individual such as children, people with disabilities, forced labor and illegal labor. In 2020, the result of the assessment showed low risk level.

The Company supports the human rights principles and goals such as the Universal Declaration on Human Rights and the Declaration of Fundamental Principles and Rights at Work of the International Labor Organization (ILO).

## Employment for the Disabled

The company has non-discrimination and equality of employment policy, by employing disabled according to the employment law of the disabled. The company also support and promote disabled to work in the same position as normal people such as sales, maintenance, call center, delivery service, administration, etc. In 2020, the company has 92 disabled associates, which account as 1.1% of the total 8,278 person (as of 1 October, 2019). The Company has employed disabled higher than the standard of the Empowerment Of Persons With Disabilities Act, B.E. 2007 that has set 1%



Remark: \* The number of disabled employment in 2020 was lower due to the voluntary resignation of the disabled who are at higher risk of COVID-19 infection.

## Employment of LGBTQI Individuals

The Company recognizes the important of human rights on the aspect of accepting individual differences and living together equally. The Company promotes the culture that does not discriminate but recognizes the value and accept the difference of each other. Employment opportunity is offered to LGBTQI individuals to join the Company, unleashed their full potential, be confident, and be proud of themselves.



## Safety and Health

# Accident = 0



Safety requirements  
and standards



Manage operating risks  
to prevent losses



Safety rules for suppliers  
and contractors



Promote safety culture  
within organization

Safety and health of associates are key factors that the Company must focus and manage the proper environment in the workplace. The Company selected the toxic-free equipment to prevent pollution and chemicals residual during the operation process for health safety both in short and long terms such as Back Support belts for staff lifting tiles and heavy materials and ventilators for Back Stock areas

The Company constantly measured the working environment such as the brightness of light. In addition, safety policy was determined by assigning to such department that specifically responsible for

safety to provide knowledge, inspect, recommend the working environment, risk assessment for equipment, and promote safety campaign as well as result monitoring.

The Company assessed risks to health and safety of associates under duties of loss prevention department. Since many tasks in the store involve health and safety risks to associates, the Company provides knowledge and training on equipment usage on a regular basis such as ladder trolley and Car Hand Jack to ensure correct usage and safety.

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

insurance to their workers in case of death while working, additional to what is defined by the law.

With numerous campaigns and emphasis on safety, the Company received awards relating to health, safety, and working environment from various organizations in 2020 as follows: “Zero Accident” Award from Thailand Institute of Occupational Safety and Health (Public Organization), Silver prize in 3 stores, Copper prize in 36 stores, and entry level prize in 41 stores a total of 80 stores.



*Pictures: Awarding Ceremony for  
Zero Accident Reduction Campaign Project*

## Statistical of Accident Rate of HomePro Stores

Accident Rate	2017	2018	2019 <sup>7</sup>	2020
Assessed Associates (Percent of total associates)	100	100	100	100
Accident Rate/store <sup>1</sup>	0.16	0.14	0.22	0.33
Lost time Injury Frequency Rate <sup>2</sup> : LTIFR	0.28	0.25	0.41	0.64
• Associates (time)	5	7	10	19
• Outsource (time)	4	4	11	14
Lost Workday Rate (LWD)	0.06	0.05	23.61	1.90
• Associates (n/200,000 hours worked)	0.0604	0.0577	0.0553	0.0441
• Outsource (n/200,000 hours worked)	0.0081	0.0093	0.0270	0.0414
Lost time Injury Severity Rate : LTISR <sup>3</sup>	0.28	0.25	118.06	9.48
Lost time Injury Rate: LTIR <sup>6</sup>	0.06	0.05	0.08	0.13
Occupational Illness <sup>5</sup> (Occupational Illness Frequency Rate : OIFR)	0.0001066	0.0001278	0.0000738	0.0000583
Fatal Accident (time)	0	0	1 <sup>4</sup>	0
Death (person)	0	0	1 <sup>4</sup>	0

Remarks: 1. Accidental Rate = Number of accident / Number of stores  
2. Lost time Injury Frequency Rate = (Lost time Injury Frequency X 1,000,000 hour) / total working hours  
3. Lost time Injury Severity Rate = (Lost time Injury Severity X 1,000,000 hour) / total working hour  
4. Occurred due to Force Majeure  
5. Number of cases / Total working hours  
6. Lost time injury rate = (number of accident/total working hours x 200,000)  
7. The Company has included accident rates of its subsidiaries in Thailand in the calculation.

### Measures taken to prevent accidents

1. Govern and emphasize the operations according to the safety standards, occupational health and work environment strictly.
2. Improvement in the working condition and environment, including managing the risk efficiently to reduce and prevent the loss that could occur from the accidents, incidents, injuries and occupational illnesses.
3. The system for requesting work permission in a high-risk job, such as the job that would have potential to contact with heat or working at height that would require permission before operating the task.
4. Set up educational activities, raise awareness, and encourage associates to recognize the importance of danger prevention.
5. Emergency training, such as annual emergency drills. Associates must participate in the training according to each role to be ready for unexpected events or emergency alarms.
6. Building the Safety Culture in the organization.



### Associates Care During COVID-19

In 2020, the spread of Coronavirus (COVID-19) impacted economic activities. The Company has provided full cooperation and operated in alignment with the measures and orders given by related government agencies to limit the spread of Coronavirus (COVID-19). The emphasis was put on the health and safety of associates. In addition, the following preventive measures were put in place for the health and safety of associates:

- Offer associates the option to Work from Home
- Offer flexible working hours to associates
- Stop face-to-face meetings
- Maintain safe social distancing in stores and head office
- Set up hand sanitizer at various spots
- Set up check points to measure body temperature of associates and visitors. Reduce contact in head office and store areas.
- Limit the travel for associates to risk area

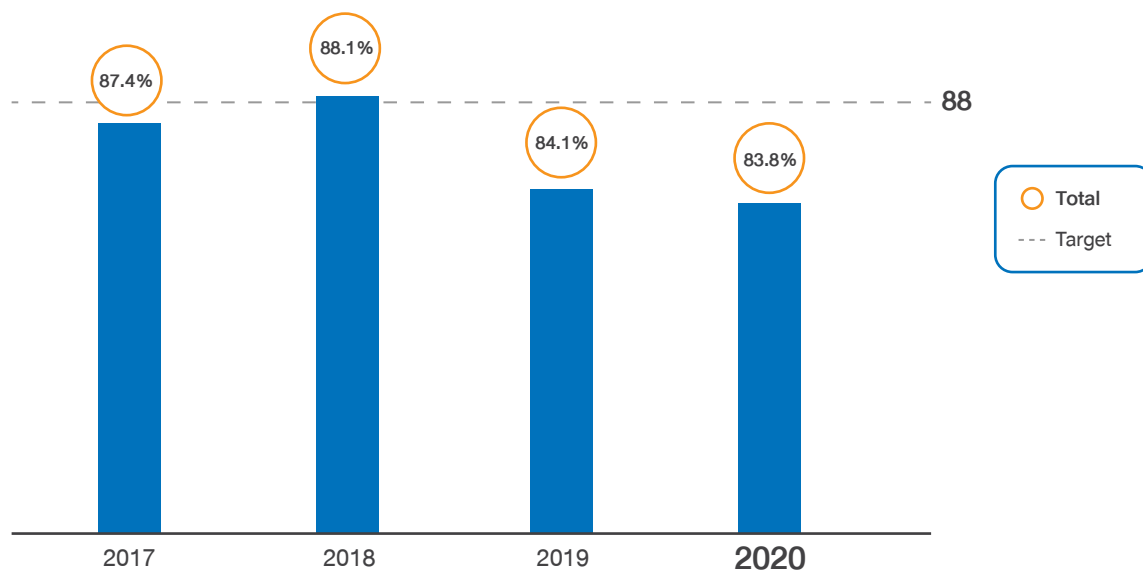
*(More details on COVID-19 mitigation can be found on page 12-17)*



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

## Results

### Associate Engagement survey result



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

Associate Satisfaction survey result (%)	2017	2018	2019	2020
<b>Gender</b>				
Male	87.4%	87.8%	84.2%	84.2%
Female	87.3%	88.3%	83.9%	83.3%
<b>Age group</b>				
8-22	87.5%	88.0%	83.5%	83.3%
23-40	87.4%	88.1%	84.3%	83.7%
41-55	87.7%	88.1%	84.0%	83.9%
>56	86.8%	88.2%	84.5%	84.8%
<b>Management level</b>				
Vice President and above	86.4%	87.2%	82.0%	85.7%
Assistant Vice President	86.8%	87.7%	83.9%	84.4%
Division Manager	86.9%	88.5%	84.3%	82.0%
Section Manager	88.5%	88.7%	85.4%	84.3%
Staff	88.3%	88.2%	85.1%	83.6%



# Efficiency Development

“

The Company manages energy consumption effectively by using solar energy from solar roofs on 48 Stores, as well as installing the Building Control Monitoring System for Energy (BCMS) that can monitor and control main systems within the buildings automatically, including electrical system, air conditioning system and ventilation system. The Company also promotes employees to take part in saving energy by setting the target for using Renewable Energy 100% in store buildings owned by the Company, and implements waste management to achieve Zero Waste.

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### 3. Efficiency Development >

#### Challenges

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

#### Management

The Company sets operating framework to handle climate change throughout the supply chain. Policies and goals are set to address energy consumption, renewable energy usage, waste management and plastic packaging reduction. In addition, the Company evaluates the risks and opportunities related to climate, as well as conducts Scenario Analysis according to the guidelines of Task Force on Climate-Related Financial Disclosure (TCFD) and prepares workplan that covers physical risk and risks related to technology, market, policy, regulation and reputation of the Company. Moreover, the Company also communicates the result on the management of the impact and relief for climate change to stakeholders through various channels such as the Sustainability Report.

#### Objective

1. To lower energy per area from base year by 40% by 2025.
2. To maintain the amount of electricity production from Solar Renewable Energy project at the minimum of 30,000,000 kilowatt-hours (kWh/year).
3. Reduce 50% of carbon emission, from the base year, by 2030.
4. Use renewable energy 100% in store buildings owned by the Company by 2030.

#### Strategies

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

#### The Operation of Efficiency Development in 2020 Environmental Management System

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

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

The electricity generation of solar cell roof of the HomePro stores, Mega Home and Market Village produces solar energy in place of the transmission system. In 2020, 48 stores employed the solar technology and produced 37,659,040 kWh per year, reducing carbon dioxide emission by 21,435 tCO<sub>2</sub> tCO<sub>2</sub>e per year.

$$\begin{aligned} \text{EROI} &= \frac{(\text{Environmental benefits} + \text{Economic Gains}) \times 100\%}{(\text{Capital Investment} + \text{Operating Expenses})} \\ &= 16.5\% \end{aligned}$$

## Electricity Consumption

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

In 2020, the Company adopted power-saving techniques by installing Building Control Monitoring System (BCMS) for Energy into many stores, enabling automatic building control and management. The system connects every system within the building that can monitors and controls the main systems within the building such as electricity, air conditioning, and ventilation system. Consequently, this led to a decrease in the overall power consumption. The Company also simultaneously compared the index of Specific Energy Consumption (SEC). As a result, in 2020 the power consumption has decreased by 39% from the base year of 2014.

### Performance of electricity consumption from the grid

Year	No. of Stores used for calculation	Electricity Consumption (GWh)	Electricity Consumption per Area (kWh/Sq.m.)
2014	63	155	370
2015	72	159	307
2016	76	158	293
2017	80	158	276
2018	80	144	252
2019	81	147	256
2020	83	112	227

Remark: In 2020, electricity consumption decreased due to store closing during COVID-19 pandemic.

Measures taken to reduce electricity consumption in 2020	No. of stores	Amount of Electricity Decrease (kWh/year)	Amount of Ton CO <sub>2</sub> Decrease/year
Change light bulb in front of store from 75W to LED 5W	30	77,876	39
Install Motion Sensor Timer which automatically turn toilet's light on and off	77	108,750	54
Building Control Monitoring System (BCMS)	13	1,267,685	634
Change light bulb in main walkway from 64W to LED 32W	28	646,252	323
Changing light bulb in toilet from 56W to LED 14W	24	156,918	78
Install A/C timer & Exhaust fans in customer and associates restrooms	74	322,877	161

Remark: Since 1 October 2020 indicator of kg CO<sub>2</sub>/kWh = 0.4999 reference from Thailand Greenhouse Gas Management Organization

## ● Solar Renewable Energy

Solar Cell can transform solar energy into electrical energy. The electricity generated from solar cell to DC (Direct Current) can be used instantly. The Company seek for the Solar Renewable Energy approach by installed solar panels to generate electricity for its own use in HomePro, Mega Home and Market Village to generate solar electricity partial replacing of traditional transmission electricity. In 2020, there were 48 stores that installed solar roof.



Year	No. of Stores with Solar Roof	Accumulated No. of Stores with Solar Roof	No. of stores generated electricity	Electricity Production (kWh/year)	CO <sub>2</sub> Reduction (tCO <sub>2</sub> e/year)
2015	1	1	-	-	-
2016	11	12	12	1,237,806	701
2017	19	30	12	13,675,324	7,760
2018	-	30	30	31,464,766	17,910
2019	-	30	30	32,376,668	18,429
2020	18	48	48	37,659,040	21,435

Remark: 1. In 2017, solar roof was installed on HomePro Chaiyapruerk store, in addition to the existing solar panel that was already installed at the parking area back in 2015

2. CO<sub>2</sub> commission from electric by production in 2016 CO<sub>2</sub>/MWh = 0.5661 and 0.5692 tCO<sub>2</sub>/MWh since 28 September 2017 reference from Thailand Green House Gas Management Organization.

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

In 2020, the consumption of electricity generated by Solar Roof in 48 stores of the Company accounted to 37,659,040 kWh/year or equivalent to the CO<sub>2</sub> reduction of 21,435 tCO<sub>2</sub> e/year

## Carbon Footprint

As carbon dioxide (CO<sub>2</sub>) was one of greenhouse gases causing the global warming potential, the Company was well aware of such issues for energy management, especially in energy consuming activities such as electricity consumption and transportation that affect carbon emission. Hence, the Company has developed and improved its environmental performance in which it would not only help reduce the impact on environment but also the costs reduction leading to the higher efficiency of the Company.

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

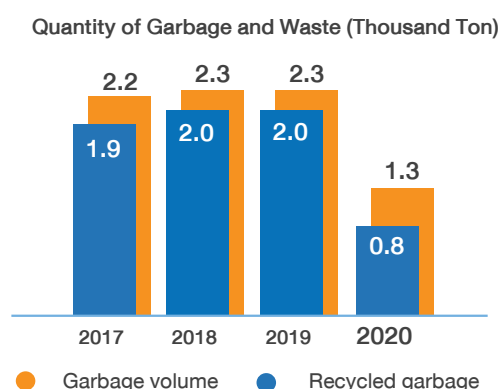
### Scope of Carbon Footprint

Scope1	Scope2	Scope3
<ul style="list-style-type: none"> <li>• Diesel fuel (company vehicles)</li> </ul>	<ul style="list-style-type: none"> <li>• Electricity</li> </ul>	<ul style="list-style-type: none"> <li>• Diesel fuel (Logistic between DC and stores)</li> </ul>
<ul style="list-style-type: none"> <li>• Natural gas (company vehicles)</li> </ul>		<ul style="list-style-type: none"> <li>• Tap water</li> </ul>
<ul style="list-style-type: none"> <li>• Diesel fuel (associates' vehicles)</li> </ul>		<ul style="list-style-type: none"> <li>• LPG gas (Associates Canteen)</li> </ul>
<ul style="list-style-type: none"> <li>• Diesel fuel (Generator &amp; Fine Pump)</li> </ul>		
<ul style="list-style-type: none"> <li>• Chemical in Fire Extinguishers (CO<sub>2</sub>)</li> </ul>		
<ul style="list-style-type: none"> <li>• Methane gas from Septic tank</li> </ul>		
<ul style="list-style-type: none"> <li>• R-407a Refrigerant (Chiller)</li> </ul>		
<ul style="list-style-type: none"> <li>• R-134a Refrigerant (Air Conditioner)</li> </ul>		
<ul style="list-style-type: none"> <li>• R-134a Refrigerant (Water Dispenser)</li> </ul>		

Year	No. of Calculated stores	Unit of Carbon Emission (tCO <sub>2</sub> e/year)		
		Scope 1	Scope 2	Scope 3
2015	72	1,103	91,535	25,678
2016	76	1,095	89,343	25,165
2017	80	978	91,884	24,551
2018	80	659	83,903	26,715
2019	81	46	84,684	28,261
2020	83	18	62,997	26,746

## Garbage and Waste Disposal

The Company's waste disposal sorting process in the headquarter and selling areas were divided into 3 categories including (1) recycled waste, (2) wet waste, and (3) chemical waste. To manage recycled wastes such as paper, plastic, and glasses, the Company will categorize recycled waste and offer an auction with waste recycle operators every 6 months or 1 year according to the change of waste prices. For wet wastes, they would be separated and stored in the particular room with air conditioning to maintain the temperature in order to control smells and the growth of bacteria, and they would finally be collected by the municipal authorities every day. For chemical wastes, such as light bulbs or lubricants, the Company would also separate and return to contracted supplier for the proper toxic waste disposal. Moreover, the Company provided training to associates and organized waste sorting campaign to ensure that associates understand and recognize the importance of waste sorting, reduction, and recycling.



Remark : In 2020, the amount of garbage and waste decreased due to store closing during COVID-19 pandemic.

The company participated in the Public-Private Partnership Project since 2017 for promoting the separation of hazardous waste and electronic waste, under the guideline of “Public-Private Assent, Hazardous Waste Disposal”, which is a collaboration between Pollution Control Department, Ministry of Natural Resources and Environment and 12 private agencies. This project was intended to promote awareness about safe disposal of hazardous waste. The company has set up 5 hazardous waste disposal points (or Drop off) for 5 types of waste including mobile phone battery, mobile phones, battery, fluorescent bulb, and contaminated container such as spray bottle. These disposal points are meant for proper waste collection of Bangkok Metropolitan Administration.

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

### Do Good together with HomePro

In 2020, the Company encouraged tenants to recognize the impact of plastic and foam on the environment, thereby inviting tenants to join ‘Do Good together with HomePro’ campaign by terminating the supply of plastic bags, plastic cup, and foams. The details are as follow:

	Plastic bags reduction (bag count)	Plastic cup reduction (cup count)	Foam cup or foam box reduction (piece count)	CO <sub>2</sub> Reduction (tCO <sub>2</sub> e/year)	Equivalent to tree planting (tree count)
2019	65,000	102,500	58,000	14	1,561
2020	115,200	144,000	14,000	14.6	1,625



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

### ● Old TV Exchange for New

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

In 2020, 55 TVs were donated by customers and the Company delivered to school and government agency to give TV for those who have less opportunity.

No. of TV Donated	2015	2016	2017	2018	2019	2020
World Vision Foundation of Thailand	761	-	-	-	-	-
The Mirror Foundation	-	497	1,439	-	-	-
School	-	-	-	160	2	28
Local government agency	-	-	-	97	147	27
<b>Total</b>	<b>761</b>	<b>497</b>	<b>1,439</b>	<b>257</b>	<b>149</b>	<b>55</b>

## ● Give it Forward Project, get new one, good promotion, good merit

The Company rolled out 'Give it Forward Project, get new one, good promotion, good merit' for donation of major appliances: refrigerator, washing machine, cloth dryer, air conditioner. Customers who donate the old appliance will entitle to purchase those new major appliances at a discount and free delivery and installation. Moreover, the Company also deliver old major appliance with good condition to The Mirror Foundation and World Vision Foundation of Thailand. These could improve quality of life to those who have less opportunity. There were 1,353 major appliances received from the customers and delivered to the following foundations in 2020.

Appliances Donated	2018	2019	2020
Yuvabadhana Foundation (Pankan)	101	825	-
Mirror Foundation	177	2,178	1,353
<b>Total</b>	<b>278</b>	<b>3,003</b>	<b>1,353</b>

## Ecological Management

The Company plans to continuously expand new stores which may affect the ecosystem. The Company recognizes the importance of biodiversity and values environmental restoration. Therefore, the Design Division of Business Development Department has been assigned to survey and study the ecosystem around the construction site of new store, and to maintain the ecological balance in a proportion that is appropriately integrated effectively in harmony with the design of the building. Moreover, the Company conducted Environmental Impact Assessment report (EIA) to evaluate environmental impact caused by store construction submitted to Office of Natural Resources and Environmental of Policy and Planning. The major part of the ecosystem that the Company will maintain are big trees. The architect will collaborate with experts to move the trees to more appropriate locations around the building. In addition, urban planning and environmental assessment are conducted before designing the building, such as ventilation and drainage system, to provide effective drainage channel without causing flood or affecting the community.

## Water Resource Management

Sources of water used for the Company's operations were from tap water, groundwater, and recycle water in which it was mainly used in stores, offices, rental stores, cleaning parking areas, and watering plants. Additionally, the Company has been trying to reduce the water consumption by assigning the maintenance division to check water pipes, meters, and other equipment every month. The Company also installed water-saving sanitary wares, faucets, and bidet showers as well as changed faucets to be with the sensor system and set the proper time for water usage. Moreover, the Company chose water from natural sources such as artesian wells for watering plants (with the grant of the government).

### Details of Water Consumption are as follows:

	2017	2018	2019	2020 <sup>5</sup>
Water consumption by source				
- Municipal water	935,984	895,156	934,034	711,527
- Natural source of water <sup>1</sup>	120,100	122,550	124,860	128,722
<b>Gross water consumption</b>	<b>1,056,084</b>	<b>1,017,706</b>	<b>1,058,894</b>	<b>840,249</b>
Water return to source of extraction <sup>2</sup>	120,100	122,550	124,860	128,722
<b>Net water consumption <sup>3</sup></b>	<b>935,984</b>	<b>895,156</b>	<b>934,034</b>	<b>711,527</b>
Number of Stores <sup>4</sup>	80	80	81	83
<b>Net water consumption per store</b>	<b>11,700</b>	<b>11,189</b>	<b>11,531</b>	<b>8,573</b>

Remarks : 1. Other source of water e.g. ground water that passed permission from the government to extract

2. Water return to source of extraction e.g. ground water at similar as raw water extracted

3. Net water consumption = Gross water consumption – Water return to source of extraction

4. Count only HomePro stores

5. In 2020, water consumption was decrease due to the store closure from COVID-19 pandemic

## Campaigns to associate for the Efficient Use of Resources

- Cultivate the environmental awareness by encouraging for associate not to bring plastic bag from outside into the workplace along with distributing cloth bags to each associate. This is to enhance the awareness of global conservation and encourage all associates to participate in plastic bag reduction together.
- Encourages associates to stop drinking water from plastic bottles and cups by providing reusable water bottle to all associates intended for reuse purposes. Moreover, the Company terminated the supply of plastic bottled water to visitors and replaced those with water in biodegradable cups, which subsequently reduced 43,200 plastic bottles and 3.1 tons of CO<sub>2</sub> emission that is equivalent to planting 350 trees annually.
- Provide knowledge and training to associates regarding environmental conservation awareness as well as internally promote energy saving procedures in office via PR boards, intranet, and "HomePro Go Green" project
- Encourage the reuse of material such as 2-side use of paper
- Turn-off air conditions and lights when no one uses a room for a while
- Change switches to be a non-off system, and associates would be responsible for their own desks
- Promote energy-saving activities such as "HomePro Fun Walk" for associates to walk upstairs rather than taking an elevator
- Set the temperature in the office not less than 25 degrees Celsius

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

## Environmental Management of Subsidiaries

### DC Service Center Company Limited

Distribution Center is in Lam Sai, Wang Noi District, Ayutthaya, was established in 2004 in the area over 205,177 sq.m. to manage warehouses and logistics for the Company. Currently, there are 865 associates in which most of them were local employment.

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

- Install High Volume Low Speed Fans (HVLS Fan) ventilation systems replacing of Jet Fan ventilation system, to reduce electric energy consumption
- Purchase an adequate amount of battery chargers and batteries for use, and adjust battery charging cycle time for forklifts and truck batteries by avoiding "On Peak" period.
- Control lighting illumination times and have an action plan to reduce electric consumption every year.
- Reduce the number of battery-powered forklift, pushcart by using electric trailer which increase loading capacity from 2 pallets per trip to 6 pallets per trip.
- Reducing paper usage from printing Tag Label for the picking and storing of products by sending information through the Hand-Held system
- Reducing the use of wrapping film about 45% a month by replacing labor with machinery since 2013

Measures taken to reduce electricity consumption in 2020	Amount of Electricity Decrease (kWh/y)	Amount of Ton CO <sub>2</sub> Decrease/year
1. Reduce the number of lighting operating in warehouse	271,472	136
2. Install motion sensor which control the lighting and fan in toilet	11,213	6
3. Reduce the number of lighting operating on road surrounding warehouse	4,205	2

Remark : Since 1 October 2020, the indicator of kg CO<sub>2</sub>/kWh = 0.4999 reference from Thailand Greenhouse Gas Management Organization

### Market Village Company Limited

Providing areas for rent and utilities to tenants were its business. There constantly was the environmental management including the building design to match with the surrounding environment, and planting tree to maintain shady surrounding. There were also the energy-saving control and environmental conservation as follows:

- Set turn-on and turn-off times for air conditioning system and avoid starting cooling system during the peak load time (at 9 AM and 10 PM) due to the higher electricity price.
- Set up the Chiller Plant Management System to manage the automatic air conditioning system for the efficient use and cost saving.
- Install films inside building areas where were sunny spots to decrease the work load on air conditions
- Set up the water treatment system by treating and measuring quality of used water in accordance with the standard of Ministry of Natural Resources and Environment before releasing to public pipes.
- Install the intelligent car park to assist customer to find parking lots that could also help customers save energy
- Manage preventive maintenance in accordance with the cycle of operation, evaluating machinery efficiency of each technique, checking the operation pattern of the building and adjusting temperature and air condition system to be in line with the weather conditions each day.
- Install solar panel on roof to generate electricity supplied for own use.

Measures taken to reduce electricity consumption in 2020	Number of stores	Amount of Electricity Decrease (kWh/y)	Amount of Ton CO <sub>2</sub> Decrease/year
1. Install 3 set of VSD to control water pump	1	81,990	41
2. Change air injection unit in water treatment system (Phase1)	1	43,200	22
3. Change internal spotlight from 15W to LED 50W for 59 sets	1	12,921	6
4. Reduce the operation time of park lighting from 24.00PM to 22.30PM	1	29,516	15
5. Change parking spotlight from 5T 28W to LED 18W for 1,520 sets	1	87,257	44

Remark : Since 1 October 2020, the indicator of kg CO<sub>2</sub>/kWh = 0.4999 reference from Thailand Greenhouse Gas Management Organization



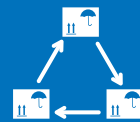
### Mega Home Center Co., Ltd.

Mega Home operated the integrated retail and wholesale of home related products. It started the environmental responsibility through installation of solar power-based alternative energy. Solar cells on the roof of Mega Home generate solar power to edge out electricity on transmission system. In 2020, 7 stores were installed with solar rooftop. Also, water management includes water-saving toilet bowls, faucets, bidet, and sensor faucets with proper timing water usage. Furthermore, groundwater was also used as well as recycled water from wash basin was transmitted to toilet boil.





# Supply Chain Management



“

Elevate the sustainability level of the supply chain by cooperating with suppliers to develop products and packaging that are friendly to the environment. Manage the logistics more effectively by transporting goods from manufacturers to warehouse or stores by Back Haul, to help suppliers in terms of warehouse management and transportation, as well as to reduce wasted back haul trips and support mutual sustainable growth of the Company and suppliers.

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## 4. Supply Chain Management



### Challenges

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

### Management

Through the Company's measures, comprehensive supply chain management is carried out together with follow-up system. Monitoring system involves key indicators such as risk assessment outcome, spending analysis with multiple dimension such as by number of suppliers, spend value and region, and supplier's categorization. In addition, supplier governance and assessment and supplier development are carrying out to ensure sustainable operation of the entire supply chain.

### Goals

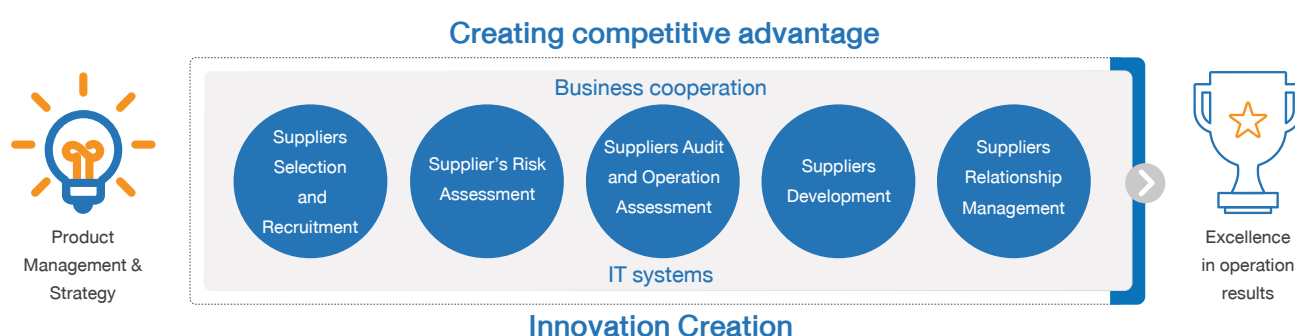
1. To raise the response of survey on supplier's sustainability to be 80% in 2025
2. Suppliers would receive 100% acknowledgement of Supplier Sustainable Code of Conduct
3. To increase local procurement more than 90% of total procurement

### Strategies

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

## Operation of Supply Chain Management in 2020

### Risk assessment and classification for suppliers



### Suppliers Selection and Recruitment (Supplier Identification)

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

1. Ability to produce
2. Ability to control Quality
3. Risk Management
4. Product Audit & Traceability
5. Warehouse Management
6. Quality of Delivery
7. After Sale Service
8. Environmental and social management according to the ESG sustainability framework

### Supplier Selection Criteria

The Company focuses on the importance of supplier selection through a standardized and fair selection processes with equal treatment. The Company considers having partners that are well-known, have ethical sourcing, professional, considerate with social and environmental issue and focus on welfares of their associates in accordance with labor standards, without violating environmental and labor regulations as specified in the procurement agreement, as well as encourage and promote suppliers on anti-corruption policy by mutual understanding both the Company's and suppliers' strengths to enhance further business growth.

For the business operations, the Company complied with the 2017 Trade Competition Act by the Trade Competition Commission for the guidelines of trade practices between retailers and manufacturers/ distributors under the Trade Competition Act B.E. 2560 (2017). The Company and suppliers jointly amended contracts to be more detailed and transparent in which the Company viewed suppliers as business partners. The criteria are as follows:

1. Reliable financial record, long-term growth potential with the Company, and manufacturing process that takes complies with the laws regarding the community and environmental concerns such as respect human rights, no illegal employment, and no harm to the environment.

2. Manufacture or distribute products with required and verifiable quality.
3. Support in promotional campaigns and provide after-sales services

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

### Supplier's Risk Assessment

The Company conducts Spending Analysis by considering data such as number of suppliers, product categories, purchase volume and location of suppliers. The result of the analysis is incorporated into business process and risk management in the supply chain.

### % Sourcing by Procurement Category (Spending Analysis)

Percentage	Source of Country
93.9	Thailand (Local)
6.1	Oversea Supplier
Percentage	Product Category
14.8	Softline
85.2	Hardline

In addition, the Company has identified Critical Suppliers by considering the purchase volume and Non-Substitutable suppliers. The information is used in managing risks that may be caused by suppliers. The Company's merchandizer teams conduct Pre-Assessment and Post Purchase Audit on critical suppliers. Especially for Private Brand suppliers, the Company conducts vendor visits at least twice a month in addition to Non-Private Brand suppliers visits. The Company also hires TNT INTERNATIONAL LIMITED as 3<sup>rd</sup> party inspector to check the quality of products from the manufacturers.

In 2020, to prevent the spread of COVID-19, the Company conducted quality inspection and supplier visit through online channel. Meetings with suppliers took place via Virtual Meeting and Teleconference every quarter to reduce travelling and the risk of COVID-19 infection.

#### Corrective actions in case a supplier does not comply with the agreement

- Discuss the issue by setting the scope of the problem and corrective timeline clearly.
- Verbal and letter warnings
- Terminate trade agreement
- Claim for damages

#### Detail of suppliers

Supplier type	Number of suppliers
Supplier Tier1	1,139
Critical Supplier	10
High SD Risk	5

#### Suppliers Audit and Operation Assessment

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

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

In addition, the Company assesses the sustainability of suppliers by covering the aspects of Environment, Social, and Governance (ESG) every 3 years, and every year for Critical Suppliers. In case a supplier receives high ESG sustainability risk evaluation, the Company will call a discussion with the supplier to inform the issue and find the solution together, such as to review the supplier’s understanding of ESG sustainability, provide training, and elevate the sustainability level for the supplier.

#### Performance in 2020

- Respond rate of sustainability self-assessment questionnaire for suppliers was 83%
- 947 suppliers out of 1,139 total suppliers have been assessed
- 100% of suppliers acknowledged Supplier Sustainable Code of Conduct
- 100% of critical suppliers were audited annually
- 100% of suppliers with high sustainable risk were audited annually
- 100% of suppliers with high sustainable risk were given with corrective action plans and measurements to mitigate sustainable risk

#### Suppliers Development

There was dynamic change in customer’s demand such as the upcoming aging society, change in customer’s behavior New Normal as well as they are more concerned product value for money. Thus, the Company determined supplier development measures and cooperated with supplier to differentiate products in order to maintain existing customer base and attract new customers by establishing the following measures:

## ● Sharing Economy

The company encourages SME partners to be part of sharing economy by sharing raw materials and collaborate in product development to create new product. Since SMEs have limited funding and different expertise in different products, in order to jointly create new product, they can make the most out of joint-business collaboration in activities such as joint purchasing packaging, label, and joint purchase of raw material together to achieve lower price comparing to individual purchases. In addition, there are also co-product design between the company and SME partners to build products that meet the design, quality, and new innovations that will occur in the future. The company specializes in designing and understanding customer needs, while suppliers are good at sourcing raw materials and manufacturing. The finished products will reflect both good design and quality as well as potential for future innovation. Sharing Economy reduces costs and combines resources. Sharing of knowledge by both parties will result in lower costs and more innovations.

### Operation results

#### 1. Parts or Raw Material for Manufacturing

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

#### 2. Packaging and Products' Label

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

#### 3. Suppliers' Manufacturing Coordination

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

### Uplift service quality standard of logistics suppliers

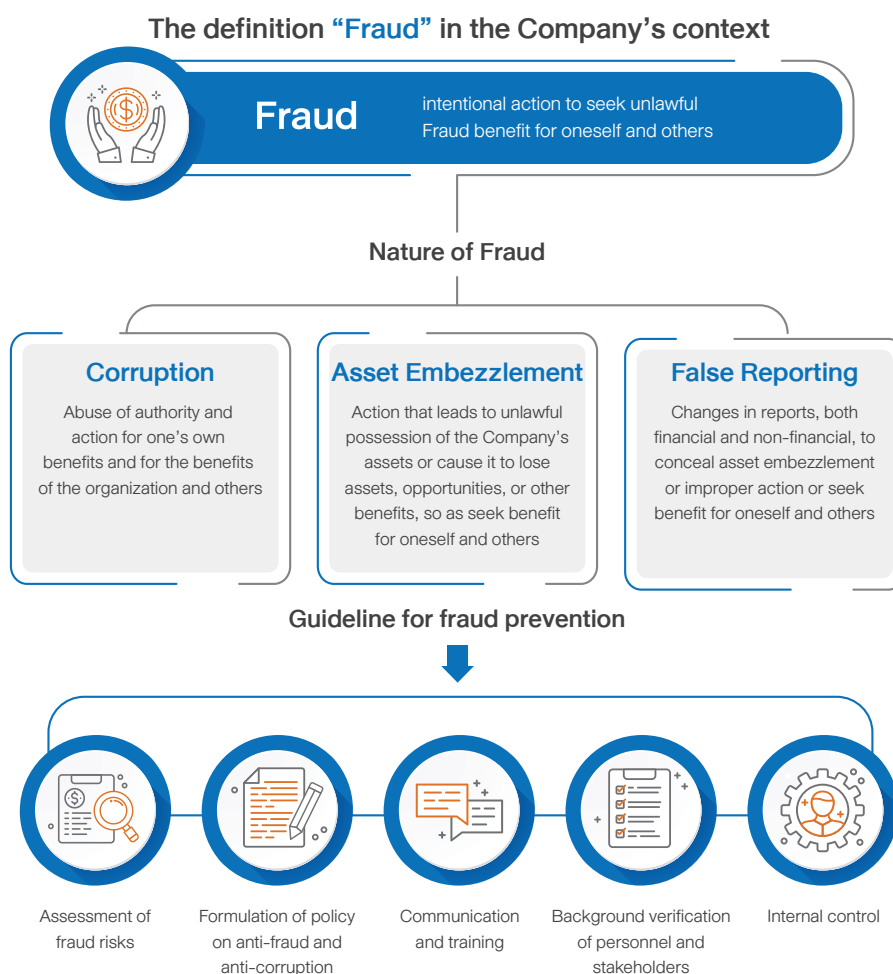
The Company place importance on the standard of the service quality offered by suppliers to ascertain customer satisfaction, particularly logistics that must be safe and efficiently managed, from preparation to delivery. The Company controls the logistics standard of suppliers that must replicate the standard set by the Company. In 2020, the Company awarded suppliers that offer excellent services, fully delivered and on time, and receive highest compliments and no complaint from customers. There were 3 awards including Best Supplier Award 2020, Compliments Award 2020, and The Best Queue Award 2020. In 2020, 18 suppliers were awarded.



*Best Vendor Award 2020, Compliments Award 2020 and The Best Queue Award 2020*

## Uplift Anti-corruption measures

In 2020, the Company continue to proceed with the enhancement of the anti-corruption campaign, continuing from previous years. Thus, the Company was successfully approved and certified by the CAC - Thailand's Private Sector Collective Action Coalition Against Corruption as planned.



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

1. The management, associates, suppliers, and stakeholders must acknowledge the Anti-Corruption policy and the Company's guidelines of good corporate governance and business ethics. Such guidelines would be posted through mails, intranet, the Company's website, and through public campaigns to encourage the management and its personnel to acknowledge and comply with as well as communicate with the Company's suppliers via Supplier Relationship Management system on the Anti-Corruption policy and No Gift Policy.
2. The Internal Audit Department was assigned to inspect internal control, risk management, corporate governance, and to give advice on regular basis by auditing according to the annual audit plan as approved by audit committee and report on significant findings and recommendation on monthly basis.
3. The Risk Management and Internal Control Committee were assigned to constantly monitor and assess the risk of corruption as well as report the result to the Board of Director
4. If there was any significant impact on the financial position and the Company's performance as well as activities that were illegal and violating ethics, the Audit Committee would report to the Board of Directors to define the prevention measure and punish the wrongdoers as recommended by Audit Committee

5. Broaden the supply chain anti-corruption practices by encouraging suppliers to join the Collective Action Coalition Against Corruption or CAC as well as completing an anti-corruption training.
6. Provide channel to receive complaints or evidence of corruption through Website, email, and Hotline.

**Website :** [www.homepro.co.th](http://www.homepro.co.th)

**Email :** [md@homepro.co.th](mailto:md@homepro.co.th)

**Hotline :** 02

### Operation result

- The Internal Audit reviewed and assessed internal control. Overall, the internal control was appropriate.
- Certified to be a Member of the Thailand's Private Sector Collective Action Coalition Against Corruption: CAC
- The No Gift policy has come into effect at the head office and stores. It is also applied to Vendor Relationship Management (VRM) system to notify such policies to supplier.
- Support suppliers to attend Anti-Corruption seminar organized by CAC.



### Evolving into Innovative Organization

The Company drives innovation as the essence of an endeavor to be an innovative organization in the future by determine business model. Internal innovative culture promotion and lateral thinking encouragement are fostered amongst

associates. They ensure novel knowledge and innovation ranged from product innovation, service innovation and process innovation to business model innovation. Innovation ideas and proposals can be forwarded to the Company via [inno@homepro.co.th](mailto:inno@homepro.co.th). In 2019, the Company focused on innovation campaigns by promoting “the Think & Act as HomePro activities” to impart organizational culture based on suggestion system. This mechanism motivated associates to jointly explore a way to ensure that operation is ‘better, nice, neat, faster, less damage-prone, cost-saving and greater customer satisfaction’. Its emphasis rested on ‘systematic thinking’ and information verification and the reliance on fact before “initiating”

### Operating result

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

### Automated Storage and Retrieval System (ASRS)

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

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

### **Green Transport and Supply Chain**

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





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

- Full Truck Load delivery concept: Set up the weighing platform and the control loading system to maximize product volume per delivery.
- Consolidation: Combine deliveries by planning the route and schedule to deliver more drops to customers and to multi-stores to drop in one trip.
- Back Haul: Using empty trucks to collect products from manufacturers to the warehouse or HomePro store instead of taking empty trucks back. Since 2019, the company provide logistic system for Mega Home Co., Ltd. Thus, the Company can manage better Back Haul project more efficiency as there is no limit between Companies. Moreover, the Company set up working process in order to further increase efficiency.
- The size of the container was enlarged from 40 feet to 45 feet to increase the capacity of transportation per trip and could reduce the number of trips effectively.
- Using 9.4-meter truck to increase transportation capacity from 12 pallets to 18 pallets per trip. The change enhanced transportation capacity and reduced the number of trips, as well as fuel consumption. In 2020, there were 30 trucks providing service in Bangkok area.

### **Packaging management**

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

In 2020, the Company designed and developed packaging for Private Brand as follows:

Packaging	
 	<p>Cardboard box made of recycled paper</p> <ul style="list-style-type: none"> <li>- Tiles: 54 SKUs</li> <li>- Sanitary ware: 13 SKUs</li> <li>- Toilet accessories: 330 SKUs</li> <li>- Lamp and Fan lamp 262 SKUs</li> </ul>
	<p>Use recycled paper for inserts and headers in packaging. Use soy ink to print labels on the paper.</p> <ul style="list-style-type: none"> <li>- Curtains and accessories 359 SKUs</li> <li>- Carpet 200 SKUs</li> <li>- Cushion pillow 126 SKUs</li> <li>- Decorative accessories 37 SKUs</li> </ul>
	<p>Use cloth bag instead of plastic bag</p> <ul style="list-style-type: none"> <li>- Curtain: 26 SKUs</li> </ul>

#### Details of Private Brand's packaging statistic in 2020

Plastic Packaging Material	2017	2018	2019	2020
Total weight (tones) of all plastic packaging	155.5	149.3	146.4	127.8
Percentage of recyclable plastic packaging (as a % of the total weight of all plastic packaging)	5.9%	5.9%	6.3%	6.3%
Coverage (as a % of private brand cost of goods sold)*	100%	100%	100%	100%

Other Packaging Material	Coverage (% of cost of goods sold*)	Total weight (metric tones)	Recycled Material (% of total weight)
Wood/Paper fiber packaging	100%	7,743	95.49%
Metal (e.g. aluminum or steel) packaging	100%	14.5	-
Glass packaging	100%	32.8	-

Remark: Coverage as a % of private brand cost of goods sold.



# Social and Community Development

“

Create good livelihood for the community and the society. Promote economic growth by employment locally where the stores are located for job creation and income distribution to the community. The Company also providing training to technicians through Young Entrepreneur program. The program aims to address the demand of customers that require Home Service more and more.

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## 5. Social and Community Development >

### Challenge

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

### Management

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

### Goals

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

### Strategies

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

## Operation of Social and Community Development in 2020

### ● The Young Entrepreneur 'Tao Kae Noi' project

The Company strives to support and promote the good quality of living for the community and the society by offering sufficient Living Wage. The Company also promotes economic growth by providing training for technicians in Young Entrepreneur program. This is to ensure the standard of technicians who provide services to customers, since a lot more customers are looking for technicians for home repair and maintenance nowadays. Unfortunately, the problem lies in the quality and requirement of workers. The Company consistently enlarges services and is needed of more numbers of technicians. The current workforce is made of full-time staff and subcontractors. Surveys by the Company indicate that there are plenty of competent technicians who wish to own a business but lack financial support. As such, the Company offers support and assists to turn them into an entrepreneur so that they are ready to take more assignments provided by the Company and grow together with the Company.

## Young Entrepreneur

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

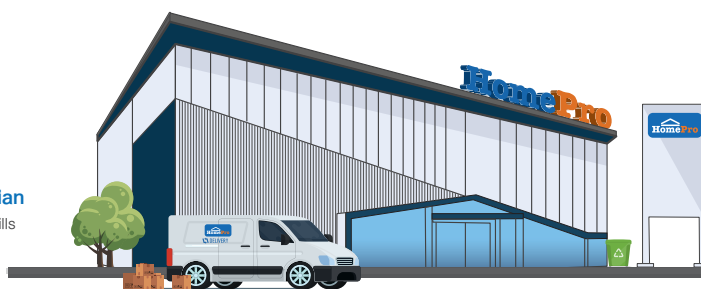
- Knowledge support
- Multi-skill training
- Financial support
- Facilities providing
- Job creation
- Job Guarantee
- Provide welfare and stability

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



### Social Impact : Technician

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



### Social Impact : Customer

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



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For more information

### Business Impact

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

### Business Impact

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

## Operating Process

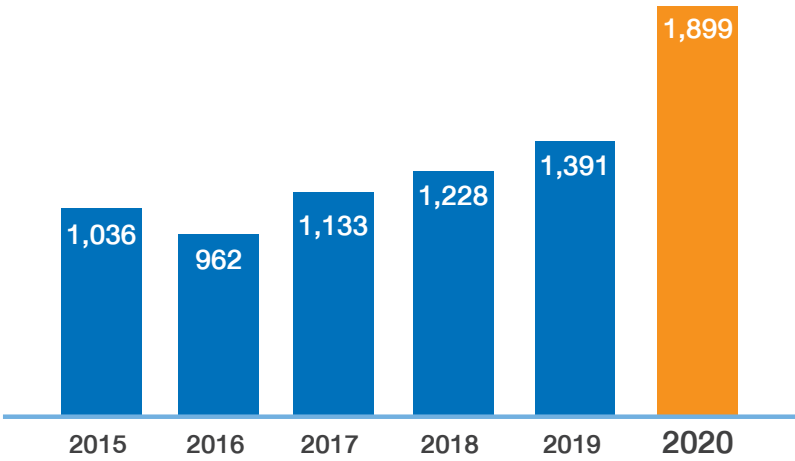
The Company would provide support to small contractors that were lack of financial supports, technical knowledge, equipment, and fundamental facilities under the project of “Tao Kae Noi”. The Company distributed home services to external contractors in which technicians would be trained to acknowledge working policies, instructions, and procedures to provide services to customers within the same standards. In addition, the Company emphasized the enhancement in Tao Kae Noi’s technical skill to be in accordance with international standard by offer technician to participate the “national skill’s standard test” by Department of Skill Development, Ministry of Labor.

In collaboration with the Department of Skill Development, Ministry of Labor, the Company supported the WorldSkills Competition for two years in a row. The Company participates in the subcommittee of labor skill standard in the cooling system, supported awards, tools and equipment for the contestants in rehearsals and offered a trainer along with knowledge for contestants. The winner represented Thailand would then be the contestants in the WorldSkills Competition in both ASEAN and international levels. In 2018, 1 trained technician was the Thailand’s envoy to compete in the WorldSkills Competition in Abu Dhabi, United Arab Emirates. Awarded the 4th runner-up in the

cooling system machine technology, the winner now subsequently works at HomePro as an internal technician development trainer and a coach to mentor contestants in the WorldSkills Competition for the upcoming years.

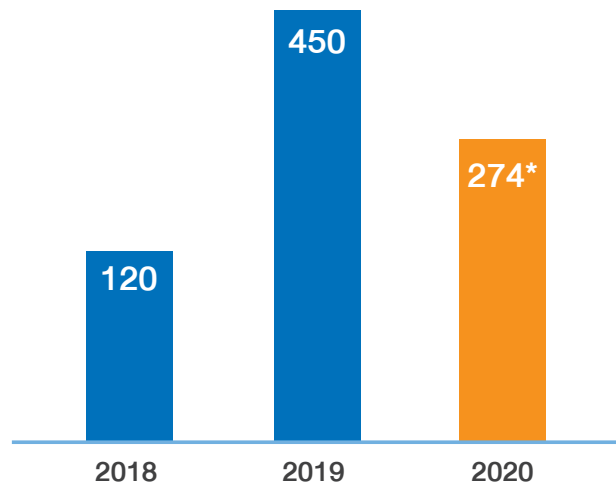


Number of Technical (Teams)



Besides, the Company was awarded a trophy from the Ministry of Labor for contributions for contribution to promote technical skill to international standard by sending technical teams to be certified with the Department of Skill Development, Ministry of Labor. In 2018, a total of 120 technicians passed the standard test and received “Certified Star Labor badge”.The Company continued to develop the skills of technical teams by sending technicians to take the technical standard test. 450 and 274 technicians passed the test in 2019 and 2020 respectively.

**Number of Technicians who received  
Certified Star Labor Badge  
(Technician Count)**



Remark : \* In 2020, the number of technicians who took the test reduced due to COVID-19 situation

In addition, the Company received “Skill Development Network” award from the Department of Skill Development, Ministry of Labor, for being the organization that strived to develop its personnel to align with Thailand 4.0 goal of the government. The goal is to develop labor to have the necessary skills that match the demand of the labor market. The Department of Skill Development selected 22 Companies that consistently cooperate in providing job security for Thai labor and support Thai team in competing internationally.



### ● Home Pro Academy

In 2020, the Company collaborated with the Department of Skill Development and Ministry of Labor to broaden the scope of Technician Development Program by introducing courses on electrical appliances installation and tiling, where technicians will receive training at the actual location that covers both theoretical and practical implications. Moreover, technicians will be tested and certified by the Department of Skill Development and Ministry of Labor. Currently, there are 81 technicians completed the program and are employed as HomePro’s associate, which are assigned to fulfil Home Service tasks, thereby this also reduced technician shortage.

## COVID-19 Relief Projects

### ● Donation to the Thai Red Cross Society for COVID19 relief project

The Company's management was honored to receive an audience with Her Royal Highness Princess Maha Chakri Sirindhorn at Chaipattana Building, Chitralada Palace. The Company donated 1 million Baht in support of COVID-19 related programs of the Thai Red Cross Society. In addition, one of the Company's suppliers, TCL Electronics (Thailand) Limited presented 110 televisions, worth 489,410 baht, to Phrapariyattidhamma School to support the education of Buddhist novices.



### ● Donation of COVID-19 Screening Rooms

The Company donated 300,000 Baht to support the Commercial Welfare Foundation – Thai Chamber of Commerce, to build COVID-19 Screening Rooms along with medical equipment as part of the effort to prevent the spread of Coronavirus (COVID-19).



## ● Field Hospital for Lopburi Province

The spread of Coronavirus (COVID-19) in 2020 affected many countries around the world including Thailand. The Company as the leader in Total Home Solution, who has the knowledge and expertise in everything about home, recognized the importance of public support by cooperating with government agencies in Lopburi Province, including the Lopburi Governor, Lopburi Provincial Public Health Office and Lopburi 1st Battalion to build “Field Hospital”. The Company assisted in designing and converting military house into field hospital to prevent the spread of Coronavirus or COVID-19 effectively. The Company provided building materials to engineers of the 1st Battalion to convert military house into field hospital with 16 beds. Partitions are put up to divide patient rooms to ensure hygienic proportion. Amenities such as drawers, fans, lamps, and electrical sockets are provided in every patient room. Roof improvement materials are provided for hospital counter area to reduce heat, by assembling the ceiling with heat insulation. The roof of patient screening area is replaced by metal sheet with heat insulation. The effort has helped related agencies in handling patients, reducing burden, and support qualified medical professionals to provide health care to Thai people throughout the country.



## ● Donation of Negative Pressure Isolation Room

The Company partnered up with Nontaburi Provincial Chamber of Commerce to deliver 1 Negative Pressure Isolation Room and medical equipment to Bang Bua Thong Hospital, Nontaburi, to support the operation of medical personnel in taking care of COVID-19 patients, and prevent the risk of medical personnel being infected by the virus.



## ● Donation of Hand-Free Sanitizer Dispensers

The Company and Skill Development Institute 14 Pathumthani recognizes the importance of good hygiene of the citizens and took part in preventing the spread of COVID-19 by providing 50 sets of hand-free dispensers for hand sanitizer to Mr. Jaroonsak Singhadech, Deputy Governor of Pathum Thani Province. Mr. Akkapong Kittisarn, Vice President of Training and Development, was the representative of the Company to deliver the equipment, together with Mrs. Wichitra Buranawanich, the Director of Skill Development Institute 14 Pathumthani, on May 14th, 2020 at Pathumthani City Hall. The dispensers are placed to serve citizens who visit governmental offices such as the City Hall, Department of Employment, Department of Labor Protection and Welfare, Social Security Office, Provincial Labor Office, and Juvenile Observation and Protection Center, etc.



## ● Toilet for Community Project

With the determination to improve the well-being of students in rural areas and senior citizens, the Company donated hygienic restrooms to public schools under the ministry of education nationwide. The campaign is called “Kids’ toilet project”. The Company also collaborated with the Bangkok Metropolitan Administration to renovate a number of selected restrooms in public parks throughout Bangkok to meet the standard of Universal Design. These restrooms were approved by Healthy Accessibility and Safety stand of Department of Ministry of Public Health according to the hygiene, affordability, and safety. Since 2017, the company

expanded its project from Toilet for Public and the Elderly to Restroom for Disabled Project. The company surveyed the behavior of disabled people in Karunyawet Home in Chonburi, which takes care of more than 400 disabled. The restrooms were designed and renovated to be hygienic, safe, and comfortable for better quality of life of the disabled. In 2020, the Company expanded the coverage area of Toilet for Community Project by designing and renovating 16 bathrooms for Lopburi 1st Battalion in Khao Sam Yot, Mueang District, Lopburi Province.

## Before Renovation



## After Renovation



Picture: Bathroom at 1<sup>st</sup> Battalion 1 in Khao Sam Yot, Mueang Distric, Lopburi Province

## Statistic data of toilet for Community Project

	2015	2016	2017	2018	2019	2020	Accumulated since establishment
Number of Toilets							
- Kids' Toilet	181	54	-	25	26	10	2,432
- Public and Elders' Toilet	-	36	-	3	7	16	62
- The Disabled Toilet	-	-	24	24	1	-	49
Donated amount (Million Baht)	10.90	5.4	1.4	3.1	2.0	1.6	152.6
Number of associates participated in this project (Person)	100	100	50	75	60	20	1,460

## ● Activities supporting local community's occupation

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

## ● Khon Kaen Provincial OTOP Distribution and Exhibition Center

The Company cooperated with Khon Kaen Provincial Office to renovate the Provincial OTOP Distribution and Exhibition Center under the theme “Modern Khon Kaen”. The center serves as the sales channel for community products and helps drive the economic foundation for community occupation to suit the New Normal lifestyle after COVID-19. The Company donated 95,940 Baht worth of furniture to revamp the center. The OTOP Distribution and Exhibition Center gives OTOP product manufacturers inspiration and more household income, in response to the economic driven policy of the government to generate economic circulation in Khon Kaen province and provide shoppers more satisfaction and convenience.



## ● Home Service for the Society

In 2020, the Company opened the opportunity for technicians, who passed the training and standard test from the Department of Skill Development – Ministry of Labor, to utilize their skills in actual practice by providing free of charge Home Service to help the community. The services include air conditioner cleaning, sanitary ware installation and electrical appliance installation for Phramongkutklao Hospital, Thanyaburi Home for the Destitute Women and Thanyaburi Home for the Destitute Men.



## ● Religious Activities

The Company continuously organized religious activities by encouraging the management and associates to participate in religious activities on Buddhist days. In 2020, the Company hosted Kathina ceremony as follows:

Temple (Province)	Activities	Donated amount (Baht)	No. of Associate participated (person)
Laem Son Temple, Chumphon	Kathina Ceremony	1,653,769	100
Lam Phakchi Temple, Bangkok	Kathina Ceremony	200,000	20
Pa Samakee Temple, Buri Ram	Kathina Ceremony – Northeast Region	712,276	120
Khao Khanthamat Temple, Chon Buri	Kathina Ceremony – East Region	220,889	100
Boonkhumwanaram Temple, Phrae	Kathina Ceremony – North Region	169,999	50



## ● Blood Donation Project

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



Year	Donated amount (milliliter)	No. of Associate donated (person)
2016	2,648,250	5,885
2017	2,218,050	4,929
2018	2,144,250	4,765
2019	2,790,450	6,201
2020	99,900	222

Remark : In 2020, the number of donors reduced due to COVID-19 infection's prevention concerned.

#### Detail of donation for Social and Community in 2020

Type of Investment and Donation for Society	Unit (Baht)
Cash	13,110,259
Non-cash	1,560,000
Time (value of working hour)	288,000
Management overheads	50,000

Investment and Donation	%
Commercial Initiatives	74.8
Charitable Donations	16.5
Community Investment	8.7

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

Association	Value (Baht)						
	2014	2015	2016	2017	2018	2019	2020
The Retailer Association	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Board of Trade of Thailand	23,000	23,000	23,000	23,000	23,000	23,000	23,000
Thai Institute of Directors Association*	5,300	5,300	5,300	5,300	5,300	5,300	5,300
Thai Listed Companies Association	-	-	-	-	-	25,000	25,000
<b>Total (baht)</b>	<b>58,300</b>	<b>58,300</b>	<b>58,300</b>	<b>58,300</b>	<b>58,300</b>	<b>83,300</b>	<b>83,300</b>

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





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

#### Channels for returning Feedback Form



##### 1. Email

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



##### 2. Facsimile

+662 - 832 - 1066



##### 3. Mail

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

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<b>GRI 304: Biodiversity</b>	103-1	Explanation of the material topic and its Boundary	114,120
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	304-3	Habitats protected or restored	120
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<b>GRI 305: Emissions</b>	103-1	Explanation of the material topic and its Boundary	114
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	305-1	Direct (Scope 1) GHG emissions	117
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	305-6	Emissions of ozone-depleting substances (ODS)	117
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	117
<b>GRI 306: Effluents and Waste</b>	103-1	Explanation of the material topic and its Boundary	118-119
	103-2	The management approach and its components	118-119
	103-3	Evaluation of the management approach	118-119
	306-1	Water discharge by quality and destination	120
	306-2	Waste by type and disposal method	118-119

GRI Standard	Disclosure		Page number(s) and/or direct answer
GRI 307: Environmental Compliance	306-3	Significant spills	Not Significant spills
	306-4	Transport of hazardous waste	118-119
	306-5	Water bodies affected by water discharges and/or runoff	Not Significant runoff
	103-1	Explanation of the material topic and its Boundary	114
	103-2	The management approach and its components	114
	103-2	Evaluation of the management approach	114
	307-1	Non-compliance with environmental laws and regulations	Fully compliance
GRI 308: Supplier Environmental Assessment	103-1	Explanation of the material topic and its Boundary	125
	103-2	The management approach and its components	125
	103-2	Evaluation of the management approach	125
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GRI 401: Employment	103-1	Explanation of the material topic and its Boundary	92
	103-2	The management approach and its components	92
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	401-3	Parental leave	N/A
GRI 402: Labor/Management Relations	103-1	Explanation of the material topic and its Boundary	92
	103-2	The management approach and its components	92
	103-3	Evaluation of the management approach	92
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GRI 403: Occupational Health and Safety	103-1	Explanation of the material topic and its Boundary	134
	103-2	The management approach and its components	92
	103-3	Evaluation of the management approach	92
	403-1	Hazard identification, risk assessment, and incident investigation	109-111
	403-2	Occupational health services	107
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	403-7	Workers covered by an occupational health and safety management system	109-111
	403-8	Work-related injuries	110
	403-9	Work-related ill health	110
	403-1	Work-related ill health	110
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GRI 404: Training and Education	103-2	The management approach and its components	92
	103-3	Evaluation of the management approach	92
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	404-2	Programs for upgrading employee skills and transition assistance programs	100
	404-3	Percentage of employees receiving regular performance and career development reviews	103

GRI Standard		Disclosure	Page number(s) and/or direct answer
<b>GRI 405: Diversity and Equal Opportunity</b>	103-1	Explanation of the material topic and its Boundary	92
	103-2	The management approach and its components	92
	103-3	Evaluation of the management approach	92
	405-1	Diversity of governance bodies and employees	109
	405-2	Ratio of basic salary and remuneration of women to men	95
<b>GRI 406: Non-discrimination</b>	103-1	Explanation of the material topic and its Boundary	92
	103-2	The management approach and its components	92
	103-3	Evaluation of the management approach	92
	406-1	Incidents of discrimination and corrective actions taken	179-180
<b>GRI 407: Freedom of Association and Collective Bargaining</b>	103-1	Explanation of the material topic and its Boundary	92
	103-2	The management approach and its components	92
	103-3	Evaluation of the management approach	92
	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	106
	408-1	Operations and suppliers at significant risk for incidents of child labor	180
<b>GRI 408: Child Labor</b>	103-1	Explanation of the material topic and its Boundary	92
	103-2	The management approach and its components	92
	103-3	Evaluation of the management approach	92
	408-1	Operations and suppliers at significant risk for incidents of child labor	180
	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	179-180
<b>GRI 409: Forced or Compulsory Labor</b>	103-1	Explanation of the material topic and its Boundary	92
	103-2	The management approach and its components	92
	103-3	Evaluation of the management approach	92
	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	179-180
	410-1	Security personnel trained in human rights policies or procedures	111
<b>GRI 410: Security Practices</b>	103-1	Explanation of the material topic and its Boundary	92
	103-2	The management approach and its components	92
	103-3	Evaluation of the management approach	92
	410-1	Security personnel trained in human rights policies or procedures	111
	411-1	Incidents of violations involving rights of indigenous peoples	No Violation
<b>GRI 411: Rights of Indigenous Peoples</b>	103-1	Explanation of the material topic and its Boundary	No Violation
	103-2	The management approach and its components	No Violation
	103-3	Evaluation of the management approach	No Violation
	411-1	Incidents of violations involving rights of indigenous peoples	No Violation
	412-1	Operations that have been subject to human rights reviews or impact assessments	108
<b>GRI 412: Human Rights Assessment</b>	103-1	Explanation of the material topic and its Boundary	92
	103-2	The management approach and its components	92
	103-3	Evaluation of the management approach	92
	412-1	Operations that have been subject to human rights reviews or impact assessments	108
	412-2	Employee training on human rights policies or procedures	104
<b>GRI 413: Local Communities</b>	103-1	Explanation of the material topic and its Boundary	134
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	103-3	Evaluation of the management approach	134
	413-1	Operations with local community engagement, impact assessments, and development programs	134-144
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GRI Standard	Disclosure		Page number(s) and/or direct answer
<b>GRI 414: Supplier Social Assessment</b>	103-1	Explanation of the material topic and its Boundary	125
	103-2	The management approach and its components	125
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<b>GRI 415: Public Policy</b>	103-1	Explanation of the material topic and its Boundary	176-180
	103-2	The management approach and its components	176-180
	103-3	Evaluation of the management approach	176-180
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<b>GRI 416: Customer Health and Safety</b>	103-1	Explanation of the material topic and its Boundary	80
	103-2	The management approach and its components	80
	103-3	Evaluation of the management approach	80
	416-1	Assessment of the health and safety impacts of product and service categories	81
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	177
<b>GRI 417: Marketing and Labeling</b>	103-1	Explanation of the material topic and its Boundary	80
	103-2	The management approach and its components	80
	103-3	Evaluation of the management approach	80
	417-1	Requirements for product and service information and labeling	81
	417-2	Incidents of non-compliance concerning product and service information and labeling	85
	417-3	Incidents of non-compliance concerning marketing communications	85
<b>GRI 418: Customer Privacy</b>	103-1	Explanation of the material topic and its Boundary	177
	103-2	The management approach and its components	177
	103-3	Evaluation of the management approach	177
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	177
<b>GRI 419: Socioeconomic Compliance</b>	103-1	Explanation of the material topic and its Boundary	134
	103-2	The management approach and its components	134
	103-3	Evaluation of the management approach	134
	419-1	Non-compliance with laws and regulations in the social and economic area	134

# Sustainable Development Goals (SDGs)

Sustainable Development Goals (SDGs)			
 SUSTAINABLE DEVELOPMENT GOALS		How HomePro is supporting	Page
	End poverty in all its forms everywhere	<ul style="list-style-type: none"> <li>Happy Home Town Project</li> <li>Activities Supporting Local Occupations</li> </ul>	94 142
	End hunger, achieve food security and improved nutrition and promote sustainable agriculture	<ul style="list-style-type: none"> <li>Support the salary and wage that is suitable and sufficient for living of associates and their families. (Living Wage)</li> </ul>	105-106
	Ensure healthy lives and promote well-being for all at all ages	<ul style="list-style-type: none"> <li>Quality Product and Service.</li> <li>Home Service</li> </ul>	80 87-89
	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	<ul style="list-style-type: none"> <li>Increase of Capabilities in Knowledge and Skills</li> <li>Bilateral Scholarship Program</li> </ul>	99-103 93
	Achieve gender equality and empower all woman and girls	<ul style="list-style-type: none"> <li>Responsible for associates in terms of Human Right and respect the diversity</li> <li>LGBTQI Employment</li> </ul>	108-109
	Ensure availability and sustainable management of water and sanitation for all	<ul style="list-style-type: none"> <li>Responsible water consumption</li> <li>Responsible wastewater management</li> </ul>	120
	Ensure access to affordable, reliable, sustainable and modern energy for all	<ul style="list-style-type: none"> <li>Efficiency Energy Consumption</li> </ul>	114-117
	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	<ul style="list-style-type: none"> <li>Young Entrepreneur Project</li> </ul>	134-136
	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	<ul style="list-style-type: none"> <li>Product Innovation for Society</li> <li>Omni Channel</li> <li>Home Makeover – Service Innovation</li> <li>Emergency Service</li> </ul>	51-52 86 89 88

## Sustainable Development Goals (SDGs)



### How HomePro is supporting

### Page

	Reduce inequality within and among countries	<ul style="list-style-type: none"> <li>Elderly Employment</li> <li>Disabled Employment</li> <li>Diverse employment without gender discrimination such as religion, skin color, race, hometown including differences in mindset, including LGBTQI group.</li> </ul>	<p>94</p> <p>108</p> <p>96, 98, 108-109</p>
	Make cities and human settlements inclusive, safe, resilient and sustainable	<ul style="list-style-type: none"> <li>Toilets for Society</li> </ul>	140-141
	Ensure sustainable consumption and production patterns	<ul style="list-style-type: none"> <li>Solar Renewable Energy</li> <li>Green Warehouse Management</li> <li>Traceability Investigation and Safety Standard of Product.</li> <li>ECO Product ECO Choice</li> <li>Responsible Plastic Consumption</li> </ul>	<p>116</p> <p>130-131</p> <p>85</p> <p>81-82</p> <p>84</p>
	Take urgent action to combat climate change and its impacts	<ul style="list-style-type: none"> <li>Operational Efficiency</li> <li>Efficient Transportation for loss reduction</li> </ul>	<p>114-115</p> <p>131</p>
	Conserve and sustainably use the ocean, seas and marine resources for sustainable development	<ul style="list-style-type: none"> <li>Waste Water Treatment</li> </ul>	120
	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	<ul style="list-style-type: none"> <li>Garbage and waste Disposal</li> </ul>	118-119
	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	<ul style="list-style-type: none"> <li>Respect on Human Right</li> <li>Good Corporate Governance</li> <li>Religious Activities</li> </ul>	<p>108-109</p> <p>173-184</p> <p>143</p>
	Strengthen the means of implementation and revitalize the global partnership for sustainable development	<ul style="list-style-type: none"> <li>Supplier Management</li> </ul>	125-128

# Management's Discussion and Analysis

## 1. Overview

In 2020, the Coronavirus (COVID-19) pandemic impacted the lives of everyone around the world and caused the economies of many countries to come to a halt. The Thai government has implemented preventive measures to combat the situation such as imposing a lockdown, closing certain businesses and venues with a high risk of COVID-19 transmission, and limiting travel. As a result, the number of local and international tourists dropped significantly, and many businesses in tourist areas were not able to continue operating. In addition, the spread of COVID-19 also caused economic and supply chain disruption, as well as a shortage of containers, which in turn impacted the volume of import and exports. The resulting low level of consumer confidence combined with shrinking purchasing power proved to be the factors which depressed both investment and employment. Even though the Thai government was able to manage the first wave of the pandemic well, a second wave struck again at the end of 2020. In response the government has introduced various measures and programs to help the economy to recover and boost spending, such as: cash support, the 'Let's Travel Together' program, Shop and Payback, Co-Pay, various loan supports, water and electricity bill subsidy, a debt moratorium for citizens and businesses, as well as financial support for social-welfare card holders. Nonetheless, the overall economy and purchasing power of consumers have not yet returned to normal levels.

The Company placed great importance on complying stringently and promptly with the government's measures by temporarily closing certain HomePro and Mega Home stores from March 22nd to May 16th, 2020. The stores were reopened on May 17th, 2020, with limited operating hours, in accordance with the lockdown easing measures issued by the Center for COVID-19 Situation Administration (CCSA). Overall, the Company was able to handle

the COVID-19 situation in a timely manner through the online shopping channel, which the Company has continuously developed and adapted as consumer behavior shifted towards the 'New Normal' lifestyle, at least to the extent that demand for consumer spending was still available. In addition, the SameDay Delivery system was put in place to fasten the last mile delivery process as well as Click and Collect. Moreover, the Company launched a service called 'SHOP4YOU', a personal assistant service that helps customers shop for products and services without having to visit physical stores. The Company also provides channels for customer to browse and purchase the products and services through HomePro Application besides Homepro website, and serve the demand for home repair and maintenance through Home Service Application. In addition, the Company uses customer data integration and analytics both by Segmentation and Personalization to offer the products and services that suit the demand of customers effectively.

The spread of COVID-19 caused consumers to stay at home and generated demand for home-related products to improve their homes to suit their new normal lifestyles such as 'Work from Home' and 'Learn from Home'. In addition, COVID-19 period also created new habits like cooking at home, home decoration, gardening and home entertainment. These new habits were the main factors that generated the demand for related product categories such as furniture for home office and home classroom, kitchen products, home decor and gardening products, home appliances and audio systems. Since consumers had to adapt themselves to stay safe during the pandemic, the demand for hygienic products such as hand sanitizer, cleaning products, sterilizer and portable air purifier were also boosted.

The Company's priority is the health and safety of customers, associates and visitors. The Company

has put in place strict measures to ensure the health and safety along with complying with the Social Distancing standards of the Center for COVID-19 Situation Administration (CCSA). The Company also provide Self-Checkout and Touchless Elevators lanes to reduce personal contact. Moreover, the Company has taken care of associates by supporting 'Work from Home', providing comprehensive tools and work equipment for associates to reduce the risk of infection. For tenants that were affected by the spread of COVID-19, the Company has provided remedy measures to support and relieve their cost by reducing rental fees or adjusting the rental scheme to better suit to the tenants.

The Company and its subsidiaries earned income and net profit of 61,748.99 million baht and 5,154.70 million baht, which declined from the previous year by 8.35% and 16.54% respectively. The decline in the performance of HomePro, MegaHome, HomePro S and HomePro Malaysia, compared to the previous year, was caused mainly by the temporary closure of stores during Q2 and the diminished purchasing power of consumers. Although sales from the online channel grew significantly, but this was still not sufficient to make up for the impact on business operations from store closing. However, the Company has set a strategy to focus on enhancing operational capability along with controlling expenses more effectively.

The Company was cautious about store expansion in 2020. Two new stores were opened at Rangsit Klong 4 and Suksawat, both of which are located in high potential areas with adequate purchasing power. By the end of 2020, there were 86 HomePro stores, 9 HomePro S stores, 14 MegaHome stores and 6 HomePro Malaysia stores.

In addition, the Company is also actively exploring new business opportunities to support long-term growth within the Southeast Asia region. The Board of Directors have approved an investment in Home Product Center Vietnam Company Limited to operate a retail business in Vietnam.

## **2. New Financial Reporting Standards**

### **2.1 Financial reporting standards that became effective in the current year**

During the year, the Group has adopted the revised (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements. However, the new standard involves changes to key principles is TFRS 16 Leases which the cumulative effect of the change is described in Note 4, and Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic.

### **2.2 Financial reporting standards that became effective in the future**

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2021. 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 Group is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

## **3. Operating Results and Profitability**

In 2020, the Company and its subsidiaries had the total revenue of Baht 61,748.99 million and 5,154.70 million, which declined from the previous year by 8.35% and 16.54% respectively. The decline mainly caused by the same store sales of HomePro,

MegaHome, HomePro S and HomePro Malaysia which were caused by the temporary closure of stores during Q2 from Coronavirus (COVID-19) pandemic. However, service income (Home Service) and online sales increased as compared to the same period last year. The Company was able to handle the COVID-19 situation in a timely manner through the online shopping channel, which the Company has continuously developed. For store expansion, the Company opened 2 stores at Rangsit Klong 4 and Suksawat. In this regard, the company recognized the importance of enhancing operational efficiency throughout total supply chain, operational cost management, and quality product selection to better fulfill consumers' expectations.

### 3.1 Revenue from Contracts with Customers

Unit: Million Baht

Item	2018		2019		2020	
	Amount	%	Amount	%	Amount	%
1. Revenue from Contracts with Customers of HomePro						
- Hard Line <sup>1</sup>	43,012.9	69.4	43,970.2	69.7	41,082.3	70.4
- Soft Line <sup>2</sup>	10,107.8	16.3	10,466.0	16.6	9,233.7	15.8
- Service Income (Home Service) <sup>3</sup>	370.3	0.6	451.8	0.7	484.1	0.8
2. Revenue from subsidiaries	8,460.3	13.7	8,158.2	12.9	7,546.7	12.9
- Revenue from Thailand	6,995.3	11.3	6,905.2	10.0	6,375.7	10.9
- Revenue from CLMV countries	1,465.0	2.4	1,253.0	2.0	1,171.0	2.0
<b>Total Revenue from sales</b>	<b>61,951.3</b>	<b>100.0</b>	<b>63,046.2</b>	<b>100.0</b>	<b>58,346.8</b>	<b>100.0</b>

Remarks : <sup>1</sup> Hard Line categories include Tools, Paint, Home Improvement, Bathroom and Sanitary Ware, Kitchen, Home Appliances and Electrical Equipment.  
<sup>2</sup> Soft Line categories include Bedding, Home Textiles, Furniture, Lighting, Household Decorative Products, and Household Accessories.  
<sup>3</sup> Revenue from product sales and service income (Home Service) has been included in Revenue from Contracts with Customers since 2018.

In 2020, the Company has total revenue from contracts with customers equal to Baht 58,346.77 million, an decrease of Baht 4,699.46 million or down by 7.45% due to the decline of same store sales mainly caused by the temporary closure of stores in both Thailand and Malaysia. HomePro stores in Thailand were temporarily closed since 22nd March 2020. For HomePro stores in Malaysia, the stores were closed since 18th March 2020 and reopened on 4th May 2020. Even though the stores has reopened on May, the Company still has an effect from the declined consumer purchasing power. Another reason for a decrease in revenue was due to the cancellation of HomePro Expo event in the first quarter of 2020, even though service income (Home Service) and online sales increased as compared to the same period last year. The company's revenue can be categorized into 3 parts: 1) Revenue from retailing of HomePro, which can be divided into 2 groups, Hard Line and Soft Line, which in 2020 decreased from the previous year by Baht 2,887.91 million and Baht 1,232.36 million respectively, 2) Revenue from Home Service, increased by Baht 32.25 million, 3) Revenue from subsidiaries, including revenue generated by Mega Home and HomePro in Malaysia, decreased by Baht 611.43 million.

### 3.2 Other Income

In 2020, the Company and its subsidiaries had detail of change in Other income as follows

- Rental and service income amounted to Baht 1,527.16 million, an decrease of Baht 679.92 million or up by 30.81%, which resulted from the closure of leasable space in HomePro and Market Village, during

which the Company has lowered or suspended the rent for tenants, and the cancellation of HomePro Expo event in the first quarter of 2020.

- Other income was Baht 1,875.06 million, a decrease of Baht 245.35 million or down by 11.57% in relation to the lower-level of promotional activities with vendors both in stores and for HomePro Expo event in the first quarter of 2020.

### 3.3 Cost of Sales and service and Gross Profit Margin

In 2020, the Company and its subsidiaries had the cost of sales and services equal to Baht 43,598.26 million, an decrease of Baht 3,226.66 million or down by 6.89% from the previous year, which was driven by the decrease of sales. However, considering the gross profit from product and service sales, the Company's gross profit was Baht 14,748.51 million, an decrease of Baht 1,472.80 million from last year. Gross profit margin as a percentage of sales was 25.28%, decreased from 25.73% in 2019. This resulted from an increase of sales mix from the products that have lower gross profit margin than the average of Home Appliances. Despite the increase in gross profit margin of Mega Home and HomePro stores in Malaysia as compared with the previous year, it could not compensate for the lower rate of gross profit margin resulting from the higher sales mix of low gross margin products in HomePro business.

### 3.4 Cost of Rental

Cost of rental and service was Baht 553.63 million, a decrease of Baht 91.44 million or down by 14.18% as a result of lower utility costs, depreciation expense, maintenance cost, and outsourced labor cost of space rental business.

### 3.5 Selling and Administrative Expenses (SG&A)

Selling and administrative expenses (SG&A) amounted to Baht 10,964.70 million, an decrease of Baht 980.16 million or down by 8.21% as compared with the same period of previous year. Furthermore, SG&A as a percentage of sales has

marginally decrease from 18.95% in previous year to 18.79%. This resulted from the cancellation of HomePro Expo event and lower both variable and fixed expense. The variable expenses which those expenses are adjusted downwards based on sales amount, comprised of over-time compensation, associate's sales incentive, credit card fee, variable rental expenses, and marketing expense. The fixed expenses consisted of utility expense, maintenance cost and outsourced labor cost, which was reduced following to the number of stores-closing days and a stringent control of cost whereas the depreciation expense has increased due to the adjustments in compliance with the Financial Reporting Standard No.16:Leases. The details of expenses in each group are as follows:

- Cost of sales and service was Baht 9,047.14 million, decreased by Baht 876.78 million or 8.84%. The decreased in amount were mainly by decline of personnel expense, rental expense, utility cost, maintenance cost, and expense related to new store.
- Administrative expenses of Baht 1,909.38 million, a decrease of Baht 93.78 million or 4.686%. The decrease was mainly from expenses of Head Office.
- Other expenses of Baht 8.18 million, a decrease of Baht 9.60 million or 54.01%.

### 3.6 Finance Income

Finance Income was Baht 16.44 million, net decrease of Baht 33.72 million or down by 67.23%, due to lower interest income.

### 3.7 Finance Cost

In 2020, Finance cost of the company was Baht 458.79 million, net increase of Baht 53.32 million or up by 13.15%, due to the impact of adopting the Financial Reporting Standard No.16: Leases, whereas the interest payment on interest bearing debt has decreased from the bond repayment in the second and forth quarter of 2020.

### 3.8 Net Profit

For the result of operation in 2020, the Company and its subsidiaries had net profit of Baht 5,154.70 million, a decrease of Baht 1,021.89 million, or 16.54%. The net profit margin of the Company and its subsidiaries was 8.83%, decreased from 9.80% in the previous year. The decrease was mainly due to impact from sales and gross margin which resulted from Coronavirus (COVID-19) pandemic. However, the Company continuously focus on efficiency improvement on expense.

### 3.9 Return to Equity

The return on equity as of December 31, 2020 was 24.14%, decreased from 30.09% in the previous year. The result was mainly from the decline of net profit which resulted from Coronavirus (COVID-19) pandemic.

## 4. Asset Management

As of December 31, 2020, the Company and its subsidiaries had total assets of Baht 56,090.77 million, A increase of Baht 4,041.82 million or 7.77%. The decrease of asset was due to the change of significant transactions as follows:

- Cash and cash equivalents increased by Baht 422.71 million which increased from operation and debenture issue in fourth in 2020.
- Account receivable decreased by Baht 4.38 million from credit card receivable paid at the end of year. Other receivables decreased by Baht 142.88 million, which was from support fee of promotional activities, rental and service income. However, the Company analyzed an account receivable aging. As at December 31, 2020, the Company had trade and other receivables aging more than 12 months of Baht 9.64 million, and the allowance for doubtful debts sufficiently of Baht 15.16 million.
- Net inventory decreased by Baht 76.70 million, which was the result from balancing inventory due to lower sales caused by Coronavirus (COVID-19) pandemic. The Company manages its inventory using a computer system which helps to track and compare aging inventory to the Company's threshold to prevent outdated or deteriorated inventory. The Company also has an inventory physical counting plan, which will be monitored by a designated team.
- Investment properties, net property, plant and equipment, net computer software, Right-of-use assets and net leasehold rights totaling increased by Baht 3,514.71 million or 9.84%, resulted from adjustments in compliance with the Financial Reporting Standard No.16:Leases, store expansion in 2020 and investment in property for future expansion.

## 5. Liquidity and Capital Sufficiency

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

Unit : Million Baht

Transactions	Consolidated Financial Statement		Separated Financial Statement	
	2019	2020	2019	2020
Cash flow from operating activities	8,808.15	8,362.88	8,347.81	7,414.68
Cash flow from investing activities	(3,016.64)	(3,144.81)	(2,519.34)	(2,268.44)
Cash flow from financing activities	(9,161.80)	(4,797.48)	(9,225.38)	(4,687.20)
Transaction adjustments	(7.49)	2.13	-	-
<b>Net Increase (decrease) in cash</b>	<b>(3,377.77)</b>	<b>422.71</b>	<b>(3,396.91)</b>	<b>459.04</b>

As of 31 December 2020, the Company and subsidiaries' cash and cash equivalents were Baht 3,282.69 million, net increased from December 31, 2019 by Baht 422.71 million which comprised from the following activities:

- Net cash from operating activities of Baht 8,362.88 million which was derived from the profit from operating activities before changes in operating assets and liabilities of Baht 10,022.78 million, and working capital increased from changes in operating assets and liabilities e.g. trade and other receivables decreased by Baht 142.60 million, inventories increased by Baht 26.73 million, other current asset decreased by Baht 33.27 million, trade and other payables decreased by Baht 626.23 million, other current liabilities increased by Baht 54.16 million, advances received from customers decreased by Baht 38.28 million, and corporate income tax payment of Baht 1,191.39 million.
- Net cash used for investing activities totaled Baht 3,144.81 million from investment in land, building and equipment, Investment properties, construction retention for store expansion in 2020 and following year of Baht 2,908.65 million, Payment of right-of-use assets of Baht 162.89 million, and computer software of Baht 101.02 million.
- Net cash used for financing activities total Baht 4,797.48 million which such amount was the received from short-term loans from financial institutions of Baht 965.14 million, repayment of debentures of Baht 1,054.54 million and dividend payment of Baht 4,075.57 million. In this regard, the Company funded those activities by issuing 3 debentures comprised of 1/2020 of Baht 3,170 million, 2/2020 of Baht 1,000 million, 3/2020 of Baht 1,000 million.

## 5.1 Liquidity Ratio

As of December 31, 2020, the Company and its subsidiaries' current assets was Baht 15,828.32 million and current liabilities was Baht 20,610.00 million. In this regard, such amount can be calculated into liquidity ratio of 0.77 times which increased from the previous year's ratio of 0.70 times. In addition, the Company has the source of short term financing for keeping adequate liquidity from Bank overdrafts and short term loans, and international trade finance facilities.

## 5.2 Capital Structure

The capital structure of the Company as of December 31, 2020 consisted mainly of the Company's unsecured long term credit facilities from a financial institution, and unsubordinated and unsecured debentures. The Company's total debt was Baht 34,525.53 million. In this regard, if such amount is calculated as the total amount of Debt to Equity ratio, it would be equivalent to 1.60 time which is increase as compared to 1.46 time in the previous year due to adjustments of Lease liabilities in compliance with the Financial Reporting Standard No.16:Leases.

According to the terms and conditions or requirements stipulated to the duties of bond issuers, the issuers shall maintain Debt to Equity Ratio of not over 2.50 times. The Company is able to maintain its strong balance sheet by keeping the financial debt to equity ratio lower than the requirement. In 2020, the Company has financial outstanding debt of Baht 18,002.09 million and financial debt to equity of 0.83 times. However, if the impact from adjustments of Lease liabilities in compliance with the Financial Reporting Standard No.16:Leases is excluded, financial debt to equity will be 0.63 times. The Company's financial debt to equity ratio during 2018 - 2020 are as follows:

	2018	2019	2020
Financial Debt to Equity ratio	0.87	0.63	0.83

### 5.3 Shareholders' equity

As of December 31, 2020, the shareholders' equity was Baht 21,565.24 million, an increase of Baht 427.16 million or 2.02% from the previous year. The increase came from higher retained earnings of Baht 422.25 million and higher other components of shareholders' equity of Baht 4.91 million.

### 5.4 Capital Expenditure

In 2020, the Company's Net Capital Expenditure was Baht 3,144.81 million which was used for building construction, land purchase, payment for land leasehold rights, for new stores opened in 2020 and stores opening in the future for all subsidiaries and modernize of existing stores of Baht 3,071.54 million. Also, Baht of 101.02 million was used to purchase software. Sources of fund include cash flow from operation, loans from financial institutions, and debentures.

### 5.5 Ability to source funding and repayment ability

At present, the Company raises both short term and long term loan from financial institution debentures issuance, which are rated by TRIS annually and at the time of issuance. The Company has the covenant to maintain the net debt to equity ratio not more than 2.5 times. In 2020, TRIS rating has maintain the Company's credit rating at AA- with stable outlook, reflecting improvement in better cash flow generation resulting from improving operating results and operational efficiency in cost control.

## 6. Financial Obligations

As of December 31, 2020, total liabilities of the Company and its subsidiaries were Baht 34,525.53 million increased from the previous year by Baht 3,614.65 million or 11.69%, which caused by the change of the following crucial transactions:

- Short term loan from financial institutions increased by Baht 967.97 for working capital purpose.
- Accounts Payable and other payable decreased by Baht 1,018.77 million in accordance with

change in sales which resulted from Coronavirus (COVID-19) pandemic

- Net long term loans decreased by Baht 9.03 million which such amount was the principle repayment to the financial institutions. However, the current portion which will be due at Baht 75.17 million, the Company plans to repay with funds from operation and external sources such as debenture issuance or bank loan
- Lease liabilities increased by Baht 4,622.62 million due to adjustments in compliance with the Financial Reporting Standard No.16:Leases.
- Net debenture decreased by Baht 952.08 million due to repayment of Baht 6,000 million in 2020 and debenture issue: No 1/2020 of Baht 3,150 million, NO 2/2020 of Baht 1,000 million, No 3/2020 of Baht 1,000 million.
- Other current liabilities increase by Baht 55.39 million.

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

Because our products are discretionary consumer products; therefore, purchasing power and economic condition are the key factors that affect the Company's sales. However, overall economies in 2020 was affected by Coronavirus (COVID-19) pandemic to all sectors. These would pressure on consumer's purchasing power. Moreover, the decline in number of tourists could affect purchasing power in some regions. However, the Company has prepared the annual plan and monitors the results from management on a monthly basis, so the contingency plan can be adjusted or rescheduled to be ready for an unexpected incident. The Risk Management Plan has been prepared and the acceptable level of risk is defined.

The Company improved the products sourcing to serve customer's need under their New Normal lifestyle. In addition, the Company also embedded new technology into business operation in order to increase operation efficiency and meet customer's need.

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

Thailand's economy in 2021 expected to grow marginally compared with 2020, in which Thai government has implemented lockdown measures in 2020. Nonetheless, private consumption and private investment expected to increase in 2021. Even though tourist sector would be affected from uncertainty of vaccine distribution both in Thailand and oversea. The high level of household debt would pressure purchasing power. However, Thai government has introduced various measures and programs to boost the economy and consumer confidence, such as: Co-Pay, We Win, Section 33 We Love Each Other, Shop and Payback, monetary measure to increase liquidity and support borrower in the past year.

Coronavirus (COVID-19) pandemic caused the change in consumer behavior (New Normal), home renovation to suit with New Normal lifestyle such as Work From Home, Learn From Home Etc. The change in consumer spending in the digital age including the increase of purchasing channels through online, and purchase decisions through suggestions from individuals, organizations, brands influencer, etc. The company has continuously developed and adapted for both products and service as well as the embedded of technology in the operation such as:

- Add online shopping channel via [www.homepro.co.th](http://www.homepro.co.th) and formulate Omni Channel strategies to provide a seamless shopping experience to customer by integrating Online-to-Offline, which the HomePro store will act as an extension to the online business.
- The development of HomePro Application to offer convenience and fasten journey process to customer, which is another channel for customer to engage in the seamless shopping experience.
- The introduction of Home Service Application for customer in digital age. These would provide an alternate channel to use the service anywhere and anytime, 24 hours, covering 40 services via smartphone application.
- Embedded new technology into business operation in order to increase operation efficiency and serve customer's need such as using the QR code to provide product information, the using of smart device for sales associates to promptly serve the customer's need.
- Delivering a tailored made product that suits the demand of consumers through personalized marketing through various customers data analysis.
- Automated Storage and Retrieval System (ASRS) was implemented to use in business operations. These could enhance operation efficiency, accuracy, and fasten the product distribution to assure that products will be sufficient for customer's demand.
- Add new services to serve all customer's need. Currently, the Company has offered more than 40 types of home services.
- Same day delivery has been implemented in Bangkok, providing convenience and fasten the last-mile delivery to customers.
- Product selection and development of both Private Brand and the other product in general to make the quality and price more acceptable.

## 9. Audit Fee

According to the minutes of the Annual General Shareholders' Meeting in 2020 which resolved to appoint the Auditors of EY Office Limited as the Company's and its subsidiaries' auditor of 2020, with the audit fee of Baht 3,795,000 and other fee, i.e. fee for being witness for destruction of damaged goods at approximately Baht 150,000 and auditing fee of Baht 250,000 for adopting TFRS 16. Moreover, there may be additional audit fee from the expansion of new store, registration of new company which fee does not exceed Baht 1,500,000. The actual audit fee for 2019 and 2020 included audit fee for the Company and its subsidiaries, and other services fee as follows:

Fees type	2018	2019	2020
Audit Fee	3,695,000	3,680,000	3,795,000
Other Service	80,000	80,000	60,000
<b>Total</b>	<b>3,775,000</b>	<b>3,760,000</b>	<b>3,855,000</b>

## 10. Tax Strategy and Effective Tax Rate

The Company's Tax Policy covered tax management practices such as tax planning, managing tax risks, transfer pricing, operation coordination, and guidelines on selecting the tax consultant, is set in compliance with tax laws and regulations of Thailand and Malaysia where the Company operates ([http://hmpro-th.listedcompany.com/policy\\_document.html](http://hmpro-th.listedcompany.com/policy_document.html)). All relevant accounting and finance associates has been informed and performed their roles strictly in accordance with the tax policy.

### Tax Reporting by Geographic Regions

Item	Thailand	Oversea
Sales	57,128 Million Baht	1,171 Million Baht
Earning Before Tax	6,632 Million Baht	Loss
Income Tax Expenses	1,035 Million Baht	-
Cash paid for corporate income tax	1,191 Million Baht	-
Corporate Income Tax Rate	20%	23%
Effective Tax Rate	19%	Loss

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

- (1) The reversion of nonmonetary items such as expense accruals according to accounting practice which has effects on the tax calculation
- (2) The government's investment promotion scheme which grants tax exemption and reduction incentives for the period of 3-20 years, varied by types of invested asset, for the investments occurred in Thailand from 2015-2017, during which the Company has invested in new stores expansion, equipment and machine, computer software, as well as installing solar rooftop power generation units.
- (3) The government's investment promotion scheme which grants tax exemption and tax reduction incentives, varied by types of invested asset, for the investments occurred in Thailand from 2019-2020, during which the Company has invested in machine and program related to automation and technology.
- (4) The Company's business in Malaysia has not yet in profitable. (Therefore, no tax expense incur)

## 11. Policy and Credit Term

The Company prioritized the liquidity and cash flow management. Moreover, the Company implemented the policy for setting the period for the credit term, which range of 7-180 days. However, the credit term depends on the Company's suppliers and the criteria was set based on certain factors such as the period during which the Company have been in business with the suppliers, type of the products, product sales, inventory turnover, and the quality standard of the product. The credit term has been determined in accordance with the principles of fair dealing between the Company and suppliers.

The information on the average credit term of HomePro according to the financial statements is as follows

Transaction	2018	2019	2020
Accounts Payable Day	95 days	81 days	84 days

# General Information and Other Important Information

## Information of Home Product Center Public Company Limited

Location	31 Prachachuen-Nonthaburi Rd., Tambon Bangkhen, Amphoe Muang Nonthaburi, Nonthaburi 11000
Telephone	+662 832 1000
Facsimile	+662 832 1234
Website	www.homepro.co.th
Type of Business	Retailer of products and provider of services relating to construction, extension.
Registration No.	0107544000043
Registered Capital	Common stock 13,151,198,025 shares (1 Baht per share)
Paid-up Capital	Common stock 13,151,198,025 shares
Exchange Market	Stock Exchange of Thailand
Ticker Symbol	HMPRO

## Information of company which Home Product Center Plc. holds more than 10 percent of shares

### 1. Market Village Co., Ltd

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

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

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

### Information of company which Home Product Center Plc. holds more than 10 percent of shares

#### 3. Mega Home Center Co., Ltd.

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

#### 4. DC Services Center Co., Ltd

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

### Information of HomePro Stores

1. Rangsit 100 Phaholyothin Rd., Thunayaburi, Pathum Thani, 12130	2. Rattanathibet 6/1 Moo 6, Saothonghin, Bangyai, Nonthaburi, 11140
3. Fashion Island 587, 589 Ramindra Rd., Khannayao, Bangkok, 10230	4. Paradise Park 61 Srinakarin Rd., Nongbon, Praves, Bangkok, 10250
5. The Mall Bangkae 518 Moo 1, Petchkasem Rd., North Bangkae, Bangkae, Bangkok, 10160	6. Ratchadaphisek 125 Ratchadaphisek Rd., Dindang, Bangkok, 10400
7. Ploenchit 55 Wave Place Building, Wireless Rd., Pathumwan, Bangkok, 10330	8. Phuket 104 Moo 5, Rasada, Muang, Phuket, 83000
9. Chiangmai 94 Moo 4 Nong Pa Kruang, Muang, Chiangmai, 50000	10. Ramkhamhaeng 647/19 Ramkhamhaeng (Sukhaphibal 3) Rd., Huamark, Bangkok, Bangkok, 10240

### Information of HomePro Stores (Continue)

11. Rama II 45/581 Moo 6, Samaedam, Bangkhunthien, Bangkok, 10150	12. Prachachuen Prachachuen-Nonthaburi Rd, Bangkhen, Muang, Nonthaburi, 11000
13. Ladprao 669 Latphrao Rd., Chompol, Chatuchak, Bangkok, 10900	14. Pattaya 333 Moo 9, Nongprue, Banglamung, Chonburi, 20150
15. Chaengwatthana 113 Moo 5, Pakkret, Pakkret, Nonthaburi, 11120	16. Had Yai 677 Petchkasem Rd., Had Yai, Had Yai, Songkhla, 90110
17. Ratchaphruek 82 Moo 2, Bang Khun Kong, Bang Kruai, Nonthaburi, 11130	18. Suvarnabhumi 99/28 Moo 1, Rachatawa, Bangplee, Samutprakarn, 10540
19. Hua Hin 234/1 Petchkasem Rd., Hua-Hin, Prachuabkhirikhan, 77110	20. Samui 1/7 Moo 6, Bophut, Kho Samui, Suratthani, 84320
21. Phitsanulok 959 Moo 10, Aranyik, Muang, Phitsanulok, 65000	22. Khonkaen 177/98 Moo 17, Naimuang, Muang, Khonkaen, 40000
23. Udon Thani 89/20 Moo 9, Tambon Markkang, Amphoe Muang, Udon Thani, 41000	24. Suratthani 86 Moo 3, Tambon Wat Pradu, Amphoe Muang, Suratthani, 84000
25. Petchkasem 224 Petchkasem Rd., Nongkhangplu, Nong Kham, Bangkok, 10160	26. Chonburi 15/16 Moo 3, Tambon Huykapi, Amphoe Muang, Chonburi, 20000
27. Ekamai-Ramindra 41 Pradit Manutham Road, Lat Phrao, Bangkok, 10230	28. Rayong 560 Sukhumvit Rd., Tambon Noenphra, Amphoe Muang, Rayong 21000
29. Ayutthaya 80 Moo 2 Ban Krot, Bang Pa-in, Phra Nakhon Si Ayutthaya, 13160	30. Chiangmai - Hangdong 433/4-5 Moo 7, Tambon Mae-Hiya, Amphoe Muang, Chiangmai, 50100
31. Krabi 349 Moo 11, Tambon Krabinoy, Amphoe Muang, Krabi, 81000	32. Phuket – Chalong 61/10 Moo 10, Tambon Chalong, Amphoe Muang, Phuket, 83000
33. Khao Yai 288 Moo 11, Tambon Nong Nam Daeng, Amphoe Pakchong, Nakhonratchasima, 30130	34. Nakhonpathom 752/3 Petchkasem Rd., Tambon Huai-Charakhe , Amphoe Muang, Nakhonpathom, 73000
35. Nakhonratchasima 384 Mittraphap Rd., Amphoe Muang, Nakhonratchasima, 30000	36. Lumlukka 99 Moo 6, Tambon Buengkhamphroi, Amphoe Lumlukka, Pathum Thani, 12150
37. Sukhaphiban 3 101 Ramkhamheng Rd., Minburi, Bangkok, 10510	38. Nakhonsithammarat 89 Nakhon-Pakpanang Rd., Amphoe Muang, Nakhonsithammarat, 80000

### Information of HomePro Stores (Continue)

39. Chachoengsao 187/9 Tambon Namuang, Amphoe Muang, Chachoengsao, 24000	40. Roi-et 116 Moo 3, Tambon Dong Lan, Amphoe Muang, Roi-Et, 45000
41. Suphanburi 133 Malai Maen Rd., Tambon Ruayai, Amphoe Muang, Suphanburi, 72000	42. Lopburi 85 Moo 6, Tambon Thasala, Amphoe Muang, Lopburi, 15000
43. Sakonnakhon 689/1, Tambon That Choeng Chum, Amphoe Muang, Sakonnakhon, 47000	44. Trang 196 Moo 4, Bankuan, Muang, Trang, 92000
45. Mega Bangna 39 Moo 6, Bangkaew, Bangplee, Samutprakan, 10540	46. Buriram 499 Moo 9, Isan, Muang, Buriram, 31000
47. Hat Yai (Kanchanavanich) 33/40 Moo 5, Khohong, Hat Yai, Songkla, 90110	48. Nakhonsawan 119/2 Moo 7, Bangmoung, Muang, Nakhonsawan, 60000
49. Mahachai 68/98 Moo 8, Thasai, Muang, Samutsakhon, 74000	50. Ubon Ratchathani 284 Moo 7, Chae Ramae, Mueang Ubon Ratchathani, Ubon Ratchathani, 34000
51. Ratchaburi 208 Moo 13, Chedi Hak, Muang, Ratchaburi, 70000	52. Chanthaburi 21/18 Moo 11, Plubpla, Muang, Chanthaburi, 22000
53. Chumphon 63 Moo 11, Wang Phai, Muang, Chumphon, 86000	54. Prachinburi 44/1 Moo 4, Bang Boribun, Muang, Prachinburi, 25000
55. Kanchanaburi 15 Moo 1, Thalor, Tha Muang, Kanchanaburi, 71000	56. Phrae 171 Moo 7, Pa Maet, Muang, Phrae, 54000
57. Phutthamonthon Sai 5 198 Moo 1, Bang Toe, Sam Phran, Nakhon Pathom, 73210	58. Saraburi 24/3 Moo 2, Takut, Muang, Saraburi, 18000
59. Phetchabun 151 Moo 1, Chon Phrai, Muang, Phetchabun, 67000	60. Chaiyaphum 164 Moo 7, Nongnasang, Muang, Chaiyaphum, 36000
61. Chiangrai 157 Moo 2, Tasai, Muang, Chiangrai, 57000	62. Loei 117 Moo 9, Na An, Muang, Loei, 42000
63. Lampang 224 Highway-Lampang-Ngaw, Prabart, Lampang, 52000	64. Prachuapkhirikhan 57 Petchkasem Rd., Prachuapkhirikhan, Prachuapkhirikhan, 77000
65. Surin 188 Moo 6, Nok Mueng, Muang, Surin, 32000	66. Chiangmai-Sansai 49 Moo 4, Sansai Noi, Sansa, Chiangmai, 50210
67. Hua-Talae 233 Moo 1, Nong Blua Sala, Nakhonratchasima, 30000	68. Sriracha 99/123 Moo 10, Nong Kham, Sriracha, Chonburi, 20110

69. Phuket-Thalang 18 Moo 1, Si Sunthon, Thalang, Phuket, 83110	70. North Pattaya 384/40 Moo 6, Na Kluea, Bang Lamung, Chonburi, 20150
71. Sukhothai 33 Moo 12, Ban-Kluay, Muang, Sukhothai, 64000	72. Samutsongkhram 2/25 Moo 1, Bangkaew, Muang, Samutsongkhram, 75000
73. Phetchaburi 526 Moo 6, Banmo, Muang, Phetchaburi, 76000	74. Phatthalung 219 Moo 1, Kaojiak, Muang, Phatthalung, 93000
75. Chonburi - Amata 108 Moo 12, Napa, Muang, Chonburi, 20000	76. Chaiyaphruek 54/8 Moo 2, Bang Phlap, Pak Kret, Nonthaburi, 11120
77. Rama 3 497/1 Rama 3 Road, Bang Khlo, Bang Kho Laem, Bangkok, 10120	78. Bang Sa-re 133 Moo 8, Na Chom Thian, Sattahip, Chon Buri, 20250
79. Rama 9 903 Rama 9 Road, Suan Luang, Suan Luang, Bangkok, 10250	80. Srinakarin 888/8 Moo 5, Bang Mueang, Mueang, Samut Prakan, 10270
81. Lotus Bangkhae 266 Phethasem Rd, Bang Khae Nuea, Bang Khae, Bangkok, 10160	82. Kanlapaphruek 604 Kanlapaphruek Road Bang Wa, Phasi Charoen, Bangkok 10160
83. Charansanitwong 110/8 Charansanitwong Road, Ban Chang Lo, Bangkok Noi, Bangkok, 10700	84. Mukdahan 45/9 Chayangkun B Road, Mukdahan, Mueang Mukdahan, Mukdahan, 49000
85. HomePro Rangsit Khlong 4 98 Moo 2, Bueng Yitho, Thanyaburi, Pathum Thani 12130	86. HomePro Suksawat 226 Moo 18, Bang Phueng, Phra Pradeeng, Samut Prakan 10130

#### Information of HomePro S

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

### Information of Mega Home stores

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

### Information of HomePro Malaysia stores

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

## Information of Referrals

Auditor	<p>EY Office Limited 33rd Floor, Lake Rajada Office Complex, 193/136-137 Ratchadaphisek Rd., Klongtoei, Bangkok, 10110 Tel. +662 265 0777 Fax. +662 264 0789-90</p>
Legal Counsel	<p>Wissen &amp; Co Ltd. 17th #1701 Building 2 53 Sukhumvit 21 (Asoke) Rd., Klongtoei-Nua, Wattana, Bangkok, 10110 Tel. +662 259 2627 Fax. +662 259 2630</p>
Credit Rating and Debenture Rating Company	<p>TRIS Rating Co., Ltd 24th Floor, Silom Complex Building, 191 Silom Road, Silom, Bangrak, Bangkok, 10500 Tel. +662 231 3011 Fax. +662 231 3012</p>
Share Registrar	<p>Thailand Securities Depository Co., Ltd 14th Floor, Stock Exchange of Thailand, 93 Ratchadaphisek Rd., Dindaeng, Bangrak, 10500 Tel. +662 099 9999 Fax. +662 099 9001</p>
Bond Registrar (As of 31st December 2020)	<p>CIMB Thai Bank Plc. 44 Langsuan Rd., Lumpini, Patumwan, Bangkok, 10330 Tel. +662 626 7000 Fax. +662 657 3333 The Unsubordinated and Unsecured Debentures of Home Product Center Plc. 1/2018 The Unsubordinated and Unsecured Debentures of Home Product Center Plc. 1/2019 The Unsubordinated and Unsecured Debentures of Home Product Center Plc. 1/2020 The Unsubordinated and Unsecured Debentures of Home Product Center Plc. 2/2020 The Unsubordinated and Unsecured Debentures of Home Product Center Plc. 3/2020</p>
	<p>Krungthai Bank Plc. 35 Sukhumvit Rd., Klongtoei-Nua, Wattana, Bangkok, 10110 Tel. +662 255 2222 Fax. +662 937 7783 The Unsubordinated and Unsecured Debentures of Home Product Center Plc. 2/2018 The Unsubordinated and Unsecured Debentures of Home Product Center Plc. 3/2018</p>

## Shareholding Structure and Dividend

### The Company's securities information as of December 31, 2020

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

From the information of ordinary shareholders of the company as of September 9, 2020, there were a total of 848,958,633 shares or 6.46% of the issued shares holding through Thai NVDR. The ordinary shares held by Thai NVDR will not be able to exercise voting rights in shareholder meeting except in the case of exercising voting rights to vote on the delisting of shares from the Stock Exchange of Thailand (Delist). Therefore, the number of shares with voting rights of the Company will decrease which will cause the voting rights of shareholders to increase. Other shareholders and investors can check the number of shares held by Thai NVDR from the website of the SET for the benefit of further voting.

### Shareholding Structure

On the closing date as of September 9, 2020, the Company had registered capital in the total of 13,151,198,025 shares and paid-up capital in the total of 13,151,198,025 shares. The top ten shareholders consist of:

Rank	Name of Person / Juristic Person	No. of Shares	% of Total Paid-Up Share
1.	Land and Houses Public Company Limited	3,975,878,432	30.23
2.	Quality Houses Public Company Limited	2,613,023,098	19.87
3.	Thai NVDR Company Limited	848,958,633	6.46
4.	Mr. Niti Osathanuklor	665,764,862	5.06
5.	Social Security Office	349,028,412	2.65
6.	Mr. Manit Udomkunnatum	269,989,197	2.05
7.	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	265,320,189	2.02
8.	STATE STREET EUROPE LIMITED	169,609,011	1.29
9.	Sarasin Co., Ltd	167,557,971	1.27
10.	Mr. Khunawut Thumpomkuk	142,122,189	1.08

Remark:

- As of September 9, 2020, free float rates of the Company were at 40.92% and holding by institutions was at 19.98%
- Major shareholder (1) Land and Houses Plc., Mr. Anant Asavabhokhin is the major shareholder holding 23.93% of paid up capital (as of 28 August 2020)
- Major shareholder (2) Quality Houses Plc., Land and Houses Plc. is the major shareholder holding 24.98% of paid up capital (as of 25 August 2020)
- The Social Security Office, a division of the Ministry of Labour and Social Welfare, is classified as an institutional investor and is responsible for managing the social security fund and compensation fund.
- The Company has no governmental institutions owning more than 5% of shares

### Foreign Limit

Foreign shareholders are capable to hold shares and appear their names on the Company's asset registration of totaling not exceeding 30% of the issued shares and paid up. As of December 29, 2020, the shares of the Company held by foreigner were approximately at 11.83%.

### Directors who are representative of the group of major shareholders As of December 31, 2020

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

## Debentures

Unsubordinated and Unsecured Debentures							
No,	Age	Repayment	Maturity	No. of Shares	Amount (Thousand Baht)	Credit Rating	Covenant
1/2018	3 Years	At maturity	16 Feb 2021	2,000,000	2,000,000	A+ Positive Outlook	Maintain Financial D/E ratio to be not more than 2.5 times at the end of each quarter
3/2018	1 Years	At maturity	22 Oct 2021	2,000,000	2,000,000	A+ Positive Outlook	
1/2019	3 Years	At maturity	14 Nov 2022	3,170,000	3,170,000	AA- Stable Outlook	
1/2020	3 Years	At maturity	3 Mar 2023	3,150,000	3,150,000	AA- Stable Outlook	
2/2563	2 Years 11 Months 28Days	At maturity	12 Oct 2566	1,000,000	1,000,000	AA- Stable Outlook	
3/2563	2 Years 11 Months 28Days	At maturity	12 Oct 2566	1,000,000	1,000,000	AA- Stable Outlook	
Total				12,320,000	12,320,000		

Remark: The debentures: Batch no. 1/2018 and 3/2018 have fixed interest rates at between 1.65% - 3.00%.  
The debentures: Batch no. 1/2019 and 1/2020 are Zero Coupon Bond.  
Purpose is to acquire asset or investment related to current business operation and to repay the debenture

## Dividend Policy

### Dividend Policy of Home Product Center Public Company Limited

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

Dividend payment during 2018 – 2020 is as follows:

	2018 <sup>1</sup>	2019 <sup>2</sup>	2020 <sup>3</sup>
Earnings Per Share (Baht)	0.39	0.47	0.43
Dividend Payout Ratio	83.95%	87.88%	82.40%
Total Dividend Payment (unit: Baht/ Share)	0.35	0.38	0.30

Remarks: 1) Dividend for 2018 amounted to 0.35 Baht/share paying from the first 6-month operation of 0.15 Baht/share, according to the resolution of the Board of Directors' Meeting No.8/2018, and the last 6-month operation of another 0.20 Baht/ share, according to the resolution of the Annual General Meeting of Shareholders 2019.  
2) Dividend for 2019 amounted to 0.38 Baht/share paying from the first 6-month operation of 0.17 Baht/share, according to the resolution of the Board of Directors' Meeting No.8/2019, and the last 6-month operation of another 0.21 Baht/ share, according to the Board of Directors' Meeting No.5/2020 and the Annual General Meeting of Shareholders 2020.  
3) Dividend for 2020 amounted to 0.30 Baht/share paying from the first 6-month operation of 0.10 Baht/share, according to the resolution of the Board of Directors' Meeting No. 10/2020, and the last 6-month operation of another 0.20 Baht/share, according to the Board of Directors' Meeting No.2/2020 approved to propose to the Annual General Meeting of Shareholders 2021.

## Dividend Policy of Subsidiaries

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

## Legal dispute

The Company has a lawsuit relating to the main business operation, which is in the middle of prosecution and can be broken down into 2 types.

**1.Lawsuit with supplier** In the case of pressing claims for breach of the sales and purchase contract

**2.Lawsuit with tenant** In the case of rent and services claiming from the rental business

As of December 31, 2020, total debt amount is less than 5% of shareholders' equity and no executives or management has issues with the company.

# Corporate Governance

## 1. Overview of Corporate Governance Policy and Guidelines

The Board of Directors is aware of the importance of corporate governance and believes that good corporate governance is crucial for a business operation to efficiently, effectively, and sustainably manage the business to have stability, continuous growth, and fairness to all stakeholders. For such reasons, the Board of Directors stipulates the corporate governance policy to have the content that covers the vital principle on shareholders' rights, the equitable treatment of shareholders, roles of stakeholders, disclosure and transparency, and the Board's responsibility; this is a guideline for managing business to achieve the Company's objectives and goals set according to business policy adhering to rightness and transparency. The policy of corporate governance of the Company is disclosed at <http://hmpro-th.listedcompany.com/>

Board of Directors reviewed and updated the policies mentioned above through Strategy and Sustainable Development Committee for completeness, clarity and be in line with the new Corporate Governance Code (CG Code) from The Securities and Exchange Commission, the regulations of the Thai Institute of

Directors (IOD), and the international criteria in region level of ASEAN CG Scorecard

Throughout the entire year 2020, the Company has complied with good corporate governance except the following:

1. The Chairman of the Nomination and Remuneration Committee is not an Independent Director. However, the Nomination and Remuneration Committee consists of independent directors. Additionally, the board of director's management rests upon the Good Governance Policy stipulated by the Stock Exchange of Thailand.
2. The Company has two Independent Directors, Mr. Thaweevat Tatiyamaneekul and Mr. Chanin Roonsamrarn, who have assumed this position for longer than 9 years. These Independent Directors are well-skilled, knowledgeable, and have the first-hand experience in the Retail Business. Throughout the past while, they have been providing valuable advice both in the capacity of Independent Directors and in the capacity of Audit Committee. Especially Mr. Chanin Roonsamrarn, he is knowledgeable and specializes in both Finance and Accounting.

The details of the assuming of the position of Independent Directors are as elaborated below:

Name – Surname		Date of Appointment	Number of Service Years (Date of Appointment – 31 Dec 2020)
1. Mr. Pornwut	Sarasin	1 Oct 2015	5 years 3 months
2. Mr. Boonsom	Lerdhirunwong	1 Oct 2014	6 years 3 months
3. Mr. Chanin	Roonsamrarn	3 Oct 2005	15 years 3 months
4. Mr. Thaveevat	Tatiyamaneekul	29 May 2001	19 years 7 months

## 2. Rights of Shareholders

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

- Clearly reveal the shareholding structure to assure shareholders that the Company has a transparent and accountable operation, without any complicated shareholding patterns; no co-shareholders, cross-ownership or pyramid ownership within the group of companies.
- Disseminate the information and details on the exercising of rights in several aspects via the channels of the Stock Exchange of Thailand and the Company's website, with consideration to equality in access to information, the duration and convenience in exercising rights, without any particular actions to limit the access to the source of company information or obstruct communication among shareholders.
- Actively promote shareholders' rights by constantly holding meetings. The Annual General Meeting of Shareholders 2020 was held on July 10, 2020 at Grand Ball Room, 1st floor, Mandarin Hotel, 662, Rama 4 Road, Bangrak Sub-district, Bangrak, Bangkok. In addition, the Company also encouraged shareholders to give a proxy to independent board members to attend the meeting and organized a live stream of the shareholders meeting via VDO Conference, in order for shareholders to receive information and cast votes within timely manner during the spread of Coronavirus (COVID-19). Details of the meeting are elaborated as follows:

### Before the Meeting

- Before the meeting, shareholders were involved in proposing the meeting agendas and the names of individuals to get nominated to be the directors from October 15, 2019, to January 15, 2020, as well as submit questions to the Company Secretary ahead of the meeting day. Guidelines on meeting agenda and director candidate proposal were posted on the Company's website. Nevertheless, proposals for neither the meeting agenda nor director candidates were made for the Annual General Meeting of Shareholders 2020.
- Kept shareholders informed in advance of the meeting date of the Annual General Meeting of shareholder 2020 so that they can prepare before attending the meeting. Communication on the matter was made through the Stock Exchange of Thailand's channels and the Company's website on May 26, 2020, which was also the same day that the Board of Directors agreed upon the meeting date
- Posted the meeting notice, both in Thai and English, on the Company's website since March 9, 2020, 123 days before the meeting and distributed to shareholders since June 18, 2020, 22 days before the meeting. This provided shareholders with enough time to acknowledge the meeting agenda and to examine the information.
- Facilitated shareholders including individual shareholders, juristic and institutional investors, who could not attend the meeting by themselves, by sending the proxy Form A, B, and C together with the meeting notice. These forms can also be downloaded from the Company's website. Moreover, the Company has nominated a list of independent directors' names and backgrounds that shareholders could appoint to be the proxy. In the Annual General Meeting of Shareholders 2020, Mr. Chanin Roonsamrarn, an Independent Director, was appointed as a proxy in casting votes on behalf of the shareholders.

### On the Meeting Day

- The Company imposed measures and guidelines for attending the Annual General Meeting of Shareholders 2020 during the spread of Coronavirus (COVID-19) by requesting cooperation from shareholders to give a proxy to independent board members to attend the meeting, instead of attending the meeting in person. In addition, the meeting was live streamed via VDO Conference. Shareholders, who wished to attend the meeting in person, had to follow the preventive measures against the spread of Coronavirus (COVID-19) strictly according to the announcement of the Ministry of Public Health and the Center for COVID-19 Situation Administration.
- Facilitated the shareholders, such as individual shareholders and institutional investors by providing the appropriate and easily accessible venue to accommodate the participants, with the map provided. Staff members were assigned to deliver information and inspect the documents at the point of registration. Besides, shareholders could register their attendance roughly 2 hours ahead of the meeting using the bar code system for accurate and convenient processing. Similarly, duty stamps were prepared for shareholders wishing to assign proxies to attend the meeting on their behalf.
- Regulated the voting rights in the meeting to be in accordance with the number of shares held; one share is equivalent to one vote.
- Before the meeting commenced, the Chairman

of the Board informed the participating shareholders of their rights according to the Company's rules and regulations, meeting proceedings, guidelines on casting votes as well as the opportunity for shareholders to ask questions and fairly express opinions in the meeting.

- The bar code system was used to count votes, and the results were clearly displayed in each agenda. The voting cards were used to cast votes, whereby the ballots were prepared and separated by agendas, allowing shareholders to cast their votes as they see appropriate.
- Arranged an independent, external inspector, who performed a legal counsel role to monitor the meeting and ensure that the meeting was transparent and complied with the laws and the Company's regulations.
- Encouraged a particular shareholder's appointment as the representative and the witness in the vote-counting process in every agenda.
- The Chairman allocated enough time for the meeting and appropriately conducted the meeting with absolute transparency according to the agenda specified in the meeting notice. Neither have there ever been any occasions where documents containing essential information were distributed to the shareholders right in the meeting without prior notice, nor the inclusion of other additional agendas that are not stated in the meeting notice, which can be unfair to shareholders who did not attend the meeting.
- Shareholders were allowed to join in the meeting even the meeting had already commenced but they could only vote in the agendas that had not yet been voted.
- Shareholders were encouraged to express their opinions and ask questions. The Chairman, the Chairman of the Audit Committee, the Chairman of the Nomination and Remuneration Committee, Managing Director, top executives, and the external auditor also presented in the meeting to answer shareholders' questions.

### After the Meeting

- Submitted the meeting's resolutions and accompanying details, i.e. the number of votes in each agenda to the Stock Exchange of Thailand and posted on the Company's website on the day of the meeting so that absent shareholders can immediately reach the information.

- Shareholders can view the video recording of the meeting via the webcast posted on the Company's website.
- Prepared the meeting minutes, in Thai and English, and distributed via the Stock Exchange of Thailand's channels and the Company's website within 14 days after the meeting and submitted a copy to the Stock Exchange of Thailand and the Ministry of Commerce by the indicated due date.

### 3. Equitable Treatment of Shareholders

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

- (1) Regularly disseminate the information to shareholders via channels supported by the Stock Exchange of Thailand and the Company's website and prepare a channel that shareholders can directly request for any information or make inquiries via the Board of Directors', Independent Directors' and the Investor Relations' email addresses.
- (2) Devise internal rules and regulations on the use of information within the organization in coherence with the securities-related laws. Constant reviews are encouraged to promote fairness and equality towards all relevant stakeholders, as follows:
  - Inform the rules, regulations, and policies related to the use of internal information to the Directors, executives, and associates regularly to ensure that those rules, regulations, and policies are well aware of and obliged by everyone.
  - The Company's trading transactions are forbidden one month in advance before the due time that the financial statements are disclosed to the public. The Company Secretary Office will inform the Directors and executives of the said silent period.
  - The Directors' and executives' shareholding information is disclosed in the annual report, as regulated by the Securities and Exchange Commission. Furthermore, the Board of Directors has placed the protocols in following up with business ethics compliance on the use of internal information. Directors and executives are advised to submit a copy of the report recording any changes in their shareholding information to the Company

Secretary Office monthly to report to the Board of Directors every time changes occur. The Company Secretary Office will consolidate the information and report to the Board of Directors' meeting.

- The Company explicitly set regulations concerning related parties transaction and connected transaction to be in alignment with the regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission by explicitly specifying matters to be reported to the Board of Directors or shareholders, as well as become more cautious to ascertain prevention of related parties' transaction that violates the Stock Exchange of Thailand's regulations or Securities and Exchange Commission's regulations.

## 4. Recognition of the Role of Stakeholders

### Policies on Treatment towards Different Groups of Stakeholders

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

<b>Shareholders :</b>	Perform one's duties with utmost honesty. Make any decisions to proceed with care and fairness for the sake of shareholders' interests as a whole. The Company shall provide regular, accurate and most updated reports, operating performance, financial information, and any other reports while fairly keeping shareholders well informed of the Company's situation and tendencies based on possibilities and reasons.
<b>Associates :</b>	Treat associates with fairness in terms of opportunities, remuneration, promotions, relocation, and potential development. Respect every person's individuality and human dignity. Disassociate from human rights violation. Maintain the working environment to be in excellent and safe conditions for associates' physical well-being and properties, as well as open the channels for filing complaints in case there is any unfair treatment as opposed to the system and processes being put in place.
<b>Customers :</b>	Deliver good-quality products and services that meet clients' expectations at reasonable prices. Provide adequate, accurate, and timely information to match with clients' organizational contexts. Strictly abide by any conditions towards clients and deal with clients with politeness and effectiveness. Arrange appropriate channels for clients to file complaints regarding quality, quantity and safety of products and services, as well as provide advice on how to use the Company's products and services.
<b>Suppliers :</b>	Treat suppliers with equality and always be aware of mutual interests. Develop and maintain healthy relationships with suppliers and nurture trust between both parties. The Company has laid out clear regulations on the procurement process and strictly forbidden the request for or payment of any interests deemed dishonest towards suppliers. Also, the support of Anti-Corruption and operating the business responsible for economic, social, and environmental issues, including ethical sourcing and respect of human rights, have been implemented continually.
<b>Creditor :</b>	Strictly comply with any conditions required by creditors. Effectively utilize loans for the right purposes and avoid mismanaging the fund on activities that can cause damages to the Company. According to the agreement, monitor the payment of loans and interests to creditors by the due date and completely comply with the loan covenants. If failure to comply with such conditions, the Company will keep creditors informed ahead of time to find solutions mutually.
<b>Competitors :</b>	Operate the business under fair competition rules and avoid attempting to seek confidential information of competitors via any dishonest or inappropriate means, and never attempt to damage competitors' reputation by making untrue allegations.
<b>Society, Communities, and Environment :</b>	Operate the business that contributes to the benefits of the economy, society, and environment. Place focus on preserving customs and traditions of the locality where the Company's units operate. The Company is firmly determined to behave as a good citizen and comply with the rules of law and relevant regulations. In support of such policies, the Company will continuously hold activities that are beneficial to the public. At the same time, intensively and continually cultivate a sense of responsibility for associates in all levels towards the society, community, and environment to sustain it as the critical element of the corporate culture.

## 5. Data privacy policy

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

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

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

To elaborate, Mr. Weerapun Ungsumalee, who has knowledge and experience in the field of information technology, is the Chairman of the Corporate Data Privacy Protection and the representative of the Board of Directors in managing data privacy.

2. Their main responsibility is to determine the policy for personal data protection to achieve standard operating procedures.
3. The Personal Data Protection Committee appointed the Data Protection Officer, who can decide between gathering, usage, and disclosure of personal data. The Data Protection Officer has a duty under the Data Controller's command of gathering, usage, and personal data disclosure.

4. Determine the procedures concerning objectives, conditions, announcements, consent, agreements, gathering, usage, and personal data disclosure as stipulated by laws.
5. The Company employs high security systems in both technology and processes to prevent cybercrime of confidential information and develop personnel at all levels to ensure that the Company has standard data security with measures such as firewall and intrusion detection software, using Data Encryption technology, installing Scan Virus software for effective virus protection. Including determining the level of the authorization according to the level of associates. Further details can be found in the Personal Data Security Policy on the website.

In addition, the Company has organized training on personal data protection to enhance knowledge and understanding for associates, as well as setting data privacy protection as the performance evaluation index of related associates. Additional details of data privacy policy can be found on the Company website at: [http://hmpro-th.listedcompany.com/policy\\_document.html](http://hmpro-th.listedcompany.com/policy_document.html)

### Data Privacy Safety Statistics

	2018	2019	2020
Number of complaints on personal data breach	0	0	0
Number of complaints on personal data breach from third party regulators	0	0	0

### Procedure to manage after Data Breach

The Company has clear procedure in place to respond to the data breach. When data breach occurs, the Internal Audit department along with security incident response team will investigate the root cause, prepare risk management plan to mitigate the risk in case the data breach may affect all stakeholders, and report to the Personal Data Protection Committee as well as the Audit Committee and take precaution to prevent future breach.

## 6. Policies and Guidelines on Information Technology

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

1. The Company complies with relevant law, regulation, discipline, and standards related to information technology such as NNT Security Control Guide, one of the global practice which is in line with the standards of Center for Internet Security (CIS), North American Electric Reliability Corporation (NERC), National Institute of Standards and Technology (NIST) and PCI Security Council.
2. The Company establishes an information technology security system to ensure the confidentiality, creditability, and data availability. Furthermore, the Company has a protocol to prevent the inappropriate usage of data or data editing without authorization by determining authorization for associates' different levels and responsibilities.
3. The Company has considered the risk of information and technology and determined measure to manage the risk such as providing Help Desk and Hotline as part of the reporting system, training sessions on preliminary problems solving and reporting system according to the level of severity for the responsible and related persons to ensure business continuity.
4. Cybersecurity insurance policies are also in place which intended to cover a variety of both liability and property losses that may occur when a business engages in various electronic activities, such as selling on the internet or

collecting data within its internal electronic network. The Company has an insurance policy.

5. The Company properly allocates and manages resources related to information technology by determining criteria to identify information technology priorities, consistent with business strategies, urgency, business model alignment, etc.

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

Moreover, the Company continued to monitor the information to ensure the message is correct. Cyber risk prevention and management can be detailed as follows:

- To conduct a screening and access authorization only for authorized persons to ensure proper access, implementation, provision, and information back-up.
- To set forth a cycle of system inspection, task relevant staff with operation system control and unforeseen problem-related solution, and continually perform state-of-the-art hardware and software development to cope with a new type of cybercrime and prevent access to information responsible by an unauthorized person.
- To perform a Cyber Security Drill and devise an emergency plan in case of Disaster Recovery Plan (DRP). The plan is yearly executed to address an issue promptly, lessen the damage to the Company's information system and ensure the continuation of the Company's operation.
- To formulate the Business Continuity Plan (BCP) mainly related to information and Cyber Security Risk and test semi-annually. A clear escalation process is available for associates to follow if any suspicious event occurs according to the Level of Severity (Abnormalities to Crisis). Alerting systems and communication channels are also in place.

- To install a firewall system and equipment and monitor a threat surveillance system, both at the head office and stores. A monthly meeting ensures that a new threat is monitored and inspected. Simultaneously, an attack report and a solution's outcome are discussed as part of the information to devise a preventive measure.
- To perform a penetration testing and vulnerability assessment regularly to assure the current protection system's effectiveness.
- To roll out an information security management in accordance with international standard such as ISO/IEC 27001 (Information Security), which is a standard guideline of Information Security Management System (ISMS)
- To enhance a continual awareness of safety cyber pertaining to a threat, prevention and related IT laws amongst workforce through all internal communication channels and training. Similarly, E-learning training allows associates to access the system regardless of location and time, and an assessment ensures that the online learning tool will be improved for better use. Associates at all levels can partake in this educational program.
- The Company also continuously provides knowledge on data protection and information technology management, as well as cultivates associates to recognize the importance of Cyber Security system. The knowledge and information are passed to every associates in the Company through ICT News Email.

Statistics of data leakage in Information Security

	2018	2019	2020
Amount of leaked data	0	0	0
Amount of leaked customer data	0	0	0
Number of customers affected by data breach	0	0	0
Money amount fined from data breach	0 Baht	0 Baht	0 Baht

For further detail regarding Cyber Security Policy, please find on the Company's website at [http://hmpro-th.listedcompany.com/policy\\_document.html](http://hmpro-th.listedcompany.com/policy_document.html)

## 7. Policies and Guidelines on Intellectual Property

The Company has imposed regulations to all associates to perform duties under the rules regarding rights in intellectual property such as trademark or any other intellectual properties identified by law. For instance, the use of licensed computer programs, whereby all programs must pass the qualifications and be installed by the Information and Communication Technology (ICT) Department only. Also, associates are advised to thoroughly check before using any information to determine whether it violates others' rights in intellectual properties. Moreover, associates are encouraged to have knowledge and understanding regarding legal regulations and potential damage caused by the violation of Intellectual Property rights.

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

## 8. Policies and Guidelines on Legal Compliance and Human Rights Principle

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

The Company respects the protection of human rights and supports international principles and goals such as the Universal Declaration on Human Rights and the International Labor Organization (ILO)'s Declaration of Fundamental Principles and Rights at Work and, thus, ensures

that the Company's business is not involved in any infringements of human rights, e.g. forced labor, child labor and has standard working hour according to labor law. It emphasizes respect and fair treatment towards all groups of stakeholders based on human dignity, regardless of origins, race, gender, age, skin color, religion, physical condition, status, and nobility. The Company has also put an internal monitoring system regarding human rights protection that is up to the international standard to protect all stakeholders from possible damages from violation of human rights caused by the Company's business operations. In case compensation is considered, it will not be lower than the rate determined by law.

## 9. Disclosure and Transparency

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

### Analysts Meeting

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

### Investors Meeting and Company Visits

The spread of Coronavirus (COVID-19) caused many activities to change the format. Physical meetings are changed to Web Conference meetings. However, the Company opens the opportunity for securities analysts, shareholders and institutional investors, both local and international, to meet with the management team via Video Conference consistently. This allows investors to be informed of operational performance, impact of COVID-19, strategic plans, growth direction and other important situations that occur throughout the year, as well as having their questions answered.

In the past year, the Company has organized the following activities:

1. Physical Meeting before the COVID-19 pandemic
  - 1 Site Visit by securities analysts and investors with appointment scheduled in advance.
  - 2 One on one Meeting
2. As a result of the COVID-19 pandemic, meeting with investors has been shift to the Virtual Platform
  - 24 virtual conference call event, arranged by local and international securities firm
  - 67 One on One Virtual Conference
3. 4 Opportunity Days (for listed companies to meet with investors) organized by the Stock Exchange of Thailand on March 12th, May 15th, August 10th, and November 6th, 2020 with investors and the media in attendance
4. 4 Analyst Meeting with local analysts both in room and Virtual Conference.

## Press Conference and Media Relation

In 2020, the Company arranged one press announcement on the annual business results of 2019 and business

plan of 2020. There were 4 press releases provided to the media informing business progress as well as other marketing events throughout the year.

## 10. Training Programs for the Board of Directors

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

## 11. The Board of Directors' Meeting

The Board of Directors and Executive Directors have a regular meeting every month and may have an extra meeting as necessary. The executives could attend the Board of Director Meeting inappropriate

agenda. In order to conduct a Board of Directors' meeting and vote in the meeting, the Company requires a quorum of two-third of the directors to participate. The schedule of the Board of Director meeting and the sub-committee's meeting for the whole year are defined in advance, and the calling notice for meeting with the agenda of the meeting will be sent at least 5 working days in advance for the directors to be prepared.

During the meetings, the Chairman sufficiently allocates time in explaining important issues, encourages every director to express opinion creatively and independently, and uses discretion carefully. Besides, the Company Secretary will record the minutes of the meetings. The directors, who have a conflict of interest in any issue, will be absent and have no right to vote on that issue. Meeting documents, meeting minutes as well as related information and documents shall be wholly kept in a safe place and recorded into the electronic files along with the original copies.

In addition, the Board of Directors has determined that non-executive directors can conduct meetings among themselves as appropriate. No executive directors participated in such meeting to discuss issues related to management in the interest. In 2020, there was a meeting of non-executive directors 1 time on 26 December 2020. The purpose of this meeting was to examine the overall organization management, material issues that could have impact on the business and required adjustments, exposure to general personal data protection regulation, and self-evaluation of The Board of Directors, Sub-Committee, and Managing Director.

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

The Board of Directors supervises the management to monitor and assess the company's financial position as the important agenda to report to the Board of Director's meeting on a monthly basis. The Board of Directors and Management will jointly find the solution immediately when there is a weak sign of liquidity and repayment ability. None the less, the guidance to solve this issue

must be reasonable and fair to all concerned, including complying with the concerned rules and regulations such as the disclosure rule.

In 2020, there was 14 Board of Directors meetings, and Sub-Committee meetings: 12 Executive Committee meetings, 12 Audit Committee meetings, and 2 Nomination and Remuneration Committee's meetings.

## **12. Criteria of performance evaluation and compensation for Associates**

The Company has a policy of evaluating associates that are fair to all associates. The performance evaluation is separated according to the type of work performed twice a year to regularly reflect the performance results. Including appropriate treatment for associates in terms of opportunities and returns that are consistent with the Company's performance both in the short term, such as bonuses according to the work goals and operating results of the Company each year and in the long-term, such as the Employee Joint Investment Program (EJIP) which will ensure that the Company will be able to attract, develop potential, and retain associates with good performance to have the motivation to work. In a market situation with high competition, associates will be offered compensation at appropriate rates and in line with market guidelines for the main compensation component. In addition, the Company also uses 360 Degree Feedback to evaluate and rank the performance of associates.

The company provides remuneration at a rate not lower than the minimum wage stipulated by the law. One of the determinants for determining the remuneration structure is the principal connectivity between job levels and job value. In addition, range structure, the span between the minimum and maximum base salary an organization will pay for a specific job or group of jobs, has also been applied with the following rates: lowest, median, and highest.

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

**The Company has a policy towards its associates as follows:**

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

### **13. Compliance Unit**

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

The Company does not have a dedicated Compliance Unit, but instead assigns each department and division to manage on its own, for examples, compliance on business licenses, legal compliance, and compliance related to the Stock Exchange of Thailand and the Securities and Exchange Commission will be taken care by the Legal Department; compliance on the standard operations of the branches will be the responsibilities of the Branch Operations Division; and there is also the Internal Audit Department that will audit each department's operations to ensure standardized practices as a whole.

### **14. Internal Audit Department**

To promote the procedures of good governance, the Company has formed an internal audit to review and follow up the result of work performing to the executives by performing its tasks independently and reporting the results to the Audit Committee directly and regularly. The chief of internal audit is Mr. Aryuratas Chai-anan, Vice President of the Internal Audit department appointed by the Audit Committee.

Moreover, there is an appointment to an auditor who passes a consideration from the Audit Committee to evaluate the effectiveness of the internal control in accounting. The resolution of shareholders' meeting of 2020 approved to appoint Mrs. Gingkarn Atsawarangsalit, the auditor with certified license no.4496 of EY office company

limited, to be the Company's and subsidiaries' auditor of 2020. In this regard, the auditor has no direct and indirect benefit or conflict of interest, including not being a debtor, creditor, executives, major shareholder, or does not be related to the aforementioned person. The auditor is independent and has acceptable qualifications as approved from the Securities and Exchange Commission.

### **15. Conflicts of Interest Management**

The company's policy is to operate the business with honesty, openness, transparency, and fairness. Directors, executives, and all associates are not allowed to do any business that is considered to compete with the Company's business. They

are advised to avoid making transactions related to oneself, individuals, or juristic persons that are prone to have conflicts of interest with the Company. The Board of Directors is responsible for ensuring strict compliance to the criteria, procedures, and disclosure of any inter-related transactions regulated by laws or the Corporate Governance Office.

In case the so-called inter-related transactions are necessary or unavoidable, such transactions must be in line with the condition of a general business transaction as approved by the Board of Directors on a transparent and fair basis. This is to be regarded as if a transaction was always made with the external party with the Company's utmost interest. Stakeholders must not get involved in considering the transactions in which they have conflicts of interest. On the other hand, in case the inter-related transactions which are not in accordance with the general business transaction approved by the Board of Directors, and might possibly generate conflicts of interest, such cases must be investigated and opined by the Audit Committee, prior to the proposal to the Board of Directors or shareholders for approval.

- **Report of related-party transactions** : Directors and executives are required to report for the related-party transactions declaration form for the accounting period ending December 31 every year in order to demonstrate transparency and cautiousness in doing any transactions. The Company Secretary Office will hand out this declaration form and put together all the information.
- **Disclosure of directors, executives, and related parties' conflicts of interest** : The report is due to be prepared within 30 days after the date of assumption of duties and to be reported annually as of December 31. For cases taking place during the year, directors, executives or any related parties have to make transactions, either directly or indirectly, with the Company or its affiliates, such activities must be declared to the Company for the type of contract that being made, name of the partner of the contract and any interests eligible to the directors or executives, in order to ensure transparency in making such transactions.
- **Report of Conflicts of interest** : Directors and executives are required to report their own and related parties' transactions if the interests are related to the Company's management and administration according to the criteria, conditions, and procedures regulated by the Securities and Exchange Commission. The Company Secretary Office will compile the information and submit a copy of this conflict of interest report to the Chairman of the Board and the Chairman of the Audit Committee, which is to be reviewed within 7 days after receiving.
- **Disclosure of strategic shareholder information** : The Company is responsible for preparing the share distribution report on a free-float basis by individual minor shareholders or shareholders who are not involved in directing or managing the Company (Strategic Shareholder). The proportion of the free float shares is considered a significant factor in determining the Company's liquidity of share trading transactions. This benefits all shareholders and investors so that they can conveniently purchase or sell their shares. Reasonable price is also another appealing factor for those who are interested in investing in the Company.

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

## 16. Code of Conduct

The Company places great emphasis on operating the business with morality, taking business ethics as a way of practice, and an excellent guiding principle for directors, executives, and all associates to follow to encourage effectiveness and transparency. This would create trust and acceptance in the Company's transparent operations, as well as sustainably and fairly create values to all stakeholders. The Board of Directors has initiated the "Code of Conduct" as part of the Company's "Good Corporate Governance" principles, which can be downloaded from the Company's website.

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

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

This manual has been distributed to all directors, executives and associates to encourage the execution of a code of conduct and can be used as a reference. Assuming that everyone has accountability to acknowledge, understand and strictly comply with the policies and protocols stated in the manual. Everyone will be evaluated the execution of the code of conduct via performance evaluation yearly. The Code of conduct was integrated and communicated into the Company's culture (HomePro Culture). The Company has published this manual on the website under the good governance topic for shareholders, investors, and interested individuals' convenient access.

The Company has consistently been placing great significance on equipping knowledge and understanding of good governance and business ethics. The Board of Directors has been working to ensure that communication on such matters is sufficient to encourage compliance with such policies, as seen from incorporating the good governance topic and business ethics as one of the orientation agendas for directors and associates. In 2020, there were 24 orientation sessions for associates. In the past year, there is no case of major ethical wrongdoing by associates of the Company. However, in case of wrongdoing by associates, the Company has the following disciplinary action in place:

- Verbal warning or warning letter
- Punishment by:
  - Wage reduction or demotion
  - Job suspension
  - Withholding of annual bonus
  - Not providing pay raise
  - Requesting for resignation
  - Dismissal

# Report on Key Performance Results of Corporate Governance

## 1. Summary of the Board of Directors' responsibilities performance in the previous year

- **Determining policies and business directions :**  
The Board of Directors is involved in determining the Company's vision, policies, goals, business plan and budgets which are reviewed and approved annually. The policies and business directions emphasizes on ethic and impact to stakeholder apart from financial results. The group is also collectively accountable for monitoring the management team to operate the business according to strategies, plan and budget effectively and efficiently. Also, integrating innovation and technology are also applied to the business appropriately.
- **Monitoring the Company's strategy execution :** The Board of Directors is involved in monitoring the execution of the Company's strategy via meetings which is reported on a monthly basis by management.
- **Good corporate governance :** The Board of Director reviewed the good corporate governance policy and code of conduct on a regular basis which is integrated into the Company's culture. The Board of Director will be a role model in creating and driving a corporate governance and code of conduct. Additionally, the aforementioned polices and code of conduct is communicated and enforced to directors, executives, and associates as well as monitored the results on a regular basis. These would enhance the Company to be standardized, transparent, effective, and auditable. Furthermore, the Company determines policies and procedures to limit the number of position in other companies for director, independent director, managing director, and executives. Director and independent director must not take more than 5 positions in listed companies. Managing director and executives must not take more than 2 positions in listed companies that is not in the same group of the Company and must not compete with the Company's business and must not have conflict of interest with the Company.
- **Internal control and audit :** The Board of Director is well aware of the significance of internal control and audit systems. The Board of Director determines the protocols to ensure that the Company has an effective internal control system in place and is coherent with the level of risk that the Company is able to accommodate. The Audit Committee has been assigned to review and monitor the internal control results and report to the Board of Directors regularly to create confidence for executives, investors and other stakeholders.
- **Risk management :** The Board of Directors is responsible for monitoring any potential risk that can possibly affect the business. The Risk Management Committee has been appointed to take charge of regulating and supporting effective risk management, as well as considering any potential risks and defining execution plan, following up, and constantly improving such plan to minimize risks to be in the acceptable level. The Risk Management Committee's meeting is held quarterly to assess risk level together with solving the issues to reduce the risk and then report to the Board of Director.
- **Avoidance of conflict of interest of Board of directors, Management, and Shareholders :** The Board of Directors will determine the tool to ensure that the Company effectively and transparently operates the business, for the best interests of shareholders, by way of avoiding chances of conflict of interest in business operations. However, in case any Directors or executives are one of the stakeholders in any matters, they must be completely disclosed.

- **Nurture of innovation** : The Board of Director emphasizes the nurture of innovation by supporting the integration of innovation and technology into the business. These would enhance competitiveness and value to the Company under the dynamic change of business environment. It could respond to stakeholder's concerns; the Company, customer, suppliers, social and environment. The Board of Director appoints executives to integrate innovation as a part of business strategies, operational development, and operation monitoring.
- **Sustainable Development** : The Board of Director has the role of support in steering the company's business towards sustainable development; encourage the establishment, evaluation, and execution of policies, strategies, procedures, as well as the sustainable targets company-wide, in order to maintain the balance between the business profitability and the environmental responsibility with contribution to the quality of life and well-being of community and society.

The Company has appointed the Audit Committee which is entirely Independent Directors in order to verify accuracy of disclosed information and ensure reliability of financial statements. The Committee is also responsible for regulating good governance and internal control, with its roles and responsibilities of the Audit Committee detailed under the topic "Governance Structure and Important Information of the Board of Directors and others". In case of unusual transactions, the Board of Directors is supposed to consider such transactions with Independent Directors in the meeting. The Company has the Nomination and Remuneration Committee to determine the procedures and criteria in the recruitment of the Company's Directors and determine remuneration or any other benefits that are fair and reasonable, and propose to the shareholders' meeting for approval.

## 2. Selection of Directors, Independent Directors, and Managing Director

### 2.1 Selection of Directors and Independent Directors

The Company appointed the Nomination and Remuneration Committee, which consists of 1 Independent Director from totaling of

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

1. Open opportunity for the shareholder to participate in the nomination of candidates to be elected as directors in advance. In 2021, The vote will be available from 1 October 2020 to 15 January 2021 and will be announced through the SET portal system of the Stock Exchange of Thailand under the News section and the Company's website, for the nomination procedure. In 2021, none of the shareholders has nominated a single candidate to be elected as director.
2. The consideration is coming from the Director Pool of Thai Institute of Directors or other department that provides such information.
3. Other channels that the Nomination and Remuneration Committee deems appropriate.

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

1. Consider the qualified individual in accordance with the laws and must not possess characteristics prohibited by the rules of the Security and Exchange Commission along with other laws, regulations or other associated regulations.
2. The consideration of the appointment of the Independent Director is considered under the rules imposed by the Security and Exchange Commission. In this regard, the Company has set the qualifications for independence to be more stringent than the requirements of the Securities and Exchange Commission, such as holding less than 0.5 percent of the paid-up capital of the Company. More details are available on the topic of independent directors.

3. Consider the suitability in terms of knowledge, experience, skills, expertise in industry (Board Skill Matrix) so that it is in accordance with the business strategy of the company.
4. Consider the diversity of the board structure, including gender, age, qualifications, experience, race, nationality, ethnicity, and cultural background (Board Diversity).



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

1. Each Shareholder has the vote equivalent to one vote per one share held.
2. Each Shareholder should use all of his/her voting rights under item 1 to elect one or more individuals as the Director, but is not capable to share his/her varied voting rights to any person.
3. Individual with the highest votes, follow by votes from other individuals in descending order would be elected as director subject to the number of Directors allowed to be elected in such meeting. In the event of individuals who have been elected that received equal votes but there will be over the number of allowed or elected Directors in such election, the Chairman of such Meeting shall have a casting vote.

In the event of an available position as a result other than the expiration of the term of the director. The Board of Directors shall appoint qualified candidates who do not possess any characteristic that indicates

prohibition to be the director for the Board of Directors meeting. The replacement of director that just has been appointed may only serve for the remaining term of the director whom he/she replaces.

In 2020, there were 4 following directors who retired by rotation from their positions as their term expired:

1. Mr. Pornwut Sarasin
2. Mr. Khunawut Thumpomkul
3. Mr. Archawin Asavabhokhin
4. Mr. Naporn Sunthornchitcharoen

However, the Nomination and Remuneration Committee considered this matter in accordance with the criteria of the selection. This shows that all 4 directors have the qualifications required according to the Public Limited Company Act B.E. 2535. Nonetheless, the qualifications of these directors, such as capability, experience and expertise (Board Skill Matrix) have been analyzed so that these are in line with the Company's operational strategies. In this regard, such matter has been proposed through the resolution of the Board of Directors of the Company in order to be presented as an agenda in the 2020 Annual General Meeting of Shareholders. As a result, the meeting approved this matter and to reappoint these directors for another term.

## 2.2 Selection of Managing Director

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

### Roles and Responsibilities of the Managing Director

As resolved in the Board of Directors Meeting no. 7/2544 on 21st June 2001 and the Board of Directors Meeting no. 9/2544 on 16th August 2001, the Managing Director who has the authority to manage the Company as assigned by the Board of Directors and shall strictly and carefully manage the Company according to the framework or budget approved by the Board of Directors, and maintain the best interest of the Company and shareholders. Authorization of the Directors also covers other matters as follows:

1. Daily Operation and management of the Company to be in accordance with the business plan proposed to the Board of Directors.
2. Approval of operating expenses, selling and administrative expenses and capital expenditure according to the budget approved by the Board of Directors. However, loan and guarantee are excluded.
3. Filling the post, appointing, removing, relocating, promoting, reducing or cutting salary or wages, disciplinary punishment to the staff and associates, and ordering the staff and associates to leave from the position according to the regulations as stipulated by the Board of Directors.
4. Other operations as assigned by the Board of Directors, with the following authorities:

4.1 Having the authority to administrate under the objectives, regulations, policy, rules, order, and resolution of the Board of Directors meeting and the resolution of the Shareholders Meeting.

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

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

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

### Chairman of the Board and Managing Director's Roles

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

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

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

In 2020, the Company have not yet appointed the chairman of the board. However, the Company is in the process of recruiting. In this regard, the Chairman of the Executive Committee acts as the Chairman of the Board of Directors and of the Annual General Meeting of Shareholders.

### 3. Board of Directors' Performance Evaluation

#### Procedures and Criteria for the Board of Directors' Performance Evaluation

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

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

#### Process for Evaluation

The Corporate Secretary will submit the evaluation form for the entire Board, sub-Committees, and Individuals in the Board of Directors Meeting. After the evaluation has been completed, the Company Secretary will collect and summarize the results to the Nomination and Remuneration Committee for consideration of the remuneration and the bonus. By screening

various appropriateness such as business expansion, profit growth, market capitalization of the Company's security, dividend payment, and the number of meeting attendance. In addition, the comparison is also based on the same industry.

#### Performance Evaluation Criteria

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

### 4. Managing Directors' Performance Evaluation

#### Criteria of Performance Appraisals and Remuneration Policy for Managing Director

The Company has the Nomination and Remuneration Committee to propose opinion to the Board of Directors in consideration of setting the annual Key Performance Indicators (KPI) to be used in evaluation of working performance of the Managing Directors, such KPI shall be in accordance with the goal of the Company for both short term and long term concerning the following elements: Same store sales growth (SSSG), Return on Asset (ROA), Return on Equity (ROE), Return on Invested Capital (ROIC), Total Shareholder Return, Tobin's Q, which has been compared with the data from the Stock Exchange of Thailand, along with performance concerning the environment, social community, and corporate governance, such as the increase of Eco Product and the usage of renewable energy and the number of technician. The objective is to create motivation and sense of participation in the ownership of the Company. The details of compensation and remuneration for Managing Directors are as follows:

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

Long term : Employee Joint Investment Program (EJIP) starting from July 1, 2013 to June 30, 2018. And Series 2, starting from July 1, 2018 to June 30, 2023. More details can be found in page 211

## Evaluation Criteria of Managing Director's compensation and remuneration

Evaluation Topic	Proportion of Managing Director's compensation	Details
Business Operation	80%	<b>Marketing Management</b> <ul style="list-style-type: none"> <li>Market Share, Brand Index, Service performance</li> </ul> <b>Human Resource Development</b> <ul style="list-style-type: none"> <li>Organization Culture</li> </ul> <b>Financial</b> <ul style="list-style-type: none"> <li>Same Store Sales Growth</li> <li>Return on Asset</li> <li>Return on Equity</li> <li>Return on Invested Capital</li> <li>Total Shareholder Return</li> <li>Tobin's Q</li> </ul> <b>Total Quality Management</b>
Sustainability Development	20%	<b>Materiality Issues related to ESG</b> <ul style="list-style-type: none"> <li>Increase of Sales mix of Eco Product, Utilization of renewable energy, Increase in the number of technician team</li> </ul> <b>Corporate Sustainability</b> <ul style="list-style-type: none"> <li>Customer Satisfaction, Employee Engagement Index</li> </ul>

## 5. Meeting and Remuneration of each Director

### Remuneration for the Directors and Executives

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

### Remuneration for the Directors

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

In 2020, the Nomination and Remuneration Committee reviewed the remuneration of directors and proposed to the Board of Directors for approval. After that the matter was

presented in the 2020 Annual General Meeting of Shareholders which took place on 10 July 2020. The shareholders have a resolution to grant the remuneration of directors amounting to no more than 12,000,000 million baht and the pension in 2020 for the directors amounting to no more than 35,000,000 million baht with the payment structure as follows:

### 1. Cash Remuneration

#### 1.1 Monthly Remuneration

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

#### 1.2 Meeting Attendance Allowance

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

Note: Director who is in the management position will not receive the meeting allowance under article 1.2 above

### 2. Other Remuneration

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

Details of Monetary Remuneration for directors in 2020 are as follows:

Name - Surname	No. of Meeting Attend (time)			Remuneration and Meeting Allowances						Total (Baht)
	Board of Director, 14 meeting	Executive Directors, 12 meeting	Audit Commit- tee, 12 meeting	Nomina- tion and Remu- neration Commit- tee, 2 meeting	Monthly Remuner- ation	Remu- nera- tion for Board of Director Meeting	Remu- neration for Ex- ecutive Director Meeting	Remu- neration for Audit Com- mittee Meeting	Remuner- ation for Nomination and Remu- neration Committee Meeting	
1. Mr. Manit	14/14	12/12			480,000	240,000	360,000			5,833,333 6,913,333
2. Mr. Rutt	14/14	12/12		2/2	480,000	240,000	240,000		60,000	2,916,667 3,936,667
3. Mr. Boonsom	14/14		12/12		480,000	240,000		360,000		2,916,667 3,996,667
4. Mr. Thaveevat	14/14		12/12		480,000	240,000		240,000		2,916,667 3,876,667
5. Mr. Chanin	13/14		12/12	2/2	480,000	220,000		240,000	40,000	2,916,667 3,896,667
6. Mr. Pornwut	14/14				480,000	240,000				2,916,667 3,636,667
7. Mr. Naporn	13/14	12/12		2/2	480,000	220,000	240,000		40,000	2,916,667 3,896,667
8. Mr. Khunawut	14/14	12/12			480,000					2,916,667 3,396,667
9. Mrs. Weerapun	14/14				480,000					2,916,667 3,396,667
10. Mr. Suwanna	14/14				480,000	240,000				2,916,667 3,636,667
11. . Mr. Archawin	14/14				480,000	240,000				2,916,667 3,636,667
<b>Total</b>					<b>5,280,000</b>	<b>2,120,000</b>	<b>840,000</b>	<b>840,000</b>	<b>140,000</b>	<b>35,000,000 44,220,000</b>

Remarks : Mr. Chanin Roonsamrarn and Mr. Naporn Sunthornchitcharoen did not participate in the meeting on 10/2020 and 2/2020 respectively, due to personal issues

## 6. Governance on subsidiaries

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

## 7. Disclosure and Financial Integrity

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

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

## 8. Supervision on the Use of Internal Information

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

- **Control of Internal Information** : Directors, executives and all staff members must never utilize the Company's critical internal information that has not been disclosed to the public for their own and other's benefits and must strictly abide by the confidentiality policy regulated by the Company.
- **Possession of the Company's Shares** : Directors, executives and staff members are allowed to invest in the Company's shares. However, in order to prevent possible conflicts of interest, directors, executives and associates who can access insider information, as well as their spouses, cohabitation, or children not having yet become sui juris are prohibited from purchasing, selling, transferring or getting transferred the Company's shares during the one-month period before the financial statement is disclosed to the public. In this regard, if any executives or associates violate such regulations on the use of internal information, it is considered as a disciplinary offense and the person can be subjected to legal punishment.
- **Possession of the Company's Shares Report** : The Company Secretary Office is responsible for compiling the information on the shares possessed by directors and executives, as well as their spouses, cohabitation and children that not having yet become sui juris to the Board of Directors' meeting. This is to be dedicated as one of the agendas in the meeting on a monthly basis. Furthermore, at the end of the accounting period, the Board of Directors and management holding of securities would be reported in the annual report. Moreover, it has been internally regulated that the directors and top executives are required to report to the Company Secretary Office regarding their share transactions at least one day prior to making any transactions.

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

## **9. Policies and Guidelines on Anti-Corruption**

The Company commits its intention on anti-corruption practices by issuing Anti-Corruption policy to ensure that the Company and associates can prevent and counter corruption which was set up according to internal control principles. The Policy will be annually reviewing and can be used as guidance. Related measures and guidelines are as follows:

1. The Company is neutral in political matter and has no political contribution policy and no action to show that the Company is interested in any particular political party or political group.
2. The Company has No-Gift Policy to prohibit receiving or giving any gift or any benefit from any stakeholders with a written notice to the stakeholders in any cases.
3. Donation for Charity or Subsidy must be performed correctly, directly and transparently and not in violation of a good moral, laws and practical regulations.
4. The Company has policy and guidance in place for procurement audit and contract agreement.

The Policy has been disseminated to all associates and stakeholders of the company via accessible communication channels including Intranet, Vendor Relationship management system (VRM), sending official letter via post mail, in-house board announcement, associates orientation, etc.

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

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

Furthermore, the Company emphasized on the ethics and integrity as one of the Company's cultures and cultivated all associates to adopt this practice. In this regard, the Company continued to be certified as member of Collective Action Coalition (CAC) which jointly undertaken by the Thai Institute of Directors Association (IOD), Thai Chamber of Commerce, Foreign Chambers of Commerce, Thai Listed Companies Association, and Thai Bankers' Association. This is to ensure that the policy is consistent with anti-corruption measure of the CAC.

## **10. Policies and Guidelines on Anti-Corruption Notification (Whistle-Blowing)**

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

## Complaint Handling Procedure

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

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

<b>Board of Directors :</b>	In case of notifying or communicating about an operation of the Company, the information will be sent to the Managing Director at <a href="http://hmpro-th.listedcompany.com/contact_board.html">http://hmpro-th.listedcompany.com/contact_board.html</a>
<b>Audit Committee :</b>	In case of requiring for filing complaint about violation of laws or ethics, accounting issues, internal control etc. The information will be sent to the Internal Audit Department of the Company in order to be compiled and proposed to the Audit Committee for further consideration at <a href="http://hmproth.listedcompany.com/contact_audit.html">http://hmproth.listedcompany.com/contact_audit.html</a>
<b>Complaints Notification Unit, Human Resources Department :</b>	In case of complaining about associates' offence or associates desires to notify any wrong doing, please contact <a href="mailto:md@homepro.co.th">md@homepro.co.th</a> The Company also provides "Hotline" for associates consultation (HR Clinic) through telephone consultation or in person consultation.

The identity of the whistleblower and information will be kept confidential. Only the Managing Director, Executive Vice President, and Senior Vice President in charge of that business unit will be acknowledged the information of complaints. The management will gather complaints and submit to the Audit Committee and the Risk Management Committee for consideration and further report to the Board of Directors. In 2020, there's a minor complaints and was resolved. Those complaints was also send to the related parties.

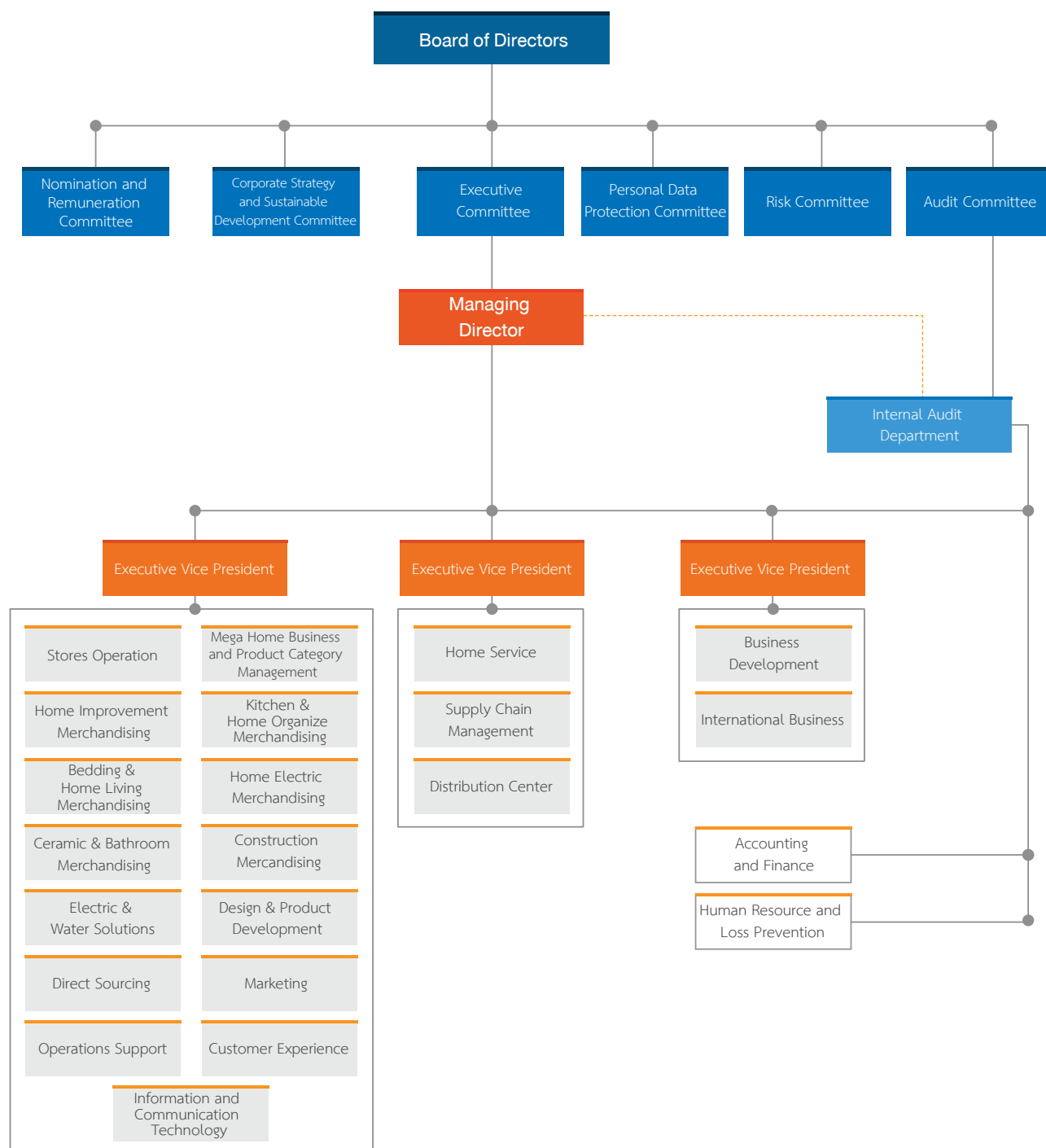
# Corporate Governance Structure and Important Information of the Board of Directors and Others

Important Information of the Board of Directors, Sub Committees, Management, Associates, and others

## 1. Corporate Governance Structure

### Organizational Chart

As of December 31, 2020





## 2. Information of the Board of Directors

The structure of the Company's Management consists of:

1. Board of Directors
2. There are 6 sets of the Sub-Committees:
  - 2.1 Executive Director
  - 2.2 Audit Committee
  - 2.3 Nomination and Remuneration Committee
  - 2.4 Risk Management Committee
  - 2.5 Strategy and Sustainable Development Committee
  - 2.6 Personal Data Protection Committee

Having details as follows:

### The Board of Directors

The Board of Directors consists of 11 individuals including:

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

## List and Position of the Board of Directors

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

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

### Authorized Signatory Directors on the Company

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

Where 2 out of 4 Authorized Signatory Directors mutually signed their names simultaneously with the company seal.

## Roles and Responsibilities of the Board of Directors

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

1. The Board of directors has the authority to deliberately administrate the company in accordance with the company's objectives and regulations, the shareholders' meeting resolution, and the law to take care of the company's interest.

2. The Board of directors determines its visions, missions, policies, and operating directions. The Board of directors also supervises management to ensure that the Company policy will be implemented effectively and efficiently by the management in order to maximize the highest value for the company and its shareholders.
3. The Board of directors has the authority to appoint a certain number of directors to be a sub-committee, which comprises executive directors, nomination and remuneration committees, audit committees, and other sub-committees depending on the situation and the suitability. Having the optimal specific number of directors allows the Board of directors to perform their assigned tasks efficiently.
4. The Board of directors may appoint one or more individuals to perform their assigned tasks; any action can be done only under the Board of Directors' control. The Board of directors may assign authority to any individual who deems as appropriate. However, the Board of directors may revoke, withdraw, or amend the assigned authority at any reasonable time.
5. The Board of directors has the authority to acknowledge and approve any operational goals and evaluate the sub-committee's performance, chairman of sub-committee, specific-purpose committee, and managing director.

6. The Board of directors must hold a meeting at least once every 3 months
7. The Board of directors must not run the similar business as the company nor attempt to compete against the company business. The board directors are not allowed to be in the universal partnership nor limited partnership. The Board of directors is restricted to being a director of any private company or any company with a similar business. These constraints must not be carried out either for one's benefits or others; unless such has been notified to the shareholder's meeting prior to the resolution of the appointment.
8. The decision-making on high-value investment that is not considered an ordinary business transaction must comply with the laws and regulations of the Securities and Exchange Commission (SEC) and the Stock exchange of Thailand (SET)'s.
9. The Board of directors must manage and govern the company's operation with morality. The Board of directors must closely supervise the stakeholders in order to avoid any conflict of interests.
10. The Board of directors must immediately notify the company if the individual has any conflict of interest either from company contracts, directly or indirectly holding the company's share or debentures of the company or its subsidiaries.
11. Any director who has a conflict of interest on any mentioned factors will have no right to vote on such matter.
12. The Board of directors has the authority to arrange the appropriate assessment process for internal control and internal audit for its efficiency and effectiveness.
13. The Board of directors must inclusively set out the risk management guideline and systematically supervise the executives to have an efficient and effective system and process in risk management.
14. The Board of directors encourages the company to sustainably operate its business in alignment with the Environment, Social, and Governance (ESG) standards to comply with the Sustainable Development Goals (SDGs) set by the United Nations.

15. If the votes are equal, the Chairman will have a casting vote.

### **Roles and Responsibilities of Chairman**

1. Ensure the Board's effective operation and its committees in conformity with the highest corporate governance standards.
2. Ensure effective communication with shareholders, government agency, and other relevant constituencies.
3. Set the agenda, style, and tone of Board discussions to promote constructive debate and effective decision-making.
4. Ensure that steps or recruitment process and appointment of director or sub committee are appropriate and able to support Company's business.
5. Ensure comprehensive induction programs for new directors and updates for all directors as and when necessary.
6. Support and advise the Managing Director in the development of strategies.
7. Promote effective relationships and communications between non-executive directors and members of the Executive Directors.

### **Terms of the Director of the Company**

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

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

## Independent Director

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

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

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

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

1. Hold share less than 0.5% of the company's paid-up capital, associated company, joint company, and related company including the related individual's shares.
2. Being independent either directly or indirectly in both areas, financial and management of the Company or joint company, subsidiaries, management or major shareholders of the Company. Also, having no benefit or interest within 2 years before being appointed as the Independent Director, unless the Board of Director has carefully considered and sees that such participation in having benefit or interest will not affect the duty performing and the independence in giving an opinion.
3. Must not be a Director who has been appointed as the representative to maintain the benefits of the Director of the Company, major shareholders, or shareholders who are related to the major shareholders of the Company.
4. Must not participate in the management and must not be associates, staff, or consultant who receives a regular salary in the Company, associated company, joint company, or company's major shareholders.

5. Must not relate or be relatives of the executive or major shareholders of the Company.
6. Capable to perform duty and express opinions or report the result of performed duty as assigned by the Board of Directors, freely and not under control of the Company's Executives or major shareholders, including the related person or close relatives of such person.
7. No other characteristic that causes the inability to give opinions to the Company's operation independently.

## Sub – Committees

Sub – Committees consist of 6 sets of directors: Executive Directors, Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, Corporate Strategy and Sustainable Development Committee, and Personal Data Protection Committee. Details are as follows:

### 2.1 Executive Committee

List and position of the Executive Committee

Name – Surname		Position
1. Mr. Manit	Udomkunnatum	Chairman of Executive Committee
2. Mr. Naporn	Sunthornchitcharoen	Executive Committee
3. Mr. Rutt	Phanijphand	Executive Committee
4. Mr. Khunawat	Thumpornkul	Executive Committee and Managing Director

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

## Roles and Responsibilities of the Executive Committee

1. Consider and screen the issue that requires primary decision-making before being proposed to the Board of Directors' for approval.
2. Consider investment, branch expansion, annual budget allocation, and propose the strategic plan to the Board of Directors.

## Terms of the Executive Committee

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

## 2.2 Audit Committee

List and position of the Audit Committees

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

Remark: Mr. Aryuratas Chai-anan, Vice President - Internal Audit is a secretary of the Audit Committee.  
Mr. Chanin Roonsamrarn, knowledgeable and specializes in Accounting and Finance.

## Roles and Responsibilities of the Audit Committee

1. Review the financial transactions of the Company so that it is accurate and complete according to the Generally Accepted Accounting Principle Standard with sufficient disclosure.

2. Review the internal control and the internal audit system of the Company in order to make it sufficient, appropriate, efficient, and effective.
3. Review the Company operations so that it is in compliance with good corporate governance policy and have appropriate, effective and efficient business ethics.
4. Review the Company operations so that it is in compliance with the laws regarding the securities and Stock Exchange of Thailand, regulations imposed by the Stock Exchange of Thailand, or laws applicable to the business of the Company.
5. Consider the related-party transactions or transactions that may have any conflict of interest and make those transactions to be in compliance with the relevant laws and regulations.
6. Review the Company's operations and ensure that it has an appropriate, effective and efficient risk management system as well as communicating with the Risk Management Committee in order to understand the risks that are important.
7. Jointly review and consider with the auditors on the financial report, remarks and suggestions.
8. Consider, select, nominate an individual, who is independent, to be in charge as an auditor of the Company, along with the consideration of the dismissal of the auditor and then propose the remuneration of the auditor to the Board of Directors of the Company.
9. Consider the independence of the internal audit department, along with the consideration of the appointment, relocation and termination of employment, which includes the evaluation of the annual performance of the chief of internal audit.
10. Monitor the internal audit department's operation in both areas, policy and working process, by considering the charter of internal audit office for approval.
11. Consider an annual internal audit plan for approval, as well as to consider the scope of audit, audit plan of internal audit department and the auditor of the Company, in order to have supportive relations.

12. Coordinate and ensure that the Audit Committee, Executives, Internal Auditor Department and External Auditor are on the same page. In addition to this, a follow up is done to ensure that the Executives operate in accordance with the suggestion sufficiently, effectively and timely done.
13. Jointly review and consider with the internal audit department regarding the audit results, remarks and recommendations.
14. Review and amend the Audit Committee Charter once a year or when necessary in order to make it up-to-date and suitable with the organizational environment. Then propose this matter to the Board of Directors for approval.
15. Conduct examination on matters notified by the external auditor. In the case that the auditor finds any suspicious behavior that the director, manager or individual who is responsible for the operation of the Company may have committed an offence as stipulated in the Securities and Stock Exchange Act (No. 5th) B.E. 2559, and report the preliminary results of the examination to the Office of the Securities Exchange Commission and auditor of the Company within 30 days from the date of receiving notification from the auditor.
16. Investigate clues or complaints by assuring the whistleblowers that the investigation procedure is independent and properly monitored. In this regard, the information provided by the whistleblowers and the matter informed will be kept confidential in order to prevent the right being violated.
17. Implement other matters as stipulated by law or as assigned by the Board of Directors as per the approval of the Audit Committee.
18. Conduct the Audit Committee's report and reveal the report in the Company's annual report, which such report must be signed by the Chairman of the Audit Committee and must contain the following information:
  - 18.1 Opinion on the accuracy, completeness, reliability of the financial report of the Company according to the Generally Accepted Accounting Principle and reveal important information sufficiently and on time.
  - 18.2 Opinion on the sufficiency of the internal control system of the Company.
  - 18.3 Opinion on practices complied with the laws of the securities and the Stock Exchange of Thailand and regulations of the Stock Exchange of Thailand or laws related to business of the Company.
  - 18.4 Opinion on transactions that may have conflict of interest.
  - 18.5 Opinion on the suitability of the external auditor.
  - 18.6 Number of the Audit Committee's meeting, and the number of meeting participants of each Audit Committee.
  - 18.7 Overall opinion or remarks that the Audit Committee have performed in accordance with the charter.
  - 18.8 Other matters that the shareholders and general investors should be informed, under the scope of duty and responsibility assigned by the Board of Directors of the Company.

### Terms of the Audit Committee

1. The term of the Audit Committee should be for a period of up to 3 years.
2. In the event of retiring from the position, such an individual may be re-appointed.
3. Audit Committee shall leave from the position when:
  - 3.1 Completion of term
  - 3.2 Death
  - 3.3 Resignation
  - 3.4 Lack of qualifications or possess prohibited character under Section 68 of the Public Company Act B.E. 2535, and Securities and Exchange Act B.E. 2535
  - 3.5 The Shareholders Meeting resolved to dismiss under Section 76 of the Public Company Act B.E. 2535
  - 3.6 Dismissal ordered by the Court
  - 3.7 The Board of Director has resolution to remove from the position.

4. In the event of resignation, the resignation letter must be submitted to the Chairman of the Company not less than 30 days in advance, the approval should be made by the Board of Directors who shall then send a copy of the resignation letter to the Stock of Exchange of Thailand.
5. In the event of an available position as a result other than the term's expiration, the Board of Directors shall appoint an individual who is qualified to be an Audit Committee to fill up the number of Audit Committee as stipulated in the Article of Association within 3 months from the date of vacancy. Individuals that will be appointed as an Audit Committee shall be in a position only for the remaining period of the former Audit Committee, and shall inform the Stock of Exchange of Thailand.

### 2.3.Nomination and Remuneration Committee

List, and position of Nomination and Remuneration Committee

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

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

### Roles and Responsibilities of the Nomination and Remuneration Committee

1. Select individuals who deserve to be nominated as the new Directors or search for a Managing Director.
2. Specify the procedures and regulations of selecting the directors or the managing director to ensure transparency.

3. Specify the remuneration and compensation procedures and criteria that are fair and reasonable to the Board of Directors and Sub-Committee appointed by the Board of Directors, and then propose to the Shareholders meeting for approval.
4. Consider and provide a recommendation on the determination of the remuneration and other benefits concerning duties and responsibilities of the Managing Director. Furthermore, the company considers the criteria for setting remuneration and the evaluation of the Managing Director's performance to determine the annual remuneration.
5. Evaluate the structure and regulations on remuneration, according to topics 3 and 4, as appropriate with personal's responsibility, company's performances, and market trends.
6. Consider the salary increase budget and annual rewards, welfare, structure, and criteria related to the staff remuneration, including other benefits obtained by the Company and its subsidiary personnel.
7. Prepare the operational reporting and present it to the Board of Directors at least once a year.
8. Determine the overall policy of Employee Stock Option Plan and/or Employee Joint Investment plan as proposed by the Managing Director.
9. Perform other duties as assigned by the Board of Directors.

### Terms of the Nomination and Remuneration Committee

1. The Nomination and Remuneration Committee appointment should be for a period of up to 3 years.
2. In the event of retiring from the position, such an individual may be re-appointed.
3. Nomination and Remuneration Committee shall leave from the position when:
  - 3.1 Completion of term
  - 3.2 Death
  - 3.3 Resignation
  - 3.4 Lack of qualifications or possess prohibited character under Section 68 of the Public Company Act B.E. 2535, and Securities and Exchange Act B.E. 2535

3.5 The Shareholders Meeting resolved to dismiss under Section 76 of the Public Company Act B.E. 2535

3.6 Dismissal ordered by the Court

3.7 The Board of Director has a resolution to remove from the position.

4. In the event of resignation, the resignation letter must be submitted to the Chairman of the Company not less than 30 days in advance and must get approval from the Board of Directors.
5. In the event of an available position as a result other than by the expiration of the term, the Board of Directors shall appoint an individual who is qualified to be the Nomination and Remuneration Committee to fill up the number as stipulated in the Article of Association by the Board of Directors.

#### 2.4.Risk Management Committee

Comprises two representatives from the Board of Director who have been appointed as Risk Management Committee: Mr. Khunawut Thumpomkul and Mr. Weerapun Ungsumalee, as well as the representatives from the Company management or Risk Owner of the specific department. Apart from this, the director also coordinates with the internal audit department. The structure of the Risk Management Committee is independent of the management. The list of committee members are as follows:

Name – Surname		Position
1. Mr. Khunawut	Thumpornkul	Managing Director (Chairman of the Risk Management Committee)
2. Mr. Weerapun	Ungsumalee	Executive Vice President
3. Ms. Wannee	Juntamongkul	Accounting and Finance Representative
4. Ms. Jarusopha	Thumkathikanon	Merchandising Representative

Name – Surname		Position
5. Mr. Nitat	Aroonthipaitoon	Human Resource and Loss Prevention Representative
6. Ms. Sudapa	Chamod	Information and Communication Technology Representative

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

#### Roles and Responsibilities of the Risk Management Committee

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

## 2.5. Strategy and Sustainable Development Committee

The Company prioritize sustainability, therefore, the Company appointed Strategy and Sustainable Development Committee to set strategy and policy to drive operations of the Company towards sustainability goal that covers every aspect, including Environment, Social and Governance (ESG).

The list and the roles of Sustainable Development Committee. Those consisted of Mr. Khunawut Thumpornkul and Mr. Weerapan Ungsumalee, which are the representative of the Board of Directors.

Name – Surname		Position
1. Mr. Khunawut	Thumpornkul	Chairman of the Strategy and Sustainable Development Committee and representative of Board of Directors
2. Mr. Weerapan	Ungsumalee	Strategy and Sustainable Development Committee
3. Mr. Vathuny	Visuthikosol	Strategy and Sustainable Development Committee
4. Mr. Chaiyuth	Karunyasopon	Strategy and Sustainable Development Committee
5. Mr. Nitat	Aroontippaitoon	Strategy and Sustainable Development Committee
6. Ms. Wannee	Juntamongkol	Strategy and Sustainable Development Committee
7. Mrs. Surangkha	Chaiprasart	Strategy and Sustainable Development Committee
8. Ms. Ittaporn	Srisukwattana	Strategy and Sustainable Development Committee
9. Ms. Jarusopha	Thumkathikanon	Strategy and Sustainable Development Committee
10. Ms. Sudapa	Chamod	Strategy and Sustainable Development Committee
11. Ms. Saowanee	Sirariyakul	Strategy and Sustainable Development Committee

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

## Roles and Responsibilities of the Strategy and Sustainable Development Committee

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

## 2.6 Personal Data Protection Committee

The Company is fully aware of the importance of personal data and respect customers' privacy. Personal Data Protection Committee was set to supervise personal data and implemented the policy and measure. The committee also govern the operation to comply with the Personal Data Protection Act B.E. 2562

The list and the roles of Personal Data Protection Committee. Those consisted of Mr. Weerapan Ungsumalee, which is the representative of the Board of Directors.

Name – Surname		Position
1. Mr. Weerapan	Ungsumalee	Chairman of the Committee
2. Ms. Sudapa	Chamod	Committee
3. Ms. Wannee	Juntamongkol	Committee
4. Ms. Siriwan	Paimsethasin	Committee

Name – Surname		Position
5. Mr. Nitat	Aroontippaitoon	Committee
6. Mr. Aryuratas	Chai-anan	Committee
7. Mrs. Kamonthip	Amornariyakul	Committee
8. Ms. Surangkhan	Chaiprasart	Secretary and Committee

Remark: Mr. Weerapan Ungsumalee, knowledgeable and specialize in Information and Technology, was appointed as the Chairman of the Personal Data Protection Committee, and the representative of the Personal Data Protection Committee to manage data protection.

### Roles and Responsibilities of the Personal Data Protection Committee

1. Determine the policy, operation plan, and objectives for personal data protection to comply with the Personal Data Protection Act B.E. 2562.
2. Oversee, advise, promote, and review personal data protection operations for practices.
3. Monitor the personal data protection performance and report it to the stakeholders.
4. The Committee has the authority to appoint Sub Committee to consider or perform either as stipulated by laws or assigned by the Committee.

### 3. Directors and executives with authority to control of the Company and subsidiaries

			Position	Market Village Co., Ltd.	Home Product Center (Malaysia)	Mega Home Center Co., Ltd.	DC Services Center Co., Ltd.
1.	Mr. Manit	Udomkunnatum	Director	-	-	-	-
2.	Mr. Rutt	Phanijphand	Director	-	-	-	-
3.	Mr. Boonsom	Lerdhirunwong	Independent Director	-	-	-	-
4.	Mr. Thaveevat	Tatiyamaneekul	Independent Director	-	-	-	-
5.	Mr. Chanin	Roonsamrarn	Independent Director	-	-	-	-
6.	Mr. Pornwut	Sarasin	Independent Director	-	-	-	-
7.	Mr. Naporn	Sunthornnchitchareoon	Director	-	-	-	-
8.	Mr. Khunawut	Thumpomkul	Director and Managing Director	Chairman	Chairman	Chairman	Chairman
9.	Mr. Weerapun	Ungsumalee	Director and Executive Vice President	-	Director	Director and Managing Director	Chairman
10.	Ms. Suwanna	Buddhaprasert	Director	-	-	-	-
11.	Mr. Archawin	Asavabhokin	Director	-	-	-	-

#### 4. Details of changes in the Company's shareholding by the Directors in 2020

No.	Name-Surname	Position	No. of shares as at 1 Jan 2020	Changes in no. of shares	No. of shares as at 31 Dec 2020	Shareholding (%)
(1)	Mr. Manit Udomkunatum	Director and Chairman of the Executive Director	269,989,197	-	269,989,197	2.05
	Spouse and minor children		-	-	-	-
(2)	Mr. Rutt Phaniijphand	Director, Executive Director and Chairman of the Nomination and Remuneration Committee	-	-	-	-
	Spouse and minor children		-	-	-	-
(3)	Mr. Boonsom Lerdhirunwong	Independent Director and Chairman of the Audit Committee	-	-	-	-
	Spouse and minor children		-	-	-	-
(4)	Mr. Thaveevat Thatiyamaneekul	Independent Director and Audit Committee	-	-	-	-
	Spouse and minor children		-	-	-	-
(5)	Mr. Chanin Roonsamrarn	Independent Director, Audit Committee and Nomination and Remuneration Committee	-	-	-	-
	Spouse and minor children		-	-	-	-
(6)	Mr. Naporn Sunthornchitcharoen	Director, Executive Director and Nomination and Remuneration Committee	-	-	-	-
	Spouse and minor children		-	-	-	-
(7)	Mr. Weerapun Ungsumalee	Director and Executive Vice President	5,116,708	73,664	5,116,708	0.04
	Spouse and minor children		-	-	-	-
(8)	Mr. Khunawut Thumpomkul	Director, Executive Director and Managing Director	142,122,189	-	142,122,189	1.08
	Spouse and minor children		-	-	-	-
(9)	Mrs. Suwanna Buddhaprasart	Director	-	-	-	-
	Spouse and minor children		-	-	-	-

No.	Name-Surname	Position	No. of shares as at 1 Jan 2020	Changes in no. of shares	No. of shares as at 31 Dec 2020	Share-holding (%)
(10)	Mr. Pornwut Sarasin	Independent Director	-	-	-	-
	Spouse and minor children		-	-	-	-
(11)	Mr. Archawin Asavabhokhin	Director	-	-	-	-
	Spouse and minor children		-	-	-	-

## 5. Management Information

As of 31 December 2020, the Company has 23 executives as defined by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) with the details as follows:

Name - Surname		Position
1. Mr. Khunawut	Thumpomkul	Managing Director
2. Mr. Weerapun	Ungsumalee	Executive Vice President
3. Mr. Chaiyuth	Karunyasopon	Executive Vice President – Supply Chain Management
4. Mr. Vathuny	Visuthikosol	Executive Vice President – Business Development
5. Mrs. Uraiwan	Tantipiriyakij	Senior Vice President – Operations of HomePro Business
6. Mr. Kasem	Pinmontearntong	Senior Vice President – Operations of Mega Home Business
7. Ms. Sannipa	Swangpuen	Senior Vice President - Home Improvement Merchandising
8. Jarusopha	Thumkathikanon	Senior Vice President – Bedding and Home Living Merchandising
9. Ittaporn	Srisukwattana	Senior Vice President - Design and Product Development
10. Ms. Siriwan	Paimsethasin	Senior Vice President - Water Solution & Electric Merchandising
11. Mr. Tanawat	Klangsoontornrangsri	Senior Vice President - Ceramic & Bathroom Merchandising
12. Ms. Apiradee	Thavilap	Senior Vice President - Operational Support
13. Mrs. Surangkhan	Chaiprasart	Senior Vice President - Customer Experience
14. Ms. Monaphat	Phongpreedachit	Senior Vice President - Home Service
15. Ms. Pornsook	Damrongsiri	Senior Vice President - Inventory Management
16. Ms. Wannee	Juntamongkol	Senior Vice President – Accounting and Finance, and Company Secretary
17. Mr. Nitat	Aroontippaitoon	Senior Vice President - Human Resource and Loss Prevention
18. Ms. Sudapa	Chamod	Senior Vice President - Information and Communication Technology
19. Ms. Petchompoo	Theppipidh	Senior Vice President - Distribution Center
20. Ms. Somjai	Maturaporn	Senior Vice President - Home Electric Merchandising
21. Mr. Wichian	Jiamwijitkul	Senior Vice President - Mega Home Business
22. Mr. Vorapot	Techathadakul	Senior Vice President - Kitchen & Home Organize Merchandising
23. Miss. Saowanee	Sirariyakul	Senior Vice President - Marketing

## Executives with authority to control of the Company and subsidiaries

			Subsidiaries			
Name - Surname		Home Product Center Plc.	Market Village Co., Ltd.	Home Product Center (Malaysia) SDN. BHD.	Mega Home Center Co., Ltd.	DC Services Center Co., Ltd.
1. Mr. Chaityuth	Karunyasopon	Executive Vice President	-	-	-	Director and Managing Director
2. Mr. Vathuny	Visuthikosol	Executive Vice President	Director and Managing Director	Director and Managing Director	Director	-
3. Ms. Uraivan	Tantipiriyakij	Senior Vice President	-	-	-	-
4. Mr. Kasem	Pinmontearntong	Senior Vice President	-	-	-	-
5. Ms. Sannipa	Swangpuen	Senior Vice President	-	-	-	-
6. Ms. Jarusopha	Thumkathikanon	Senior Vice President	-	-	-	-
7. Ms. Ittaporn	Srisukwattana	Senior Vice President	-	-	-	-
8. Ms. Siriwan	Paimsethasin	Senior Vice President	-	-	-	-
9. Mr. Tanawat	Klangsoonthorn-rangsi	Senior Vice President	-	-	-	-
10. Ms. Apiradee	Thavilap	Senior Vice President	-	-	-	-
11. Ms. Surangkha	Chaiprasart	Senior Vice President	-	-	-	-
12. Ms. Monaphat	Phongpreedachit	Senior Vice President	-	-	-	-
13. Ms. Pornsook	Damrongsiri	Senior Vice President	-	-	-	-
14. Ms. Wannee	Juntamongkol	Senior Vice President	Director	Director	Director	Director
15. Mr. Nitat	Aroontippaitoon	Senior Vice President	Director		Director	Director
16. Ms. Sudapa	Chamod	Senior Vice President	-	-	-	-
17. Ms. Petchompoo	Theppipidh	Senior Vice President	-	-	-	-
18. Ms. Somjai	Maturaporn	Senior Vice President	-	-	-	-
19. Mr. Wichian	Jiamwijitkul	Senior Vice President	-	-	-	-
20. Mr. Vorapot	Techathadakul	Senior Vice President	-	-	-	-
21. Ms. Saowanee	Sirariyakul	Senior Vice President	-	-	-	-

## Details of changes in the Company's shareholding by the Executives in 2020

No.	Name - Surname	Position	No. of shares as at 1 Jan 2020	Changes in no. of shares	No. of shares as at 31 Dec 2020	Shareholding (%)
(1)	Mr. Chaityuth Karunyasopon	Executive	2,193,666	-	2,193,666	0.02
	Spouse and minor children	Vice President	134,400	-	134,400	0.001
(2)	Mr. Vathuny Visuthikosol	Executive	9,901,101	47,320	9,948,421	0.08
	Spouse and minor children	Vice President	-	-	-	-
(3)	Ms. Uraiwan Tantipiriyakij	Senior Vice President	442,428	12,089	454,517	0.003
	Spouse and minor children		-	-	-	-
(4)	Mr. Kasem Pinmonteartong	Senior Vice President	208,929	-	208,929	0.002
	Spouse and minor children		-	-	-	-
(5)	Ms. Sannipa Swangpuen	Senior Vice President	188,015	27,156	215,171	0.002
	Spouse and minor children		-	-	-	-
(6)	Ms. Jarusopha Thumkathikanon	Senior Vice President	10,696,022	34,504	10,730,526	0.08
	Spouse and minor children		-	-	-	-
(7)	Ms. Ittaporn Srisukwattana	Senior Vice President	162,766	(35,307)	127,459	0.001
	Spouse and minor children		-	-	-	-
(8)	Ms. Siriwan Paimsethasin	Senior Vice President	525,324	-	525,324	0.004
	Spouse and minor children		-	-	-	-
(9)	Mr. Tanawat Klangsoontornrangsi	Senior Vice President	674,431	11,331	685,762	0.005
	Spouse and minor children		-	-	-	-
(10)	Ms. Apiradee Thavilap	Senior Vice President	155,406	27,215	182,621	0.001
	Spouse and minor children		-	-	-	-
(11)	Ms. Surangkha Chaiprasart	Senior Vice President	349,221	18,898	368,119	0.003
	Spouse and minor children		38	(38)	-	-
(12)	Ms. Monaphat Phongpreedachit	Senior Vice President	158,268	19,846	178,114	0.001
	Spouse and minor children		-	-	-	-
(13)	Ms. Pornsook Damrongsiri	Senior Vice President	187,320	24,601	211,921	0.002
	Spouse and minor children		-	-	-	-
(14)	Ms. Wannee Juntamongkol	Senior Vice President	11,051,997	41,866	11,093,863	0.08
	Spouse and minor children		-	-	-	-
(15)	Mr. Nitat Aroontippaitoon	Senior Vice President	5,625,489	24,805	5,650,294	0.04
	Spouse and minor children		-	-	-	-
(16)	Ms. Sudapa Chamod	Senior Vice President	191,396	23,923	215,319	0.002
	Spouse and minor children		-	-	-	-
(17)	Ms. Petchompoo Theppipidh <sup>1</sup>	Senior Vice President	41,249	22,722	63,971	0.0005
	Spouse and minor children		-	-	-	-
(18)	Ms. Somjai Maturaporn <sup>2</sup>	Senior Vice President	73,694	118,551	192,245	0.001
	Spouse and minor children		-	-	-	-
(19)	Mr. Wichian Jiamwijitkul	Senior Vice President	-	-	-	-
	Spouse and minor children		-	-	-	-
(20)	Mr. Vorapot Techathadaku	Senior Vice President	14,027	15,241	29,268	0.0002
	Spouse and minor children		-	-	-	-
(21)	Ms. Saowanee Sirariyakul	Senior Vice President	-	-	-	-
	Spouse and minor children		-	-	-	-

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

## Remuneration for the Managing Director and Executives

The Company considered remuneration to the managing director and executives concerning fairness and appropriateness to the responsibilities assigned that in line with the company's performance. Additionally, the company compares its remuneration to the other companies' remuneration within the same industry or similar industry, along with environmental, social, and governance operational performances such as increased Eco Product sales mix, renewable energy consumption, and the number of Tao Kae Noi technicians. Apart from this, each executive's performance is analyzed with respect to the objectives that indicate its vision, mission, and annual strategic plan. The purpose is to drive the Executives to build stability and long-term sustainable growth for the organization. The details are as follows:

### - Remuneration for the Managing Director

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

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

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

### - Remuneration for the Executives

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

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

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

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

1. Salary and bonus: The 2020 and 2019 Remuneration for the Managing Director and executives include salary, bonus and other compensation which amounted to Baht 134.19 million and Baht 132.15 million respectively, representing 2.97% of the total compensation of the business.
2. Employee Joint Investment Program (EJIP) Series 1 The Employee Joint Investment Program first began on 1 July 2013. The management and associates who joined the program will receive a contribution for buying the Company's stock starting from 1 July 2013 to 30 June 2018.
3. Employee Joint Investment Program (EJIP) Series 2 The Employee Joint Investment Program first began on 1 July 2018. The management and associates who joined the program will receive a contribution for buying the Company's stock starting from 1 July 2018 to 30 June 2023.

## 6. Human Resources

Details of the number of associates during the year 2018 – 2020 are as follows:

Number of Associates	31 Dec 2018	31 Dec 2019	31 Dec 2020
<b>Associates of the Company</b>			
- Head Office (persons)	1,761	1,684	1,713
- Branches (persons)	6,244	6,596	6,532
Associates of subsidiaries (persons)	2,519	2,254	2,538
<b>Total (persons)</b>	<b>10,524</b>	<b>10,804</b>	<b>10,771</b>
Salaries, wages, and other associates benefits (million Baht)	4,524	4,740	4,624
Profit (million Baht)	5,155	6,177	5,613
Profit per associates (million Baht)	0.49	0.57	0.52

Remark : The table contains information of the permanent associates only. Further details on the Associate Profile can be found in the Sustainable Development Report.

### The Employee Joint Investment Program (EJIP)

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

The company eligible under EJIP	Home Product Center Public Company Limited
<b>The Period of EJIP</b>	July 1, 2018 to June 30, 2023, with a total duration of 5 years.
<b>Eligible associates under EJIP</b>	Associates at Division Manager or above or equivalent level on the voluntary basis. Directors and advisors of the Company are excluded from this program
<b>EJIP arrangement</b>	The company will make deduction from the payroll of eligible associates who voluntarily join the EJIP, at the rate 5% of the salary of each month. The Company will contribute 100% of the amount contributed by EJIP participants on a monthly basis.
<b>EJIP buying schedule</b>	Monthly basis.
<b>Conditions for holding the securities</b>	<ul style="list-style-type: none"> <li>- In the first 3 years is the silent period.</li> <li>- Complete 3 years but less than 4 years, can sell 25% of the existing shares</li> <li>- Complete 4 years but less than 5 years, can sell 50% of the existing shares</li> <li>- Completed the project for 5 years, associates can sell all shares</li> </ul>
<b>EJIP program manager</b>	Phillip Securities (Thailand) Public Company Limited

## Providend Fund Program

The Company set up a providend fund, in which 9,302 associates has participated. Those account for 92% of total associates.

## 7. The Board Orientation

The Company has the policy to organize an orientation to every newly appointed Director to acknowledge the roles, duty, and responsibility, including providing knowledge, understanding the business, and operating in every part of the Company. The purpose is to prepare the readiness to perform the Directors' duties by presenting the documents and the information that will assist the newly appointed Directors in performing their roles such as the Directors' Handbook, Company's Good Corporate Governance and Business Code of Conduct Handbook, Company's Articles of Association, capital and shareholding structures, annual report, Form 56-1 (One Report), business performance, laws and best practices guidelines, training programs for directors as well as other information related to the business operation to create a better understanding about the Company and its operation to the newly appointed Directors. In 2020, there was no new director appointed, and thus, no orientation took place.

## 8. Succession Development Plan

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

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

3. Set up guidelines and criteria for evaluating the potential successors, including the consideration in terms of knowledge, skills, career background, potential, as well as the managerial and strategic vision, in line with the Core Competency crafted for each particular position.
4. Select the successors in accordance with the set criteria, evaluate the readiness of selected candidates on both strong traits and areas for improvement.
5. Establish and execute Individual Development Plan to ensure that each of the selected successors is always ready to take on the designated role.
6. Monitor and reassess the Succession Development Plan annually and propose to the Board of Directors for approval and endorsement.

Further details can be found in the Sustainable Development Report on page 101.

## 9. Company Secretary

On 20 March 2008, the Board of Directors has the resolution to appoint Ms. Wannee Juntamongkol as the Company Secretary to comply with the "Securities and Stock Exchange Act B.E. 2551" and subsequently revised in B.E. 2559 (5th issue). The Company has already informed the name and the location where the company kept the documents to the Securities and Exchange Commission on 26 August 2008.

### Company Secretary Profile

#### Ms. Wannee Juntamongkol (56 years old)

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

### Educations

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

## Trainings

2020 - Top Executive Program in Commerce and Trade class 13, School of Business, UTCC

- Advance for Corporate Secretary Program, Institute of Director Association (IOD)

2019 - Attended the following seminars by Thai Listed Companies Association:

- The CFO's role in stakeholder communications
- Automation & RPA (Robot Process Automation) for Accounting
- The Securities and Exchange Commission's policy of capital market development and operational support for listed companies

2017 - Director Accreditation Program class 140/2017

2016 - Capital Market Academy class 22

2015 - Strategic CFO class 1 by Stock Exchange of Thailand (SET)

2008 - Laws and regulations of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) Program for the Company Secretary by Faculty of Law of Chulalongkorn University 2005 - Company Secretary Program, Institute of Directors Association (IOD)

## Responsibilities of Secretary of the Company

1. Facilitate activities of the Board of Directors
2. Make a summary of the matters under the decision of the Board of Directors, follow up, and coordinate with related parties to ensure compliance with the resolutions of the Board of Directors and the resolution of the shareholders' meeting along with reporting the results of such operations closely.
3. Arrange schedules of the Board of Directors meeting and Sub-Committees meetings, including conducting the Board of Directors meeting and shareholder meeting.
4. Keep information according to the law, including prepare and maintain the following documents:
  - List of shareholders
  - Director registration.

- The Board of Directors meeting invitation, the Board of Directors Meeting Minutes, and the company's annual report.
  - Shareholders Meeting invitation and the Shareholders Meeting minutes.
5. Maintain the report concerning conflicts of interest reported by the directors or the executives and summaries those matters under the director's authority.
  6. Coordinate with a relevant organization such as the Securities and Exchange Commission to ensure that all the company's relevant information is disclosed and reported accurately and transparently to the relevant department and the public.
  7. Giving legal advice and related regulations that are relevant to the business as well as the principles of Good Corporate Governance to the Board of Directors and the Sub-Committees in accordance with the laws and Good Corporate Governance.
  8. Manage other matters as stipulated by the Capital Market Supervisory Board.
  9. Conduct the Board Orientation Program and advise when there is an appointment of a new director.
  10. Regularly monitor and ensure that the Board of Directors considers any opinion given by the shareholders.
  11. Arrange to have the report on important Corporate Sustainable Development issues that the Board of Directors shall monitors.
  12. Take care of Directors and officers' liability insurance.
  13. Perform other duties as assigned by the Board of Directors.

## 10. Head of Internal Audit

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

Risk Management, etc. Besides, he has a good understanding of the Company's operation. As a result, it is appropriate to appoint him to perform such duties. The Audit Committee is responsible for approving the appointment, removal, and transfer of the Head of Internal Audit.

### Head of Internal Audit's Profile

Mr. Aryuratas Chai-anan (53 years old)

- Vice President of Internal Audit

### Relationship with the Management:

- None

### Educations

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

### Trainings

2019 - Economic Outlook

- Updated COSO Enterprise Risk Management: Integrating with Strategy and Performance
- Data Protection Law
- Communication and Coaching

2018 - Current Trend in Strategy

2017 - Understanding and Navigating Risks in Emerging Market

- The role of the listed Company's Board of Director in reducing business risk in cyber, challenge, and solution
- AC Hot Update: Ready for Next Gen CG
- Bright Spots: Lighting the way to a corruption free society National Conference CAC
- Practice for the Board to supervise the prevention and response to cyber threats.
- Practice for the Board to supervise the prevention and response to cyber threats.

2016 - How to Develop a Risk Management Plan

- Cyber Operation Contest and trend on information system
- Seminar "Internal Auditor and value creation in currency economy situation"
- CG Forum 3/2016 "The way to prevent corporate corruption"
- Seminar "Internal control to prevent the inappropriate offers to a government official"

- The training of upcoming New Financial Reporting Standards

2015 - COBIT 5 for enterprise framework and CG forum "Risk oversight: High priority roles of the Board

2014 - Going from 'Good' to 'Great

2013 - Certified Professional Internal Auditor of Thailand (CPIAT)

2012 - Mini Master of Business Administration NIDA

2011 - Internal Auditing for the certified internal auditor

2010 - Risk Management - Action

2006 - Skill for new Auditor-In-charge

2005 - Operation Audit

2003 - Internal Audit Standards vol. 2

### Work Experience

2014 - Present - Vice President  
- Internal Audit

2014 - Present - Vice President – Risk Management Committee's secretary

2010 - Present - Audit Committee's secretary

2003 - 2014 - Assist Vice President – Internal Audit (Home Product Center Plc.)

2000 - 2003 - Inventory Management Consultant (Karat Sanitary Ware Plc.)

1997 - 2000 - Head of Internal Audit (Siam City Cement Plc.)

### The Roles and Responsibilities of Head of Internal Audit

1. Design the line of responsibilities and general administration of the Audit Committee.
2. Prepare internal audit manuals and practice guidelines and ensure that internal audits adhere to the manuals.
3. Formulate the Company's annual internal audit with clear objectives and boundaries to seek approval from the Audit Committee.
4. Roll out the Internal Audit Department's fiscal budget and meet expenditure direction.

5. Review management tasks and control internal audit tasks to ensure that the objectives, targets, and internal audit boundaries are correctly met while an effective, suitable, and adequate internal audit system exists.
6. Review and approve an audit program, together with the assessment results of risks and the adequateness of the internal audit system at a working unit, both in the areas of operation and information.
7. Based on audit guidelines, review and provide some advice to subordinates. Control and inspect operation to adhere to operational plans. Ensure that operation runs side by side with targets, objectives, plans, the Company's regulations and applicable laws.
8. Review an audit report. Follow up progress after an improvement plan has been made with a related auditee.
9. Summarize and forward audit results based on operational plans and a related auditee's opinions and suggestions to the Audit Committee monthly.
10. Develop an internal auditor equipped with knowledge, experience, and skills relating to internal audit practice. Conduct an internal auditor's appraisal.
11. Provide internal control and risk consultation to business units.
12. Perform an ad-hoc duty as assigned by the Management and the Audit Committee.
13. Coordinate with the Management, the Audit Committee, the external audit, and the consultant.

## 11. Investor Relations Department

The Company has a dedicated Investor Relations Department to fully take charge of providing information and collecting opinions from shareholders, analysts, and investors regularly, as well as presenting operating performance and compiling comments from shareholders, analysts, and investors to the Board of Directors at least 4 times annually. The Company expects that the Investor Relations Department is an essential medium in providing information, giving

clarification, answering questions, and collecting and exchanging comments or concerns with shareholders, investors, securities analysts, and interested individuals. The Head of Investor Relations is Mr. Rakpong Aroonwatdhana. The Company information can be inquired via 3 channels as follows:

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

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

1. The annual information disclosure report Form 56-1 (One Report) and the annual report (Form 56-2), detailing key topics such as overall business operations, risk factors, shareholding structure, management, related transactions, corporate governance etc. These two reports will be distributed within 90 days and 120 days after closing date of the fiscal year, respectively, to investors to be timely informed of the operating results in the previous year.
2. The Management Discussion and Analysis (MD&A), quarterly and annually, and Investor Release, which details the operational and financial performance with analysis and explanation of causes for changes, considers factors that affect the change of operating results through the SET and electronic mail channels.
3. The Company's website under the Investor Relations section. This is to facilitate investors and interested individuals to study the Company's information, which is regularly updated. The information displayed on the website is available both in Thai and English, comprising of the nature of business operations, historical and updated financial statements, press releases, shareholding structure, organization chart, the structure of business groups, Directors' and executives' information, information on Investor Relations, the Company's Article of Association, annual reports and policies which are all downloadable.

# Internal Control and Related Transactions



## Risk Management

To support the Board of Director in managing the good corporate governance with optimal risk, in consistent with the situation that keeps changing over period of time, the Company continuously recognizes the importance of risks that may occur and affect the business operation and results systematically. A Risk Management Committee has been established to track and set guidelines on how to manage and maintain risks within the acceptable level. The Risk Management Committee consists of the Managing Director, who chairs the Committee, Executive Vice Presidents and Senior Vice Presidents from 5 departments as Committee members, who cover major risks within the Company. In 2020, the process is as follow:

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

3. Track and review the mentioned level of risks quarterly in accordance with the ever-changing business environment. Monitor and manage risks to remain within the acceptable level.
4. Report the risk assessment to the Board of Directors every quarter.

## Internal Control

In the Board of Directors Meeting No.1/2021 on January 26, 2021, the Board of Directors has reviewed the sufficiency of the internal control system with the Audit Committee and Top Management according to the 5 aspects of 17 COSO principles. It is concluded that the internal control system of the Company is sufficient and appropriate for the operational objective and good corporate governance. Key summaries are as follows:

### 1. Control Environment

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

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

and develop internal control activities. The Board of Directors also monitors the establishment of clear and measurable business goals as the practical guidelines for executives and associates. This is to ensure the achievement of the designated targets.

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

## 2. Risk Assessment

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

- 2.1 As guided by the COSO Enterprise Risk Management, the Company executes risk

management companywide by launching risk management policies that are acknowledged by the Management and associates at all levels. As risk management is part of our organizational culture, the financial report meets the established accounting standards and is reviewed by external certified public accountants. This is a testimony of our risk-related activities.

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

### 3. Control Activities

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

- 3.1 Based on good internal control principles such as policy formulation and practice guidelines, the Company maps out control activities in written forms that fit the

Company's business characteristic and job functions. Segregation of duties and approval authorization are systematically dispersed to groups of personnel, approvers, those who record, keepers etc. to ensure that there is a checking system

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

### 4. Information & Communication

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

- 4.1 Correct, detailed, and timely information are key to our decision making and a critical discussion at a meeting where internal and external sources are taken into account. The Company insists that only proper and verified information is used. In addition, information security classification, important documents and controlled documents are under supervision of softwares that gather and process input in all areas to lessen an overlap while expediting a report to the Management.

4.2 The Company appropriately communicates with the Board of Directors, the Management, associates and stakeholders. Important documents related to the Company's financial results and meeting handouts are prepared for the Board of Directors in advance of a meeting so that they are equipped with enough information analysis before making a decision. Our internal communication is disseminated through various channels ranged from the Town Hall activities whereby top management address all associates, the Intranet, an e-mail, mobile application, an orientation that hands over key messages to new associates, and Digital Learning that provides beneficial knowledge for carrying out tasks. In addition, HomePro ME application has been developed to offer a wider range of internal communications for our associates, which is accessible from anywhere at anytime.

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

## 5. Monitoring Activities

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

5.1 The Company evaluates internal control both at the organizational and process levels. In this, associates in each business

unit also perform a yearly self-appraisal. Furthermore, the Internal Control Department ensures adequateness and appropriateness, provides some advice on improvement and presents the Audit Committee with reviewing results. This aims to achieve the independency of audits' performance and result reporting. Trainings and professional development of audit-related knowledge are also provided to internal audit team.

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

In 2020, the Company found no major mistake related to internal control that could significantly derail the key organizational objective accomplishment, nor significant error with regards to a transaction that could lead to a conflict of business, corruption or violation of securities and exchange laws, regulations of the Stock Exchange of Thailand or laws involving the operation of the Company.

Miss Kingkarn Asawarangsarit, who is the certified public accountant no.4496 of EY Office Limited, as the external auditor of the Company's for the year-end on December 31, 2020, as well as the auditor approved by the Office of the Securities and Exchange Commission, has given her comment on the assessment of the efficiency of the internal control of the Company's accounting by reporting that no significant weak point arose.

## 6. Chief Financial Officer and Chief Accountant

In accordance with the Office of the Securities and Exchange Commission's regulations on the qualification of Chief Financial Officer (CFO) and

Chief Accountant, the profile of both persons who have fulfilled the financial and accounting trainings requirements as regulated by the Office of the Securities and Exchange Commission, is demonstrated in the following section:

### 6.1 Chief Financial Officer

#### Ms. Wannee Juntamongkol (56 years old)

- Senior Vice President of Accounting and Finance
- Company Secretary
- Director of Market Village Co., Ltd.
- Director of Home Product Center (Malaysia)
- Director of Mega Home Center
- Director of DC Service Center
- She has Working Experience with Homepro since 2005

#### Educations

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

#### Trainings

- 2020 - Top Executive Program in Commerce and Trade class 13, School of Business, UTCC
  - Advance for Corporate Secretary Program, Institute of Director Association (IOD)
- 2019 - Attended the following seminars by Thai Listed Companies Association:
  - The CFO's role in stakeholder communications
  - Automation & RPA (Robot Process Automation) for Accounting
  - The Securities and Exchange Commission's policy of capital market development and operational support for listed companies
- 2017 - Director Accreditation Program class 140/2017
- 2016 - Capital Market Academy class 22
- 2015 - Strategic CFO class 1 by the Stock Exchange of Thailand (SET)

- 2008 - Laws and regulations of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) Program for the Company Secretary by Faculty of Law of Chulalongkorn University

- 2005 - Company Secretary Program, Institute of Directors Association (IOD)

### 6.2 Chief Accountant

#### Mr. Wichan Worasittanon (52 years old)

- Vice President of Accounting and Finance
- He has Working Experience with Homepro since 2006

#### Educations

- Bachelor of Commerce and Accountancy, Thammasart University

#### The Registration as the Company Accountant

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

#### Trainings

- 2020 - Keep track of the Disclosure Form with the transfer pricing criteria by Dharmniti Seminar and Training Co.,Ltd.
  - Delve into accounting records case study to be in accordance with the financial reporting standards by Dharmniti Seminar and Training Co.,Ltd.
- 2019 - TFAC Conference 2019 : Future of Finance – Digital Disruption by the Federation of Accounting Professions
  - Issues on accounting information items for financial statements closing prior to submitting 2019 financial statements by Dharmniti Seminar and Training Co.,Ltd
- 2016 - Strategic CFO class 2 by the Stock Exchange of Thailand (SET)
  - Submitting the financial statements through the e-filing service system

Remarks: The Committee has verified that the following experiences would benefit directly to the Company's operation and the following duration is in accordance with the requirement.

# Related Transaction

In 2020, the Company and its subsidiaries had significant business transactions with related parties (related by means of having common shareholding or co-directors), which have been concluded on commercial terms and bases agreed upon in the ordinary course of business between the Company and those companies. Furthermore, the Company has no related transaction neither by way of financial support nor guarantee other than in subsidiaries of the Company.

As of December 31, 2020 and 2019, the Company had outstanding balance with the related transaction, which can be summarized as follows:

Name of Company / Nature of Relationship	Transaction	Amount (Thousand Baht)		Audit Committee and Management’s Opinion
		31 Dec 19	31 Dec 20	
1. Land and Houses Plc				
- Being a major shareholder of the Company by holding 30.23% of total paid-up capital, as of September 9, 2020	Sales income	54,299	30,705	Such value was the appropriate selling price as it was the same as the market price, which the Company sells to the other manufacturers or sellers.
	Trade and other receivables	4,231	4,186	
- Having 2 co-directors				
1. Mr. Naporn Sunthornchitcharoen				
2. Mr. Archawin Asawabhokin				
2. Quality Houses Plc.				
- Being a major shareholder of the Company by holding 19.87% of total paid-up capital, as of September 9, 2020	Sales income	2,362	6,776	Such value was the appropriate selling price as it was the same as the market price, which the Company sells to the other manufacturers or sellers.
	Trade and other receivables	145	1,613	
- Having 5 co-director				
1. Mr. Boonsom Lerdhirunwong				
2. Ms. Suwanna Buddhaprasart				
3. Mr. Naporn Sunthornchitcharoen				
4. Mr. Archawin Asawabhokin				
3. Company that has common major shareholders, Company that has common shareholders, and Company that has individuals related to the Board of Directors	Sales income	22,626	9,890	- Market price
	Rental and service expenses	21,480	16,419	- Contract price
	Other income	38,167	47,714	- Contract price
	Interest income	49,783	14,995	- 0.15%-1.00% per annum (2019: 0.25%-1.60% per annum)
	Rental and service expenses	70,205	33,439	- Percentage of revenue but not less than a minimum rate
	Purchases of goods and assets	239,051	397,634	- As mutually agreed upon comparing market price
	Purchases of leasehold rights	172,672	-	- Contract price
	Deposits with financial institution	2,278,106	2,654,251	
	Trade and other receivables	15,732	13,308	
	Rental guarantee deposits	3,000	3,000	
Trade and other payables	74,282	88,844		

\*Historical related transaction information can be on found in the website [www.homepro.co.th](http://www.homepro.co.th)

### **Necessity and Appropriate Reason of Transaction**

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

### **Measure/Procedure of Approval of Related Transaction**

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

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

### **Policy or Tendency of Related Transaction**

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

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

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

# Report of the Board of Directors' Responsibilities in the Financial Statements

## Dear Shareholders

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

In compliance with the stated regulations, the Company has appointed the Audit Committee, which consists of independent members, to take charge in reviewing the accounting policy. The Committee is also responsible for the quality of financial reports, review process, internal control, internal auditing and risk management systems, as well as for the consideration of sufficient and accurate financial information disclosure. Audit Committee Report can be found in the assigned section within the Annual Report.

The Board of Directors have the opinion that the Company's overall internal control system is at an acceptable level, sufficient to maintain its assets and protect against fraud. The Board of Directors take full responsibility of the financial report of the Company and its subsidiaries in order to ensure that it report the accurate result of the statement of comprehensive income, financial position, and Cash flow. There are proper recordings of accurate and complete accounting information. Appropriate accounting policy has been considered and selected in the preparation of the financial report. The selected policy is practiced regularly in compliance with the generally accepted accounting principles. Important information was also disclosed sufficiently in the notes to financial statements.



(Mr. Manit Udomkunnatum)

*Chairman of the Executive Committee*



(Mr. Khunawut Thumpomkul)

*Managing Director*

# Independent Auditor's Report

To the Shareholders of Home Product Center Public Company Limited

## Opinion

I have audited the accompanying consolidated financial statements of Home Product Center Public Company Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2020, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Home Product Center Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Home Product Center Public Company Limited and its subsidiaries and of Home Product Center Public Company Limited as at 31 December 2020, 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.

## Emphasis of Matters

I draw attention to Note 4 to the consolidated financial statements, the Group has adopted Thai Financial Reporting Standard 16 Leases, which is effective in the current period. My opinion is not modified in respect of this matter.

## Key Audit Matters

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

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

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

### *Recognition of revenue from sales*

The amount of revenue from sales that the Group recognises in each period forms a significant portion of total revenue and the Group is engaged in retail business and has a large number of retail stores. I therefore determined as a key audit matter by focusing on the timing of the recognition of revenue from sales. The accounting policy for recognition of revenue from sales is disclosed in Note 5.1 to the consolidated financial statements.

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

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

### *Allowance for diminution in value of inventories*

Estimating the allowance for diminution in value of inventories, as disclosed in Note 6 and Note 10 to the consolidated financial statements, is an area of significant management judgement, particularly with regard to the estimation of allowance for lost, damaged or obsolete inventories.

I evaluated the determination of allowance for diminution in value of inventories. The procedures that I performed included:

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

### **Other Information**

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

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

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

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

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

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

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

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



Gingkarn Atsawarangsalit

Certified Public Accountant (Thailand) No. 4496

EY Office Limited

Bangkok: 23 February 2021

# Statement of financial position

Home Product Center Public Company Limited and its subsidiaries

As at 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7, 8	3,282,691,097	2,859,978,599	3,065,411,252	2,606,367,903
Trade and other receivables	7, 9	1,769,383,413	1,912,404,281	1,728,526,725	1,784,571,510
Short-term loans to related party	7	-	-	1,770,000,000	2,530,000,000
Inventories	10	10,344,559,763	10,421,263,066	8,363,807,249	8,584,524,199
Value added tax receivable		322,410,758	320,080,054	43,321,923	-
Other current assets	11	109,273,477	176,118,279	77,889,191	148,254,218
<b>Total current assets</b>		<b>15,828,318,508</b>	<b>15,689,844,279</b>	<b>15,048,956,340</b>	<b>15,653,717,830</b>
<b>Non-current assets</b>					
Investments in subsidiaries	12	-	-	1,945,646,214	1,908,824,084
Investment properties	13	3,880,053,315	2,425,150,754	4,952,677,572	3,268,130,529
Property, buildings and equipment	14	28,741,156,628	29,636,758,012	24,343,278,603	24,859,117,041
Right-of-use assets	19	6,111,986,465	-	5,129,171,072	-
Computer software	15	488,870,306	476,029,546	474,811,601	456,854,580
Leasehold rights	16	-	3,169,422,057	-	2,745,596,726
Property foreclosed		3,229,639	3,229,639	3,229,639	3,229,639
Rental guarantee deposits	7	62,661,570	62,889,868	52,955,749	53,302,598
Deferred tax assets	28	605,490,849	218,982,780	554,703,046	193,603,959
Other non-current assets		369,005,894	366,649,998	231,719,226	227,155,415
<b>Total non-current assets</b>		<b>40,262,454,666</b>	<b>36,359,112,654</b>	<b>37,688,192,722</b>	<b>33,715,814,571</b>
<b>Total assets</b>		<b>56,090,773,174</b>	<b>52,048,956,933</b>	<b>52,737,149,062</b>	<b>49,369,532,401</b>

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

# Statement of financial position (continued)

Home Product Center Public Company Limited and its subsidiaries

As at 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Short-term loans from financial institutions	17	1,248,714,400	280,741,910	1,000,000,000	-
Trade and other payables	7, 18	13,050,309,281	14,069,080,793	11,515,198,431	12,473,795,786
Current portion of lease liabilities	19	249,328,229	3,473,787	240,863,286	3,473,787
Current portion of long-term loan	20	75,166,978	20,206,910	-	-
Current portion of debentures	21	4,000,000,000	6,000,000,000	4,000,000,000	6,000,000,000
Income tax payable		605,620,256	568,166,996	572,788,240	560,567,207
Value added tax payable		83,922	28,620,846	-	28,538,386
Advances received from customers		1,001,975,130	995,557,803	936,279,884	928,407,328
Other current liabilities		378,806,790	323,419,905	320,826,096	280,464,208
<b>Total current liabilities</b>		<b>20,610,004,986</b>	<b>22,289,268,950</b>	<b>18,585,955,937</b>	<b>20,275,246,702</b>
<b>Non-current liabilities</b>					
Lease liabilities - net of current portion	19	4,373,295,738	12,155,921	3,979,960,839	12,155,921
Long-term loan - net of current portion	20	-	63,988,399	-	-
Debentures - net of current portion	21	8,055,587,449	7,007,663,873	8,055,587,449	7,007,663,873
Provision for long-term employee benefits	22	574,051,949	528,169,640	521,756,676	480,429,780
Rental received in advance - net of current portion		276,969,239	315,249,969	276,969,239	315,249,968
Other non-current liabilities		635,620,853	694,379,065	595,489,917	635,283,534
<b>Total non-current liabilities</b>		<b>13,915,525,228</b>	<b>8,621,606,867</b>	<b>13,429,764,120</b>	<b>8,450,783,076</b>
<b>Total liabilities</b>		<b>34,525,530,214</b>	<b>30,910,875,817</b>	<b>32,015,720,057</b>	<b>28,726,029,778</b>

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

# Statement of financial position (continued)

Home Product Center Public Company Limited and its subsidiaries

As at 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
<b>Shareholders' equity</b>					
Share capital					
Registered share capital					
13,151,198,025 ordinary shares of Baht 1 each		13,151,198,025	13,151,198,025	13,151,198,025	13,151,198,025
Issued and fully paid-up					
13,151,198,025 ordinary shares of Baht 1 each		13,151,198,025	13,151,198,025	13,151,198,025	13,151,198,025
Premium on ordinary shares		646,323,076	646,323,076	646,323,076	646,323,076
Retained earnings					
Appropriated	24				
Statutory reserve - The Company		1,315,120,000	1,315,120,000	1,315,120,000	1,315,120,000
Statutory reserve - Subsidiaries		1,000,000	1,000,000	-	-
Unappropriated		6,508,107,203	6,085,858,786	5,608,787,904	5,530,861,522
Other components of shareholders' equity		(56,508,373)	(61,422,400)	-	-
Equity attributable to owners of the Company		21,565,239,931	21,138,077,487	20,721,429,005	20,643,502,623
Non-controlling interests of the subsidiaries		3,029	3,629	-	-
<b>Total shareholders' equity</b>		<b>21,565,242,960</b>	<b>21,138,081,116</b>	<b>20,721,429,005</b>	<b>20,643,502,623</b>
<b>Total liabilities and shareholders' equity</b>		<b>56,090,773,174</b>	<b>52,048,956,933</b>	<b>52,737,149,062</b>	<b>49,369,532,401</b>
		-	-	-	-

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

Directors

# Statement of comprehensive income

Home Product Center Public Company Limited and its subsidiaries

For the year ended 31 December 2020

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2020	2019	2020	2019
<b>Profit or loss:</b>					
<b>Revenues</b>					
Revenue from contracts with customers	25	58,346,769,420	63,046,229,790	50,771,558,477	54,888,078,067
Rental income		1,527,160,422	2,207,081,939	1,537,826,660	2,197,217,217
Dividend income	7, 12	-	-	14,999,400	
Other income		1,875,060,354	2,120,408,148	1,849,322,029	2,079,498,286
<b>Total revenues</b>		<b>61,748,990,196</b>	<b>67,373,719,877</b>	<b>54,173,706,566</b>	<b>59,164,793,570</b>
<b>Expenses</b>					
Cost of sales and service		43,598,255,134	46,824,911,413	37,710,834,608	40,442,923,379
Cost of rental		553,628,887	645,067,435	542,540,928	637,061,024
Selling, distribution and service expenses		9,047,141,240	9,923,922,072	8,124,162,180	8,821,987,926
Administrative expenses		1,909,384,338	2,003,162,677	1,676,395,274	1,938,563,418
Other expenses		8,175,215	17,776,111	8,110,925	17,776,111
<b>Total expenses</b>		<b>55,116,584,814</b>	<b>59,414,839,708</b>	<b>48,062,043,915</b>	<b>51,858,311,858</b>
<b>Profit from operating activities</b>		<b>6,632,405,382</b>	<b>7,958,880,169</b>	<b>6,111,662,651</b>	<b>7,306,481,712</b>
Finance income		16,436,276	50,155,974	80,374,038	134,868,825
Finance cost	27	(458,787,183)	(405,464,884)	(432,184,880)	(387,370,615)
<b>Profit before income tax expenses</b>		<b>6,190,054,475</b>	<b>7,603,571,259</b>	<b>5,759,851,809</b>	<b>7,053,979,922</b>
Income tax expenses	28	(1,035,352,906)	(1,426,981,153)	(971,572,014)	(1,366,990,337)
<b>Profit for the year</b>		<b>5,154,701,569</b>	<b>6,176,590,106</b>	<b>4,788,279,795</b>	<b>5,686,989,585</b>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be reclassified</i>					
<i>to profit or loss in subsequent period:</i>					
Exchange differences on translation of financial					
statements in foreign currency		4,914,027	(377,230)	-	-
		4,914,027	(377,230)	-	-
<i>Other comprehensive income not to be reclassified</i>					
<i>to profit or loss in subsequent period:</i>					
Actuarial loss	22	-	(108,559,132)	-	(100,009,094)
Less: Income tax effect	28	-	21,711,827	-	20,001,819
		-	(86,847,305)	-	(80,007,275)
<b>Other comprehensive income for the year</b>		<b>4,914,027</b>	<b>(87,224,535)</b>	<b>-</b>	<b>(80,007,275)</b>
<b>Total comprehensive income for the year</b>		<b>5,159,615,596</b>	<b>6,089,365,571</b>	<b>4,788,279,795</b>	<b>5,606,982,310</b>

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

# Statement of comprehensive income (continued)

Home Product Center Public Company Limited and its subsidiaries

For the year ended 31 December 2020

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2020	2019	2020	2019
<b>Profit attributable to:</b>					
Equity holders of the Company		5,154,701,569	6,176,590,106	4,788,279,795	5,686,989,585
Non-controlling interests of the subsidiaries		-	-		
		<u>5,154,701,569</u>	<u>6,176,590,106</u>		
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		5,159,615,596	6,089,365,571	4,788,279,795	5,606,982,310
Non-controlling interests of the subsidiaries		-	-		
		<u>5,159,615,596</u>	<u>6,089,365,571</u>		
<b>Earnings per share</b>					
	29				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.39	0.47	0.36	0.43

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

# Cash flow statement

Home Product Center Public Company Limited and its subsidiaries

For the year ended 31 December 2020

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<b>Cash flows from operating activities</b>				
Profit before tax	6,190,054,475	7,603,571,259	5,759,851,809	7,053,979,922
Adjustments to reconcile profit before tax to net cash provided by (paid for) operating activities:				
Depreciation and amortisation	3,181,735,832	2,942,012,498	2,721,212,482	2,485,781,091
Gain from rental reduction	(5,591,078)	-	(5,591,078)	-
Decrease of inventories to net realisable value	103,435,629	121,945,432	81,187,745	98,479,505
Loss from sales of assets and written-off	4,214,376	17,359,382	4,177,669	17,908,900
Reversal of expected credit loss	(59,686)	(2,168,244)	(59,686)	(2,498,485)
Allowance for impairment of assets (reversal)	55,954,024	(15,030,000)	34,300,000	(15,030,000)
Allowance for impairment of investment (reversal)	-	-	(36,822,130)	115,518,960
Provision for long-term employee benefits	57,494,708	80,646,370	50,592,085	73,281,317
Transfer deferred interest expense to finance cost	102,468,372	7,435,242	102,468,372	7,435,242
Unrealised exchange loss (gain)	120,946	184,846	(178,046)	201,038
Loss on fair value of derivative instrument	893,071	-	893,071	-
Dividend income from subsidiary	-	-	(14,999,400)	-
Interest income	(16,436,276)	(50,155,974)	(80,374,038)	(134,868,825)
Interest expenses	348,494,490	394,117,376	322,579,358	376,610,608
Profit from operating activities before changes in operating assets and liabilities	10,022,778,883	11,099,918,187	8,939,238,213	10,076,799,273
<b>Decrease (increase) in operating assets</b>				
Trade and other receivables	142,595,218	85,873,654	55,619,136	389,600,600
Inventories	(26,732,326)	(297,759,325)	139,529,205	(376,007,812)
Value added tax receivable	(2,330,704)	24,347,249	(43,321,923)	-
Other current assets	33,273,442	3,892,931	36,793,667	391,666
Rental guarantee deposits	228,298	-	346,849	-
Other non-current assets	(2,355,896)	(209,257,377)	(4,563,811)	(217,160,629)
<b>Increase (decrease) in operating liabilities</b>				
Trade and other payables	(626,226,028)	(475,879,953)	(573,950,180)	(274,156,828)
Value added tax payable	(28,536,924)	7,286,511	(28,538,386)	7,204,051
Advances received from customers	6,417,327	(30,553,682)	7,872,556	(46,531,223)
Other current liabilities	54,160,907	(111,967,305)	39,135,910	(95,513,803)
Rental received in advance	(38,280,730)	(21,456,301)	(38,280,729)	(21,456,302)
Other non-current liabilities	30,883,446	149,596,712	30,763,286	267,628,998
Cash flows from operating activities	9,565,874,913	10,224,041,301	8,560,643,793	9,710,797,991
Cash paid for provision for long-term employee benefits	(11,612,399)	(1,148,371)	(9,265,189)	(946,171)
Cash paid for corporate income tax	(1,191,387,180)	(1,414,744,913)	(1,136,702,042)	(1,362,040,607)
<b>Net cash flows from operating activities</b>	<b>8,362,875,334</b>	<b>8,808,148,017</b>	<b>7,414,676,562</b>	<b>8,347,811,213</b>

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

# Cash flow statement (continued)

Home Product Center Public Company Limited and its subsidiaries

For the year ended 31 December 2020

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<b>Cash flows from investing activities</b>				
Increase in investments in subsidiary	-	-	-	(2,374,337)
Dividend income from subsidiary	-	-	14,999,400	-
Short-term loans to related party	-	-	(3,310,000,000)	(4,620,000,000)
Cash received from short-term loans to related party	-	-	4,070,000,000	4,960,000,000
Acquisitions of investment properties	(928,236,375)	(41,830,200)	(928,236,375)	(41,830,200)
Acquisitions of property, building and equipment	(2,043,700,796)	(2,670,854,027)	(2,005,507,832)	(2,659,545,535)
Payment of right-of-use assets	(162,890,524)	-	(162,890,524)	-
Acquisitions of computer software	(101,021,921)	(78,548,630)	(101,021,921)	(78,384,342)
Acquisitions of leasehold rights	-	(321,369,101)	-	(263,769,110)
Increase (decrease) in construction retention	63,283,105	(14,316,641)	62,954,194	(7,008,793)
Proceeds from sales of investment properties' equipment	10,654	43,841	10,654	43,841
Proceeds from sales of equipment	10,819,449	57,571,755	10,394,881	56,333,447
Cash received from interest income	16,921,612	52,665,404	80,859,373	137,195,146
<b>Net cash flows used in investing activities</b>	<b>(3,144,814,796)</b>	<b>(3,016,637,599)</b>	<b>(2,268,438,150)</b>	<b>(2,519,339,883)</b>
<b>Cash flows from financing activities</b>				
Cash received from short-term loans from financial institutions	12,136,246,553	296,611,016	11,700,000,000	-
Repayment of short-term loans from financial institutions	(11,171,111,433)	(337,095,521)	(10,700,000,000)	-
Repayment of short-term loan from related party	-	-	-	(139,134,320)
Payment of lease liabilities	(380,134,095)	(5,054,573)	(328,171,354)	(5,054,573)
Repayment of long-term loans	(10,236,168)	(117,272,909)	-	(100,000,000)
Proceeds from the issuance of debentures	4,945,455,203	3,000,228,631	4,945,455,203	3,000,228,631
Cash paid for redemption of debentures	(6,000,000,000)	(6,700,000,000)	(6,000,000,000)	(6,700,000,000)
Cash paid for interest expenses	(242,132,163)	(432,766,303)	(228,908,875)	(414,975,978)
Dividend paid	(4,075,570,637)	(4,866,448,068)	(4,075,570,037)	(4,866,448,068)
<b>Net cash flows used in financing activities</b>	<b>(4,797,482,740)</b>	<b>(9,161,797,727)</b>	<b>(4,687,195,063)</b>	<b>(9,225,384,308)</b>
<b>Translation adjustments</b>	<b>2,134,700</b>	<b>(7,486,326)</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>422,712,498</b>	<b>(3,377,773,635)</b>	<b>459,043,349</b>	<b>(3,396,912,978)</b>
Cash and cash equivalents at beginning of year	2,859,978,599	6,237,752,234	2,606,367,903	6,003,280,881
<b>Cash and cash equivalents at end of year (Note 8)</b>	<b>3,282,691,097</b>	<b>2,859,978,599</b>	<b>3,065,411,252</b>	<b>2,606,367,903</b>
	-	-	-	-
<b>Supplemental cash flows information:</b>				
Non-cash items consist of				
Purchases of equipment that have not yet been paid	368,247,636	(212,894,606)	360,195,976	(200,722,232)
Transfer equipment to right-of-use assets	15,027,808	-	15,027,808	-
Transfer right-of-use assets to investment properties	375,113,394	-	539,118,605	-
Transfer right-of-use assets to equipment	241,260	-	241,260	-
Dividend payable	332,907	1,067,852	332,907	1,067,852
Lease liabilities of investment properties that have not yet been paid	(18,659,944)	-	(18,659,944)	-
Lease liabilities of right-of-use assets that have not yet been paid	(194,008,971)	(6,285,597)	(194,008,971)	(6,285,597)
Actuarial loss	-	108,559,132	-	100,009,094

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

# Statement of changes in shareholders' equity

Home Product Center Public Company Limited and its subsidiaries

For the year ended 31 December 2020

(Unit: Baht)

Consolidated financial statements													
Equity attributable to owners of the Company													
	Note	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings			Other components of equity				Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
				Appropriated - The Company	statutory reserve	Subsidiaries	Unappropriated	Exchange differences on translation of financial statements in foreign currency	Other comprehensive income				
<b>Balance as at 1 January 2019</b>		13,151,198,025	646,323,076	1,315,120,000	1,000,000	4,861,496,201	(61,045,170)	19,914,092,132	3,629	19,914,095,761			
Profit for the year		-	-	-	-	6,176,590,106	-	6,176,590,106	-	6,176,590,106			
Other comprehensive income for the year		-	-	-	-	(86,847,305)	(377,230)	(87,224,535)	-	(87,224,535)			
Total comprehensive income for the year		-	-	-	-	6,089,742,801	(377,230)	6,089,365,571	-	6,089,365,571			
Dividend paid	32	-	-	-	-	(4,865,380,216)	-	(4,865,380,216)	-	(4,865,380,216)			
<b>Balance as at 31 December 2019</b>		13,151,198,025	646,323,076	1,315,120,000	1,000,000	6,085,858,786	(61,422,400)	21,138,077,487	3,629	21,138,081,116			
<b>Balance as at 1 January 2020</b>		13,151,198,025	646,323,076	1,315,120,000	1,000,000	6,085,858,786	(61,422,400)	21,138,077,487	3,629	21,138,081,116			
Cumulative effect of change in accounting policy	4	-	-	-	-	(656,550,208)	-	(656,550,208)	-	(656,550,208)			
<b>Balance as at 1 January 2020 - as restated</b>		13,151,198,025	646,323,076	1,315,120,000	1,000,000	5,429,308,578	(61,422,400)	20,481,527,279	3,629	20,481,530,908			
Profit for the year		-	-	-	-	5,154,701,569	-	5,154,701,569	-	5,154,701,569			
Other comprehensive income for the year		-	-	-	-	-	4,914,027	4,914,027	-	4,914,027			
Total comprehensive income for the year		-	-	-	-	5,154,701,569	4,914,027	5,159,615,596	-	5,159,615,596			
Dividend paid	32	-	-	-	-	(4,075,902,944)	-	(4,075,902,944)	-	(4,075,902,944)			
Subsidiary paid dividend to non-controlling interest of subsidiary		-	-	-	-	-	-	-	(600)	(600)			
<b>Balance as at 31 December 2020</b>		13,151,198,025	646,323,076	1,315,120,000	1,000,000	6,508,107,203	(56,508,373)	21,565,239,931	3,029	21,565,242,960			
		-	-	-	-	-	-	-	-	-			
		-	-	-	-	-	-	-	-	-			

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

# Statement of changes in shareholders' equity

Home Product Center Public Company Limited and its subsidiaries

For the year ended 31 December 2020

Separate financial statements						(Unit: Baht)
	Note	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Total shareholders' equity
				- statutory reserve	Unappropriated	
<b>Balance as at 1 January 2019</b>		13,151,198,025	646,323,076	1,315,120,000	4,789,259,428	19,901,900,529
Profit for the year		-	-	-	5,686,989,585	5,686,989,585
Other comprehensive income for the year		-	-	-	(80,007,275)	(80,007,275)
Total comprehensive income for the year		-	-	-	5,606,982,310	5,606,982,310
Dividend paid	32	-	-	-	(4,865,380,216)	(4,865,380,216)
<b>Balance as at 31 December 2019</b>		13,151,198,025	646,323,076	1,315,120,000	5,530,861,522	20,643,502,623
<b>Balance as at 1 January 2020</b>		13,151,198,025	646,323,076	1,315,120,000	5,530,861,522	20,643,502,623
Cumulative effect of change in accounting policy	4	-	-	-	(634,450,469)	(634,450,469)
<b>Balance as at 1 January 2020 - as restated</b>		13,151,198,025	646,323,076	1,315,120,000	4,896,411,053	20,009,052,154
Profit for the year		-	-	-	4,788,279,795	4,788,279,795
Other comprehensive income for the year		-	-	-	-	-
Total comprehensive income for the year		-	-	-	4,788,279,795	4,788,279,795
Dividend paid	32	-	-	-	(4,075,902,944)	(4,075,902,944)
<b>Balance as at 31 December 2020</b>		13,151,198,025	646,323,076	1,315,120,000	5,608,787,904	20,721,429,005
		-	-	-	-	-
		-	-	-	-	-

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

# Notes to consolidated financial statements

Home Product Center Public Company Limited and its subsidiaries

For the year ended 31 December 2020

## 1. General information

### 1.1 The Company's general information

Home Product Center Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. Its major shareholders are Land and Houses Public Company Limited and Quality Houses Public Company Limited, which were incorporated in Thailand. The Company is principally engaged in the trading of a complete range of goods and materials for construction, addition, refurbishment, renovation, and improvement of buildings, houses, and residences place, and provision for related services to retail business, together with space rental and provide utilities service. Its registered address is at 31 Prachachuennonthaburi Rd., Bangkok, Amphoe Muang, Nonthaburi.

As at 31 December 2020, the Group has a total of 115 branches (2019: 113 branches) (The Company only: 97 branches, 2019: 95 branches).

### 1.2 Coronavirus disease 2019 Pandemic

The Coronavirus disease 2019 pandemic is continuing to evolve, resulting in adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the group operates. The Group had a temporary closure of branches in The Greater Bangkok and some provinces since 22 March 2020 until 16 May 2020 including partial of all branches in Malaysia since 18 March 2020 until 3 May 2020 as a preventive measure over the pandemic of COVID-19 virus of the Government. The Group's management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

## 2. Basis of preparation

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

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

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

## 2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Home Product Center Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”) (collectively as “the Group”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2020	2019
			Percent	Percent
Market Village Company Limited	Management of leasing space together with provision of facilities services	Thailand	100.00	100.00
Home Product Center (Malaysia) Sdn. Bhd.	Retailing of home improvement products as One Stop Shopping	Malaysia	100.00	100.00
Mega Home Center Company Limited	Retailing and wholesaling of construction and home improvement products	Thailand	99.99	99.99
DC Service Center Company Limited	Warehousing management and distribution service	Thailand	99.99	99.99

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) The assets and liabilities in the financial statements of overseas subsidiary company is translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the statements of changes in shareholders’ equity.
- f) Material balances and transactions between the Group has been eliminated from the consolidated financial statements.

- g) Non-controlling interests represents the portion of profit or loss and net assets of the subsidiaries that is not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

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

### **3. New financial reporting standards**

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

During the year, the Group has adopted the revised (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements. However, the new standard involves changes to key principles, which are summarised below:

#### **Financial reporting standards related to financial instruments**

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

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

These standards do not have any significant impact on the Group's financial statements.

## **TFRS 16 Leases**

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases.

The Group recognised the cumulative effect of the adoption of this financial reporting standard as an adjustment to retained earnings as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 4.

### **Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic**

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic. Its objectives are to alleviate some of the impacts of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

During the period from the first quarter to the third quarter of 2020, the Group elected to apply the temporary relief measures for accounting alternatives relating to not to account for any reduction in lease payments by lessors resulting from the COVID-19 situation as a lease modification, and impairment of assets.

In the fourth quarter of 2020, the Group has assessed the financial impacts of the uncertainties of the COVID-19 Pandemic on the valuation of assets. As a result, the Group has decided to discontinue application of all temporary relief measures for accounting alternatives with no significant impact on the Group's financial statements.

**b) Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2021**

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2021. 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 Group is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

**4. Cumulative effect of change in accounting policy due to the adoption of new financial reporting standards**

As described in Note 3 a), during the current year, the Group has adopted financial reporting standard related to financial instruments and TFRS 16. The cumulative effect of initially applying TFRS 16 is recognised as an adjustment to retained earnings as at 1 January 2020. Therefore, the comparative information was not restated. The Group has elected to apply TFRS 16 to the leases previously classified as operating leases by recognition right-of-use assets as lease-by-lease basis. The carrying amount of the right-of-use assets at if the Standard had been applied since the commence date of the lease, but discounted using the lessee's incremental borrowing rate as at 1 January 2020.

The impacts of change in accounting policy on the statements of financial position at the beginning of 2020 due to the adoption of this standard is presented as follows:

	(Unit: Thousand Baht)		
	Consolidated financial statements		
	The impacts of		
	31 December 2019	TFRS 16	1 January 2020
<b>Statement of financial position</b>			
<b>Assets</b>			
<b>Current asset</b>			
Other current assets	176,118	(33,571)	142,547
<b>Non-current assets</b>			
Investment properties	2,425,151	727,275	3,152,426
Property, buildings and equipment	29,636,758	(15,028)	29,621,730
Right-of-use assets	-	6,154,033	6,154,033
Leasehold rights	3,169,422	(3,169,422)	-
Deferred tax assets	218,983	193,021	412,004

(Unit: Thousand Baht)

Consolidated financial statements			
	The impacts of		
	31 December 2019	TFRS 16	1 January 2020
<b>Liabilities and shareholders' equity</b>			
<b>Current liability</b>			
Current portion of lease liabilities	3,474	281,980	285,454
<b>Non-current liabilities</b>			
Lease liabilities - net of current portion	12,156	4,383,802	4,395,958
Other non-current liabilities	694,379	(152,924)	541,455
<b>Shareholders' equity</b>			
Retained earnings - unappropriated	6,085,859	(656,550)	5,429,309

(Unit: Thousand Baht)

Separate financial statements			
	The impacts of		
	31 December 2019	TFRS 16	1 January 2020
<b>Statement of financial position</b>			
<b>Assets</b>			
<b>Current asset</b>			
Other current assets	148,254	(33,571)	114,683
<b>Non-current assets</b>			
Investment properties	3,268,131	966,767	4,234,898
Property, buildings and equipment	24,859,117	(15,028)	24,844,089
Right-of-use assets	-	5,100,829	5,100,829
Leasehold rights	2,745,597	(2,745,597)	-
Deferred tax assets	193,604	183,748	377,352
<b>Liabilities and shareholders' equity</b>			
<b>Current liability</b>			
Current portion of lease liabilities	3,474	242,948	246,422
<b>Non-current liabilities</b>			
Lease liabilities - net of current portion	12,156	3,982,162	3,994,318
Other non-current liabilities	635,284	(133,511)	501,773
<b>Shareholders' equity</b>			
Retained earnings - unappropriated	5,530,862	(634,451)	4,896,411

## 4.1 Financial instruments

As at 1 January 2020, the Group has not determined on what any financial assets at fair value through profit or loss or at fair value through other comprehensive income and no what any financial liabilities at fair value through profit or loss.

## 4.2 Leases

On adoption of TFRS 16, the Group recognised lease liabilities in relation to leases that previously classified as operating leases measured at the present value of the remaining lease measured payments, discounted using the Group's incremental borrowing rate of 1 January 2020. For leases that previously classified as finance leases, the Group recognised the carrying amount of the lease assets and lease liabilities before transition as right-of-use assets and lease liabilities, respectively before the date of initial application.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Operating lease commitments as at 31 December 2019	6,384,231	5,695,841
Less: Short-term leases and leases of low-value assets	(11,606)	(9,929)
Add: Reverse of straight-line basis adjustment	152,924	133,511
Less: Others	(17,097)	(11,601)
Less: Deferred interest expenses	(1,842,670)	(1,582,712)
Increase in lease liabilities due to TFRS 16 adoption	4,665,782	4,225,110
Liabilities under finance lease agreements as at 31 December 2019	15,630	15,630
Lease liabilities as at 1 January 2020	4,681,412	4,240,740
Incremental borrowing rate (percent per annum)	2.42 - 4.20	2.42 - 3.30
Comprise of:		
Current lease liabilities	285,454	246,422
Non-current lease liabilities	4,395,958	3,994,318
	4,681,412	4,240,740

## **5. Significant accounting policies**

### **5.1 Revenue and expense recognition**

#### *Sale of goods*

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally upon delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting discounts and price promotions to customers.

#### *Sales of goods - Customer loyalty programmes*

The Group operates a loyalty programmes which allows customers to accumulate points when they purchase products in the Group's retail stores. The points can then be redeemed for discount of goods purchase in the future. Certain sales consideration is allocated to the points issued, at their fair value. The fair value of the points issued is deferred and recognised as revenue when the points are redeemed and the Group fulfill their obligations.

#### *Vendors income*

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

#### *Rendering of services*

Service revenue is recognised when services have been rendered.

Service revenue is recognised in the amount to which the Group has a right to invoice as it corresponds directly with the value to the customer of the Group's performance completed to date.

#### *Finance income*

Finance income is interest income on debt instruments measured at amortised cost and recognised on an accrual basis using the effective interest method. The effective interest rate is applied to the gross carrying amount of a financial asset, unless the financial assets subsequently become credit-impaired when it is applied to the net carrying amount of the financial asset (net of the expected credit loss allowance).

### *Dividends*

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

### *Finance cost*

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

## **5.2 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.

## **5.3 Inventories**

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

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

## **5.4 Investments in subsidiaries**

Investments in subsidiaries are accounted for in the separated financial statements using the cost method, net of allowance for impairment loss (if any).

## **5.5 Investment properties**

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

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated economic useful lives of 3 - 48 years. No depreciation is provided on land and assets under installation and under construction. Depreciation of the investment properties is included in determining income.

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

## **5.6 Property, buildings and equipment/Depreciation**

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

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

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

Depreciation is included in determining income.

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

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

## **5.7 Borrowing costs**

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

## **5.8 Intangible assets**

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

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

## 5.9 Leases

At inception of contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### **The Group as a lessee**

#### *Accounting policies adopted since 1 January 2020*

The Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Group recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

#### ***Right-of-use assets***

Right-of-use assets are measured at cost, less accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

Depreciation of right-of-use assets are calculated by reference to their costs on the straight-line basis over the shorter of their estimated useful lives and the lease term.

Land and land improvement	-	2 - 31	years
Buildings	-	2 - 22	years
Motor vehicles	-	2 - 5	years

If ownership of the leased asset is transferred to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets which are classified as investment properties are presented as part of investment properties in the statement of financial position.

### ***Lease liabilities***

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Group discounted the present value of the lease payments by the interest rate implicit in the lease or the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

### ***Short-term leases and leases of low-value assets***

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

### **Accounting policies adopted before 1 January 2020**

Leases of property, buildings and 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 shorter of the useful life of the asset and the lease period.

Leases of property, buildings and 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.

### ***Leasehold rights***

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

The amortisation expense is charged to profit or loss.

### **The Group as a lessor**

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee. Lease receivables from operating leases is recognised as income in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying assets and recognised as an expense over the lease term on the same basis as the lease income.

## **5.10 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.

## **5.11 Foreign currencies**

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

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

Gains and losses on exchange are included in determining income.

## 5.12 Impairment of non-financial assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, buildings and equipment, right-of-use assets, investment properties and 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 asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment, if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

## 5.13 Employee benefits

### ***Short-term employee benefits***

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

### ***Employee Joint Investment Program (EJIP)***

The Company has established an Employee Joint Investment Program (EJIP). The program is monthly contributed by eligible employees and by the Company to EJIP participant. The detail of the program are as described in Note 23. The Company's contributions are recognised as expenses when incurred.

## ***Post-employment benefits***

### ***Defined contribution plans***

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

### ***Defined benefit plans***

The Group has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Group treats these severance payment obligations as a defined benefit plan.

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

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

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Group recognises restructuring-related costs.

## **5.14 Provisions**

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

## **5.15 Income tax**

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

### **Current tax**

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

### **Deferred tax**

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

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

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

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

## **5.16 Financial instruments**

### **Accounting policies adopted since 1 January 2020**

The Group initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component, are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

### **Classification and measurement of financial assets**

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost, or fair value through profit or loss ("FVTPL"). The classification of financial assets at initial recognition is driven by the Group's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

### ***Financial assets at amortised cost***

The Group measures financial assets at amortised cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

### ***Financial assets at FVTPL***

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

These financial assets include derivatives and financial assets with cash flows that are not solely payments of principal and interest.

### **Classification and measurement of financial liabilities**

Except for derivative liabilities, at initial recognition the Group's financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Group takes into account any fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

### **Derecognition of financial instruments**

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

### **Impairment of financial assets**

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure (a lifetime ECL).

The Group considers a significant increase in credit risk to have occurred when contractual payments are more than 30 days past due and considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to have a significant increase in credit risk and to be in default using other internal or external information, such as credit rating of issuers.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### **Accounting policies adopted before 1 January 2020**

#### **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.

## 5.17 Derivative

The Group uses derivative, forward currency contracts, to reduce its foreign currency risks.

Derivative is initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The subsequent changes are recognised in profit or loss. Derivative is carried as financial asset when the fair value is positive and as financial liability when the fair value is negative.

Derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

## 5.18 Fair value measurement

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

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

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

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

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

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

## **6. 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, the competitive environment, economic circumstances and the situation within the industry.

### **Leases**

#### ***Determining the lease term with extension and termination options - The Group as a lessee***

In determining the lease term, the management is required to exercise judgement in assessing whether the Group is reasonably certain to exercise the option to extend or terminate the lease considering all relevant facts and circumstances that create an economic incentive for the Group to exercise either the extension or termination option.

#### ***Estimating the incremental borrowing rate - The Group as a lessee***

The Group cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

#### ***Lease classification - The Group as lessor***

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

### **Allowance for expected credit losses of trade receivables**

In determining an allowance for expected credit losses of trade receivables, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the forecast economic condition for groupings of various customer segments with similar credit risks. The Group's historical credit loss experience and forecast economic conditions may also not be representative of whether a customer will actually default in the future.

### **Investment properties, property, buildings and equipment and right-of-use assets/ Depreciation/Impairment**

In determining depreciation of investment properties, buildings and equipment and right-of-use assets, the management is required to make estimates of the useful lives and salvage values of the Group's investment properties, building and equipment and right-of-use assets and to review estimate useful lives and salvage values when there are any changes.

In addition, the management is required to review investment properties, property, buildings and equipment and right-of-use assets for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying cost. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

### **Deferred tax assets**

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

### **Allowance for impairment of investment in subsidiaries**

In determining allowance for impairment of a investment in subsidiaries, the management is required to exercise judgements regarding determination of the recoverable amount of the asset, its value in use. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next 5 years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the cash-generating unit being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

## 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.

## Litigation

The Group has contingent liabilities as a result of litigation. The Group's management has used judgement to assess of the results of the litigation and believes that no loss will result. Therefore, no contingent liabilities are recorded as at the end of reporting period.

## 7. Related party transactions

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

(Unit: Thousand Baht)					
	Consolidated		Separate		Pricing policy
	financial statements		financial statements		
	2020	2019	2020	2019	
<b><u>Transactions with subsidiary companies</u></b>					
(eliminated from the consolidated financial statements)					
Sales income	-	-	310,015	227,616	Cost plus margin
Rental and service income	-	-	44,224	42,301	Baht 3.7 million per month (2019: Baht 3.4 million per month)
Management service income	-	-	33,712	35,734	Actual cost and contract price
Service income	-	-	138,556	128,723	Actual cost and contract price
Interest income	-	-	64,818	85,392	3% per annum
Dividend income	-	-	14,999	-	As declared
Sales of assets	-	-	434	-	Cost plus margin
Service expense	-	-	376,949	422,178	Actual cost and contract price
Other expenses	-	-	9,619	27,245	Actual cost
Interest expenses	-	-	-	180	1.75 % per annum
Purchases of assets	-	-	19	4,719	Cost plus margin
<b><u>Transactions with related companies</u></b>					
Sales income	47,371	79,287	43,258	60,703	Market price
Rental and service income	16,419	21,480	14,365	18,706	Contract price
Other income	47,714	38,167	45,007	35,648	Contract price
Interest income	14,995	49,783	14,577	49,335	0.15% - 1.00% per annum (2019: 0.25% - 1.60% per annum)
Rental and service expenses	33,439	70,205	30,789	67,555	Percentage of revenue but not less than a minimum rate
Purchases of goods and assets	397,634	239,051	380,130	215,296	As mutually agreed upon comparing market price
Purchases of leasehold rights	-	172,672	-	115,072	Contract price

As at 31 December 2020 and 2019, the Group had the outstanding balances with related parties which had been included in the following accounts:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
<b><u>Deposits with financial institution</u></b>				
(included in cash and cash equivalents)				
Related company <sup>(2)</sup>	2,654,251	2,278,106	2,613,547	2,197,373
<b><u>Trade and other receivables</u></b>				
Subsidiaries	-	-	127,920	78,230
Related companies <sup>(1)</sup>	5,799	4,376	5,799	4,351
Related companies <sup>(2)</sup>	1,462	1,951	1,454	1,951
Related companies <sup>(3)</sup>	783	6,000	660	2,607
Related companies <sup>(4)</sup>	11,063	7,781	10,419	7,351
Total	19,107	20,108	146,252	94,490
<b><u>Short-term loans to related party</u></b>				
Subsidiary	-	-	1,770,000	2,530,000
<b><u>Rental guarantee deposits</u></b>				
Related company <sup>(2)</sup>	3,000	3,000	3,000	3,000
<b><u>Trade and other payables</u></b>				
Subsidiaries	-	-	48,176	95,572
Related company <sup>(2)</sup>	1,878	1,902	1,878	1,902
Related company <sup>(3)</sup>	1,359	6,828	1,359	6,828
Related companies <sup>(4)</sup>	85,607	65,552	81,137	61,114
Total	88,844	74,282	132,550	165,416
Relationship with the related companies				
(1) the major shareholders				
(2) has common major shareholders				
(3) has common shareholders				
(4) has individuals related to director				

### Short-term loans to related party

As at 31 December 2020, the Company has granted unsecured loans of Baht 1,770 million (2019: Baht 2,530 million) to a subsidiary on which interest is payable on a monthly basis at a rate of 3.00% per annum. The loans are repayable at call. Movements in the balance of the loans during the year were as follow:

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at	During the year		Balance as at
	1 January 2020	Increase	Decrease	31 December 2020
Short-term loans to related party				
Mega Home Center Company Limited	2,530,000	3,310,000	(4,070,000)	1,770,000

### Directors and management's benefits

During the year ended 31 December 2020 and 2019, the Group had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Short-term benefits	198,867	189,315	179,159	171,798
Post-employment benefits	4,406	7,041	3,801	6,263
Total	203,273	196,356	182,960	178,061

## **8. Cash and cash equivalents**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Cash	140,981	163,503	107,885	126,518
Bank deposits	541,710	536,476	357,526	319,850
Fixed deposits	2,600,000	2,160,000	2,600,000	2,160,000
Total	3,282,691	2,859,979	3,065,411	2,606,368

As at 31 December 2020, bank deposits in saving accounts and fixed deposits carried interests between 0.05% - 1.00% per annum (2019: between 0.125% - 1.65% per annum).

## 9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Trade accounts receivable	220,724	216,347	283,853	204,022
Other receivables	1,542,407	1,685,282	1,438,524	1,570,139
Income receivables	6,252	10,775	6,150	10,411
Total trade and other receivables	1,769,383	1,912,404	1,728,527	1,784,572

### Trade accounts receivable

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Trade accounts receivable	76,249	105,178	147,631	97,058
Credit card and coupon receivable	144,475	111,169	136,222	106,964
Total trade accounts receivable	220,724	216,347	283,853	204,022

The outstanding balances of trade accounts receivable as at 31 December 2020 and 2019 are aged as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
<b>Aged on the basis of due dates</b>				
Not yet due	197,031	187,350	188,320	154,960
Past due				
Up to 3 months	21,396	26,987	57,846	38,616
3 - 6 months	1,637	1,324	32,742	10,080
6 - 12 months	9	44	4,635	56
Over 12 months	651	642	310	310
Total trade receivables	220,724	216,347	283,853	204,022

## Other receivables

Other receivables mainly consist of receivables from sale support operation and area rental and related service receivables.

The outstanding balances of other receivables as at 31 December 2020 and 2019 are aged as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
<b>Aged on the basis of due dates</b>				
Not yet due	796,981	854,132	743,041	792,821
Past due				
Up to 3 months	722,433	825,525	676,158	773,849
3 - 6 months	22,890	7,666	21,246	6,164
6 - 12 months	6,268	6,196	5,004	5,382
Over 12 months	8,992	6,979	5,867	4,774
Total	1,557,564	1,700,498	1,451,316	1,582,990
Less: Allowance for expected credit losses				
(2019: allowance for doubtful debts)	(15,157)	(15,216)	(12,792)	(12,851)
Total other receivables - net	1,542,407	1,685,282	1,438,524	1,570,139

## 10. Inventories

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Inventories	13,008,465	13,108,707	10,582,686	10,802,145
Less: Reduce cost to net realisable value	(593,804)	(572,740)	(553,004)	(540,163)
Net	12,414,661	12,535,967	10,029,682	10,261,982
Less: Inventories - repaid its cost				
when sold	(1,559,180)	(1,627,768)	(1,214,490)	(1,251,553)
Purchase discount	(510,921)	(486,936)	(451,385)	(425,905)
Inventories - net	10,344,560	10,421,263	8,363,807	8,584,524

During the current year, the Group reduced cost of inventories by Baht 103 million (2019: Baht 122 million) (The Company only: Baht 81 million, 2019: Baht 98 million), to reflect the net realisable value. This was included in administrative expenses. In addition, the Group reversed the write-down of cost of inventories by Baht 82 million (2019: Baht 95 million) (The Company only: Baht 68 million, 2019: Baht 69 million), and reduced the amount of inventories recognised as expenses during the year.

## 11. Other current assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Prepaid expenses	71,213	95,003	45,871	71,736
Suspend input value added tax	27,703	65,771	25,476	63,362
Others	10,357	15,344	6,542	13,156
Total other current assets	109,273	176,118	77,889	148,254

## 12. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the period	
	2020	2019	2020	2019	2020	2019	2020	2019
			(Percent)	(Percent)				
Market Village Company Limited	5,000	5,000	100.00	100.00	5,000	5,000	14,999	-
Home Product Center (Malaysia) Sdn. Bhd.	516,843	516,843	100.00	100.00	516,843	516,843	-	-
Mega Home Center Company Limited	1,500,000	1,500,000	99.99	99.99	1,500,000	1,500,000	-	-
DC Service Center Company Limited	2,500	2,500	99.99	99.99	2,500	2,500	-	-
Total					2,024,343	2,024,343	14,999	-
Less: Allowance for impairment of investment					(78,697)	(115,519)		
Investments in subsidiaries - net					1,945,646	1,908,824		

On 24 November 2020, the Company's Board of Directors meeting passed a resolution approving an investment in Home Product Center Viet Nam Company Limited, in which the Company holds 100% interests, to operate a retail business in Vietnam. The company has a registered share capital of VND 23,100 million or USD 1 million. The Company made a payment totaling Baht 38.8 million for the investment on 14 January 2021.

### 13. Investment properties

The net book value of investment properties as at 31 December 2020 and 2019 is presented below.

(Unit: Thousand Baht)

Consolidated financial statement					
	Land and land improvement	Buildings and equipment	Right-of-use assets for rent	Assets under installation and under construction	Total
As at 31 December 2020					
Cost	150,000	5,042,473	885,887	3,255	6,081,615
Less: Accumulated depreciation	-	(2,065,644)	(135,918)	-	(2,201,562)
Net book value	<u>150,000</u>	<u>2,976,829</u>	<u>749,969</u>	<u>3,255</u>	<u>3,880,053</u>
As at 31 December 2019					
Cost	150,000	4,124,756	-	22,090	4,296,846
Less: Accumulated depreciation	-	(1,871,695)	-	-	(1,871,695)
Net book value	<u>150,000</u>	<u>2,253,061</u>	<u>-</u>	<u>22,090</u>	<u>2,425,151</u>

(Unit: Thousand Baht)

Separate financial statement					
	Land and land improvement	Buildings and equipment	Right-of-use assets for rent	Assets under installation and under construction	Total
As at 31 December 2020					
Cost	992,980	5,042,473	1,164,580	3,255	7,203,288
Less: Accumulated depreciation	-	(2,065,643)	(184,967)	-	(2,250,610)
Net book value	<u>992,980</u>	<u>2,976,830</u>	<u>979,613</u>	<u>3,255</u>	<u>4,952,678</u>
As at 31 December 2019					
Cost	992,980	4,124,756	-	22,090	5,139,826
Less: Accumulated depreciation	-	(1,871,695)	-	-	(1,871,695)
Net book value	<u>992,980</u>	<u>2,253,061</u>	<u>-</u>	<u>22,090</u>	<u>3,268,131</u>

A reconciliation of the net book value of investment properties for the years 2020 and 2019 is presented below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Net book value at beginning of year	2,425,151	2,612,073	3,268,131	3,455,053
Adjustments of right-of-use assets due to TFRS 16 adoption	352,161	-	427,648	-
Transfer from leasehold rights - net book value	375,114	-	539,119	-
Adjustments of right-of-use assets at beginning of year (Note 4)	727,275	-	966,767	-
Additions	946,896	41,830	946,896	41,830
Disposals and written-off - net book value	(29)	(788)	(29)	(788)
Depreciation	(219,240)	(227,964)	(229,087)	(227,964)
Net book value at end of year	3,880,053	2,425,151	4,952,678	3,268,131

The fair value of the investment properties as at 31 December 2020 and 2019 stated below:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Fair value of land, buildings and right-of-use assets for rent	6,963	5,847	7,475	6,690
Lease liabilities	472	-	567	-
	7,435	6,847	8,042	6,690

The fair value of the above investment properties has been determined based on valuation performed by an accredited independent valuer. The fair value of the land and buildings has been determined using the income approach. Key assumptions used in the valuation include yield rate, inflation rate, occupancy rate and long-term growth in real rental rates.

## 14. Property, buildings and equipment

(Unit: Thousand Baht)

Consolidated financial statements							
	Land and land improvement	Buildings and building improvement	Equipment and machine	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Total
<b>Cost:</b>							
As at 1 January 2019	8,557,958	28,394,790	685,815	7,845,279	79,974	1,667,747	47,231,563
Additions	514,669	148,441	92,769	387,649	7,075	1,739,430	2,890,033
Disposals and written-off	(40,481)	(112,966)	(9,451)	(286,994)	(60,781)	(550)	(511,223)
Transfers in (out)	23,500	2,179,652	465,720	169,673	-	(2,838,545)	-
Translation adjustment	-	(14,794)	(1,070)	(14,101)	-	(802)	(30,767)
31 December 2019	9,055,646	30,595,123	1,233,783	8,101,506	26,268	567,280	49,579,606
Transfer to right-of-use assets	-	-	-	-	(19,408)	-	(19,408)
As at 1 January 2020	9,055,646	30,595,123	1,233,783	8,107,506	6,860	567,280	49,560,198
Additions	-	88,663	356,987	242,797	400	986,606	1,675,453
Transfer from right-of-use assets	-	-	-	-	413	-	413
Disposals and written-off	-	(20,118)	(9,967)	(98,105)	(1,010)	-	(129,200)
Transfers in (out)	-	1,201,729	13,911	288,300	-	(1,503,940)	-
Translation adjustment	-	3,921	262	3,550	-	(22)	7,711
As at 31 December 2020	9,055,646	31,869,318	1,594,976	8,538,048	6,663	49,924	51,114,575
<b>Accumulated depreciation:</b>							
As at 1 January 2019	-	10,707,771	588,745	6,520,770	61,960	-	17,879,246
Depreciation for the year	-	1,749,135	94,269	662,491	4,133	-	2,510,028
Depreciation on disposals and written-off	-	(98,949)	(9,337)	(279,121)	(56,322)	-	(443,729)
Translation adjustment	-	(3,300)	(863)	(8,634)	-	-	(12,797)
As at 31 December 2019	-	12,354,657	672,814	6,895,506	9,771	-	19,932,748
Transfer to right-of-use assets	-	-	-	-	(4,380)	-	(4,380)
As at 1 January 2020	-	12,354,657	672,814	6,895,506	5,391	-	19,928,368
Depreciation for the year	-	1,763,076	170,125	557,004	711	-	2,490,916
Transfer from right-of-use assets	-	-	-	-	172	-	172
Depreciation on disposals and written-off	-	(18,062)	(3,374)	(91,995)	(753)	-	(114,184)
Translation adjustment	-	581	194	1,773	-	-	2,548
As at 31 December 2020	-	14,100,252	839,759	7,362,288	5,521	-	22,307,820
<b>Allowance for impairment loss:</b>							
As at 1 January 2019	11,430	13,700	-	-	-	-	25,130
Decrease during the year	(2,030)	(13,000)	-	-	-	-	(15,030)
As at 31 December 2019	9,400	700	-	-	-	-	10,100
Increase during the year	-	37,654	19,000	-	-	-	56,654
Decrease during the year	-	(700)	-	-	-	-	(700)
Translation adjustment	-	(456)	-	-	-	-	(456)
31 December 2020	9,400	37,198	19,000	-	-	-	65,598
<b>Net book value:</b>							
As at 31 December 2019	9,046,246	18,239,766	560,969	1,206,000	16,497	567,280	29,636,758
As at 1 January 2020	9,046,246	18,239,766	560,969	1,206,000	1,469	567,280	29,621,730
As at 31 December 2020	9,046,246	17,731,868	736,217	1,175,760	1,142	49,924	28,741,157
<b>Depreciation for the year</b>							
2019 (Baht 2,457 million included in selling expenses, and the balance in administrative expenses)							2,510,028
2020 (Baht 2,352 million included in selling expenses, and the balance in administrative expenses)							2,490,916

(Unit: Thousand Baht)

	Separate financial statements						
	Land and land improvement	Buildings and building improvement	Equipment and machine	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Total
<b>Cost:</b>							
As at 1 January 2019	7,565,477	23,621,085	624,760	6,636,864	79,196	1,626,450	40,153,832
Additions	514,669	142,629	92,092	386,889	7,075	1,723,199	2,866,553
Disposals and written-off	(40,480)	(112,966)	(8,881)	(268,532)	(60,781)	-	(491,640)
Transfers in (out)	23,500	2,133,805	465,720	169,673	-	(2,792,698)	-
As at 31 December 2019	8,063,166	25,784,553	1,173,691	6,924,894	25,490	556,951	42,528,745
Transfer to right-of-use assets	-	-	-	-	(19,408)	-	(19,408)
As at 1 January 2020	8,063,166	25,784,553	1,173,691	6,924,894	6,082	556,951	42,509,337
Additions	-	85,402	351,179	234,376	100	974,255	1,645,312
Transfer from right-of-use assets	-	-	-	-	413	-	413
Disposals and written-off	-	(19,497)	(9,859)	(89,262)	(1,010)	-	(119,628)
Transfers in (out)	-	1,200,045	13,911	275,392	-	(1,489,348)	-
As at 31 December 2020	8,063,166	27,050,503	1,528,922	7,345,400	5,585	41,858	44,035,434
<b>Accumulated depreciation:</b>							
As at 1 January 2019	-	9,736,816	538,954	5,673,943	61,182	-	16,010,895
Depreciation for the year	-	1,470,646	86,536	512,153	4,133	-	2,073,468
Depreciation on disposals and written-off	-	(98,949)	(8,767)	(260,797)	(56,322)	-	(424,835)
As at 31 December 2019	-	11,108,513	616,723	5,925,299	8,993	-	17,659,528
Transfer to right-of-use assets	-	-	-	-	(4,380)	-	(4,380)
As at 1 January 2020	-	11,108,513	616,723	5,925,299	4,613	-	17,655,148
Depreciation for the year	-	1,489,383	166,540	440,876	710	-	2,097,509
Transfer from right-of-use assets	-	-	-	-	172	-	172
Depreciation on disposals and written-off	-	(17,732)	(3,268)	(83,321)	(753)	-	(105,074)
As at 31 December 2020	-	12,580,164	779,995	6,282,854	4,742	-	19,647,755
<b>Allowance for impairment loss:</b>							
As at 1 January 2019	11,430	13,700	-	-	-	-	25,130
Decrease during the year	(2,030)	(13,000)	-	-	-	-	(15,030)
As at 31 December 2019	9,400	700	-	-	-	-	10,100
Increase during the year	-	16,000	19,000	-	-	-	35,000
Decrease during the year	-	(700)	-	-	-	-	(700)
As at 31 December 2020	9,400	16,000	19,000	-	-	-	44,400
<b>Net book value:</b>							
As at 31 December 2019	8,053,766	14,675,340	556,968	999,595	16,497	556,951	24,859,117
As at 1 January 2020	8,053,766	14,675,340	556,968	999,595	1,469	556,951	24,844,089
As at 31 December 2020	8,053,766	14,454,339	729,927	1,062,546	843	41,858	24,343,279
<b>Depreciation for the year</b>							
2019 (Baht 2,022 million included in selling expenses, and the balance in administrative expenses)							2,073,468
2020 (Baht 1,716 million included in selling expenses, and the balance in administrative expenses)							2,097,509

As at 31 December 2019, the Group had vehicles under finance lease agreements with net book values amounting to Baht 15 million.

As at 31 December 2020, certain buildings and equipment items have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to approximately Baht 9,024 million (2019: Baht 7,675 million) (The Company only: Baht 8,206 million, 2019: Baht 7,018 million).

## 15. Computer software

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
<b>Cost</b>		
As at 1 January 2019	848,384	796,737
Acquisitions during the year	78,548	78,384
Written-off	(7,280)	(7,280)
Translation adjustment	(76)	-
As at 31 December 2019	919,576	867,841
Acquisitions during the year	101,022	101,022
Translation adjustment	20	-
As at 31 December 2020	1,020,618	968,863
<b>Accumulated amortisation</b>		
As at 1 January 2019	365,353	337,876
Amortisation for the year	78,929	73,812
Amortisation on written-off	(702)	(702)
Translation adjustment	(34)	-
As at 31 December 2019	443,546	410,986
Amortisation for the year	88,195	83,065
Translation adjustment	7	-
As at 31 December 2020	531,748	494,051
<b>Net book value</b>		
As at 31 December 2019	476,030	456,855
As at 31 December 2020	488,870	474,812

## 16. Leasehold rights

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
<b>Cost</b>		
As at 1 January 2019	3,711,348	3,300,637
Increase during the year	321,369	263,769
Written-off	(666)	(666)
As at 31 December 2019	4,032,051	3,563,740
<b>Accumulated amortisation</b>		
As at 1 January 2019	738,091	708,159
Amortisation for the year	125,090	110,536
Amortisation on written-off	(552)	(552)
As at 31 December 2019	862,629	818,143
<b>Net book value</b>		
As at 31 December 2019	3,169,422	2,745,597
Transfer to investment properties	(375,114)	(539,119)
Transfer to right-of-use assets	(2,794,308)	(2,206,478)
As at 31 December 2020	-	-

## 17. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (% per annum)		Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019	2020	2019
Bill of exchange - Baht	0.90	-	1,000,000	-	1,000,000	-
Bill of exchange - Foreign currency	3.07 - 3.42	3.91 - 4.78	248,714	280,742	-	-
Total short-term loans from financial institutions			1,248,714	280,742	1,000,000	-

As at 31 December 2020, the Group had overdraft lines from banks totaling Baht 315 million and MYR 0.5 million (2019: Baht 305 million and MYR 0.50 million) (The Company only: Baht 285 million 2019: Baht 275 million) and other credit facilities totaling Baht 19,964 million, USD 55 million and MYR 66 million (2019: Baht 14,240 million, USD 54 million and MYR 61 million) (The Company only: Baht 19,426 million and USD 55 million 2019: Baht 14,003 million and USD 54 million).

## 18. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Trade accounts payable	11,280,098	11,715,766	9,874,371	10,222,159
Other payables	634,353	578,798	586,134	584,576
Other payables for purchase of assets	233,909	602,157	228,157	588,354
Accrued expenses	901,949	1,172,360	826,536	1,078,707
Total trade and other payables	13,050,309	14,069,081	11,515,198	12,473,796

## 19. Leases

### 19.1 The Group as a lessee

The Group has lease contracts for various items of property, buildings, and equipment used in its operations. Leases generally have lease terms between 2 - 31 years.

#### a) Right-of-use assets

(Unit: Thousand Baht)

	Consolidated financial statements			
	Land and land improvement	Buildings	Motor vehicles	Total
<b>Cost</b>				
As at 31 December 2019	-	-	-	-
Adjustments of right-of-use assets due to TFRS 16 adoption	1,833,580	1,511,117	-	3,344,697
Transfer from property, buildings and equipment	-	-	19,408	19,408
Transfer from leasehold rights	3,546,185	-	-	3,546,185
As at 1 January 2020	5,379,765	1,511,117	19,408	6,910,290
Acquisitions	356,899	-	1,657	358,556
Transfer to property, buildings and equipment	-	-	(413)	(413)
Translation adjustment	-	721	-	721
As at 31 December 2020	5,736,664	1,511,838	20,652	7,269,154
<b>Accumulated amortisation</b>				
As at 31 December 2019	-	-	-	-
Transfer from property, buildings and equipment	-	-	4,380	4,380
Transfer from leasehold rights	751,877	-	-	751,877
As at 1 January 2020	751,877	-	4,380	756,257
Amortisation for the year	206,780	172,929	3,676	383,385
Transfer to property, buildings and equipment	-	-	(172)	(172)
Difference from rental reduction	2,026	16,397	-	18,423
Translation adjustment	-	(725)	-	(725)
As at 31 December 2020	960,683	188,601	7,884	1,157,168
<b>Net book value</b>				
As at 1 January 2020	4,627,888	1,511,117	15,028	6,154,033
As at 31 December 2020	4,775,981	1,323,237	12,768	6,111,986

(Unit: Thousand Baht)

	Separate financial statements			
	Land and land improvement	Buildings	Motor vehicles	Total
<b>Cost</b>				
As at 31 December 2019	-	-	-	-
Adjustments of right-of-use assets due to TFRS 16 adoption	1,411,174	1,468,149	-	2,879,323
Transfer from property, buildings and equipment	-	-	19,408	19,408
Transfer from leasehold rights	2,874,668	-	-	2,874,668
As at 1 January 2020	4,285,842	1,468,149	19,408	5,773,399
Acquisitions	356,899	-	1,657	358,556
Transfer to property, buildings and equipment	-	-	(413)	(413)
As at 31 December 2020	4,642,741	1,468,149	20,652	6,131,542
<b>Accumulated amortisation</b>				
As at 31 December 2019	-	-	-	-
Transfer from property, buildings and equipment	-	-	4,380	4,380
Transfer from leasehold rights	668,190	-	-	668,190
As at 1 January 2020	668,190	-	4,380	672,570
Amortisation for the year	169,371	138,504	3,675	311,550
Transfer to property, buildings and equipment	-	-	(172)	(172)
Difference from rental reduction	2,026	16,397	-	18,423
As at 31 December 2020	839,587	154,901	7,883	1,002,371
<b>Net book value</b>				
As at 1 January 2020	3,617,652	1,468,149	15,028	5,100,829
As at 31 December 2020	3,803,154	1,313,248	12,769	5,129,171

The movements of right-of-use assets exclude the right-of-use assets which are classified as investment property which is presented in Note 13.

## b) Lease liabilities

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Lease payments	6,519,580	17,105	5,870,650	17,105
Less: Deferred interest expenses	(1,896,956)	(1,475)	(1,649,826)	(1,475)
Total	4,622,624	15,630	4,220,824	15,630
Less: Portion due within one year	(249,328)	(3,474)	(240,863)	(3,474)
Lease liabilities - net of current portion	4,373,296	12,156	3,979,961	12,156

A maturity analysis of lease payments is disclosed in Note 35.2 under the liquidity risk.

The movements of lease liabilities for year 2020 are presented below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
As at 1 January 2020	15,630	15,630
Adjustments due to TFRS 16 adoption	4,665,782	4,225,110
Additions	406,538	406,538
Increase from amortisation of deferred interest in the year	130,659	117,821
Payments	(572,224)	(520,261)
Difference from rental reduction	(24,014)	(24,014)
Translation adjustment	253	-
As at 31 December 2020	4,622,624	4,220,824

**c) Expenses relating to leases that are recognised in profit or loss**

(Unit: Thousand Baht)

	For the year ended 31 December 2020	
	Consolidated	Separate
	financial statements	financial statements
Depreciation expense of right-of-use assets	519,303	496,517
Interest expense on lease liabilities	130,659	117,821
Expense relating to short-term leases	21,187	21,187
Expense relating to leases of low-value assets	24,777	20,841
Expense relating to variable lease payments	58,906	58,906

The Group has lease contracts for building space that contains variable payments based on sales. The lease term is 1 - 22 years.

**d) Others**

The Group had total cash outflows for leases for the year ended 31 December 2020 of Baht 677 million (the Company only: Baht 621 million), including the cash outflow related to short-term lease, leases of low-value assets and variable lease payments that do not depend on an index or a rate. Moreover, the Group had non-cash additions to right-of-use assets and lease liabilities of Baht 213 million (the Company only: Baht 213 million). The future cash outflows relating to leases that have not yet commenced are disclosed in Note 33.2 c).

**19.2 Group as a lessor**

The Group has entered into operating leases for its investment properties portfolio consisting of property, buildings, and right-of-use assets of lease land (see Note 13) of the lease terms are between 3 to 30 years.

The Group has future minimum rentals receivable under non-cancellable operating leases of investment properties as at 31 December 2020 and 2019 as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Within 1 year	78,833	82,845	112,917	121,419
Over 1 and up to 5 years	333,635	365,075	363,555	416,537
Over 5 years	893,955	1,100,474	863,955	1,100,474
Total	1,306,423	1,548,394	1,340,427	1,638,430

During 2020 the Group has sub-lease income amounting to Baht 59 Million (2019: Baht 59 million) (The Company only: Baht 103 million and 2019: Baht 102 million).

## 20. Long-term loan

(Unit: Thousand Baht)

	Interest rate (% per annum)		Consolidated financial statements	
	2020	2019	2020	2019
Long-term loan - MYR	COF + 1.10*	COF + 1.10*	75,167	84,195
Less: Current portion of long-term loan			(75,167)	(20,207)
Long-term loan - net of current portion			-	63,988

\* The Bank's cost of fund ("COF") plus 1.10% per annum.

Movement of the long - term loan account during the year ended 31 December 2020 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements
Balance as at 1 January 2020	84,195
Less: Repayment	(10,236)
Translation adjustment	1,208
Balance as at 31 December 2020	75,167

Long-term loan in MYR are loan facilities from an overseas financial institution of Home Product Center (Malaysia) Sdn. Bhd., the Company's 100% owned subsidiary. Payment of interest and principal is scheduled on a monthly basis. Full repayment is to be made within 7 years after first principal drawdown. The first installment of the principal is to commence on the 25th month from the first principal drawdown. On 22 April 2020, the subsidiary received a Supplemental Letter of granting cease the principal repayment schedule commencing from May 2020 to October 2020 and extend the principal repayment for 6 months. The loan is secured by a 100% corporate guarantee provided by the Company, together with the requirement to maintain the Company's shareholding directly or indirectly, of the subsidiary at not less than 51%. The loan agreement contains covenants as specified in the agreement that, among other things, require the subsidiary to maintain certain debt to equity ratio according to the agreement. As at 31 December 2020, debt to equity ratio of the subsidiary is not in compliance with the condition prescribed in the agreement. The Group, therefore presented the balance of long-term loan as current liabilities in the consolidated financial statements. However, the Group is negotiating with the bank to amend the condition.

## 21. Debentures

					Consolidated and separate financial statements			
					Number of debenture (Units)		Amount (Thousand Baht)	
No.	Interest/discount rate per annum	Age	Repayment	Maturity	2020	2019	2020	2019
<u>Unsubordinated and unsecured debentures</u>								
No. 1/2017	Fixed rate 2.48%	3 years	At maturity	27 April 2020	-	4,000,000	-	4,000,000
No. 1/2018	Fixed rate 2.00%	3 years	At maturity	16 February 2021	2,000,000	2,000,000	2,000,000	2,000,000
No. 2/2018	Fixed rate 2.55%	2 years	At maturity	19 October 2020	-	2,000,000	-	2,000,000
No. 3/2018	Fixed rate 3.00%	3 years	At maturity	22 October 2021	2,000,000	2,000,000	2,000,000	2,000,000
No. 1/2019	1.85%	3 years	At maturity	14 November 2022	3,170,000	3,170,000	3,170,000*	3,170,000*
No. 1/2020	1.65%	3 years	At maturity	3 March 2023	3,150,000	-	3,150,000*	-
No. 2/2020	1.85%	2 years 11 months 28 days	At maturity	12 October 2023	1,000,000	-	1,000,000*	-
No. 3/2020	Fixed rate 1.85%	2 years 11 months 28 days	At maturity	12 October 2023	1,000,000	-	1,000,000	-
Total					12,320,000	13,170,000	12,320,000	13,170,000
Less: Deferred interest							(264,413)	(162,336)
Debenture - net							12,055,587	13,007,664
Less: Current portion of debentures							(4,000,000)	(6,000,000)
Debentures - net of current portion							8,055,587	7,007,664

\* Zero Coupon Bond

Movements in debentures account during the period ended 31 December 2020 are summarised below.

(Unit: Thousand Baht)

	Consolidated and separate financial statements
Balance as at 1 January 2020	13,170,000
Add: Issuance of debentures during the year	5,150,000
Less: Redemption of debentures during the year	(6,000,000)
Balance as at 31 December 2020	12,320,000

Such debentures contain certain covenants and restrictions regarding the maintenance of debt to equity ratio, restriction on dividend payment and disposal and transfer of assets.

## 22. Provision for long-term employee benefits

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
<b>Provision for long-term employee benefits</b>				
<b>at beginning of year</b>	528,170	340,113	480,430	308,086
Included in profit or loss:				
Current service cost	49,572	70,674	43,361	64,214
Interest cost	7,922	9,972	7,231	9,067
Included in other comprehensive income:				
Actuarial loss arising from				
Financial assumptions changes	-	49,286	-	44,530
Experience adjustments	-	59,273	-	55,479
Benefits paid during the year	(11,612)	(1,148)	(9,265)	(946)
<b>Provision for long-term employee benefits</b>				
<b>at end of year</b>	574,052	528,170	521,757	480,430

As at 31 December 2020, the Group expects to pay Baht 22 million of long-term employee benefits during the next year (2019: Baht 24 million) (The Company only: Baht 21 million, 2019: Baht 20 million).

As at 31 December 2020, the weighted average duration of the liabilities for long-term employee benefit is 9 years (2019: 9 years) (The Company only: 9 years 2019: 9 years).

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Discount rate	1.5%	1.5%	1.5%	1.5%
Salary increase rate	6.0% - 6.5%	6.0% - 6.5%	6.0% - 6.5%	6.0% - 6.5%
Turnover rate (depending on age)	0 - 40%	0 - 40%	0 - 35%	0 - 35%

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2020 and 2019 are summarised below:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate				
31 December 2020	(35)	11	(31)	11
31 December 2019	(22)	24	(20)	21

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Salary increase rate				
31 December 2020	45	(64)	41	(58)
31 December 2019	51	(46)	47	(42)

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	Increase 10%	Decrease 10%	Increase 10%	Decrease 10%
Turnover rate (depending on age)				
31 December 2020	(36)	55	(32)	48
31 December 2019	(36)	43	(32)	37

## 23. The Employee Joint Investment Program (EJIP)

The significant details of the Employee Joint Investment Program (EJIP) are as follow:

The Company eligible under EJIP	Home Product Center Public Company Limited and DC Service Center Company Limited
The Period of EJIP	1 July 2018 to 30 June 2023, with a total duration of 5 years.
Eligible employees under EJIP	Employees at Division Manager or equivalent level on the voluntary basis. Directors and advisors of the Company are exclude from this program.
EJIP arrangement	The Company will make deduction from the payroll of eligible employees who voluntarily join the EJIP, at the rate 5% of the salary of each month. The Company will contribute 100% of the amount contributed by EJIP participants on a monthly basis.
EJIP buying schedule	Monthly basis.
Conditions for holding the securities	During the 1 <sup>st</sup> year - 3 <sup>rd</sup> year, employee cannot sell any shares After the 3 <sup>rd</sup> year, employee can sell 25% of shares accumulated After the 4 <sup>th</sup> year, employee can sell 50% of shares accumulated After the 5 <sup>th</sup> year, employee can sell all shares
EJIP program manager	Phillip Securities Public Company Limited

On 5 June 2018, the Company received the approval of Employee Joint Investment Program (EJIP) from Securities and Exchange Commission (SEC).

During the year 2020, the Group contributed Baht 36 million to the program (2019: Baht 34 million) (The Company only: Baht 35 million 2019: Baht 32 million).

## 24. Statutory reserve

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

At present, the statutory reserve has fully been set aside.

## 25. Revenue from contracts with customers

### 25.1 Disaggregated revenue information

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
<b>Type of goods or service:</b>				
Sale of goods related to houses and residences	57,862,707	62,594,414	50,315,988	54,472,577
Renovation and improvement services	206,284	199,203	206,284	199,203
Installation maintenance and other service	277,778	252,613	249,286	216,298
Total revenue from contracts with customers	<u>58,346,769</u>	<u>63,046,230</u>	<u>50,771,558</u>	<u>54,888,078</u>
<b>Timing of revenue recognition:</b>				
Revenue recognised at a point in time	58,140,485	62,847,027	50,565,274	54,688,875
Revenue recognised over time	206,284	199,203	206,284	199,203
Total revenue from contracts with customers	<u>58,346,769</u>	<u>63,046,230</u>	<u>50,771,558</u>	<u>54,888,078</u>

Set out below, is a reconciliation of the revenue from contracts with customers with financial information classified by source of revenue.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Revenue from external customers	58,299,399	62,966,943	50,418,285	54,599,758
Revenue from related parties	367,004	334,683	353,273	288,320
	58,666,403	63,301,626	50,771,558	54,888,078
Adjustments and eliminations	(319,634)	(255,396)	-	-
Total revenue from contracts with customers	<u>58,346,769</u>	<u>63,046,230</u>	<u>50,771,558</u>	<u>54,888,078</u>

## 25.2 Revenue recognised in relation to contract balances

In 2020, amounts of Baht 955 million (2019: Baht 967 million) (The Company only: Baht 889 million 2019: Baht 930 million) that were included in advances received from customers at the beginning of the year were recognised as revenue.

## 26. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Salaries and wages and other				
employee benefits	4,524	4,740	4,069	4,244
Premises expenses	1,198	1,998	1,062	1,752
Depreciation and amortisation	3,182	2,942	2,721	2,486
Sales promotion and operation				
support expenses	2,495	2,629	2,319	2,451
Financial cost	459	405	432	387
Tax expenses and fees	1,013	1,560	949	1,484
Changes in finished goods	56	(203)	208	(307)

## 27. Finance cost

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Interest expense of loan and debentures	328,128	404,574	314,364	386,480
Interest expense on lease liabilities	130,659	891	117,821	891
<b>Total</b>	<b>458,787</b>	<b>405,465</b>	<b>432,185</b>	<b>387,371</b>

## 28. Income tax

Income tax expenses for the years ended 31 December 2020 and 2019 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
<b>Current income tax:</b>				
Current income tax charge	1,236,873	1,444,147	1,156,953	1,383,842
Adjustment in respect of income tax of previous year	(8,033)	(5,931)	(8,030)	(5,930)
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(193,487)	(11,235)	(177,351)	(10,922)
<b>Income tax expenses reported in profit or loss</b>	<b>1,035,353</b>	<b>1,426,981</b>	<b>971,572</b>	<b>1,366,990</b>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2020 and 2019 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Deferred tax on actuarial loss	-	(21,712)	-	(20,002)

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

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2020	2019	2020	2019
Accounting profit before tax	6,190,054	7,603,571	5,759,852	7,053,980
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	1,238,011	1,520,714	1,151,970	1,410,796
Adjustment in respect of income tax of previous year	(8,033)	(5,931)	(8,030)	(5,930)
Unused tax loss which has not recognised as deferred tax assets	-	8,269	-	-
Effects of:				
Change in value of investment accounted for the equity method	-	908	-	-
Revenues that are granted income tax exemption	-	-	(3,000)	-
Non-deductible expenses	12,786	25,361	9,392	46,904
Additional expense deductions allowed	(173,395)	(122,820)	(144,744)	(85,279)
Others	(34,016)	480	(34,016)	499
Total	(194,625)	(96,071)	(172,368)	(37,876)
<b>Income tax expenses reported in profit or loss</b>	<b>1,035,353</b>	<b>1,426,981</b>	<b>971,572</b>	<b>1,366,990</b>

The components of deferred tax assets are as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2020	2019	2020	2019
<b>Deferred tax assets</b>				
Allowance for expected credit losses (2019: allowance for doubtful debts)	3,032	3,043	2,558	2,570
Purchase discount	102,184	97,387	90,277	85,181
Allowance for asset impairment	8,880	2,020	8,880	2,020
Lease	235,429	-	226,058	-
Provision for long-term employee benefits	114,810	105,634	104,352	96,086
Deferred purchase discount	8,568	7,878	8,368	7,747
Provision	132,588	3,020	114,210	-
<b>Total</b>	<b>605,491</b>	<b>218,983</b>	<b>554,703</b>	<b>193,604</b>

As at 31 December 2020, the Group has deductible temporary differences totaling Baht 594 million (2019: Baht 617 million) (The Company only: Baht 553 million, 2019: Baht 540 million). No deferred tax assets have been recognised on these amounts as the Group believes that the temporary differences may not be utilised.

## 29. 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	
	2020	2019	2020	2019
Profit for the year (Thousand Baht)	5,154,702	6,176,590	4,788,280	5,686,990
Weighted average number of ordinary shares (Thousand shares)	13,151,198	13,151,198	13,151,198	13,151,198
Earnings per share (Baht/share)	0.39	0.47	0.36	0.43

## 30. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as the Company's Board of Directors.

The Group is principally engaged in the trading of a complete range of goods and materials for construction, addition, refurbishment, renovation, and improvement of buildings, houses, and residences, and the provision of services relevant to retail and wholesale business, space rental and services (as having revenue and/or operating profit and/or assets less than 10% of total revenue and/or total operating profit and/or total assets of all segments, which do not meet the quantitative thresholds as set out in the financial reporting standard).

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

## Geographic information

Sales income from external customers is based on locations of the Group which are summarised as follow.

	(Unit: Million Baht)	
	2020	2019
<b>Sales income from external customers</b>		
Thailand	57,128	61,714
Malaysia	1,171	1,253
Total	<u>58,299</u>	<u>62,967</u>
<b>Non-current assets (other than deferred tax assets)</b>		
Thailand	39,443	35,875
Malaysia	214	265
Total	<u>39,657</u>	<u>36,140</u>

## Major customers

For the years 2020 and 2019, the Group has no major customer with revenue of 10% or more of an entity's revenues.

## 31. Provident fund

The Group and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both the Group and their employees contributed to the fund monthly at the rate of 3% - 5% of basic salary. The fund, which is managed by Land and Houses Fund Management Co., Ltd. will be paid to employees upon termination in accordance with the fund rules.

During the year 2020, the Group contributed Baht 101 million (2019: Baht 92 million) to the fund (The Company only: Baht 90 million, 2019: Baht 82 million).

## 32. Dividend paid

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Final dividends for 2018	Annual General Meeting of the shareholders on 9 April 2019	2,630	0.20
Interim dividends from operating results from January 2019 to June 2019	Board of Directors' Meeting of the Company on 27 August 2019	2,235	0.17
Total		<u>4,865</u>	
Interim dividends from operating results from July 2019 to December 2019	Board of Directors' Meeting of the Company on 9 April 2020 and proposed to the Annual General Meeting of the shareholders for acknowledgment on 10 July 2020	2,761	0.21
Interim dividends from operating results from January 2020 to June 2020	Board of Directors' Meeting of the Company on 25 August 2020	1,315	0.10
Total		<u>4,076</u>	

## 33. Commitments and contingent liabilities

### 33.1 Capital commitment

As at 31 December 2020, the Company had capital commitments with several companies relating to the construction of retail stores. The obligations of construction are subject to the retail stores expansion and construction plan of each period determined by the management.

### 33.2 Operating lease commitments - as a lessee

- a) The Group has entered into land lease agreements. The terms of the agreements are generally between 15 to 38 years and they are non-cancelable, except with the consent of the counterparties.

As at 31 December 2019, the Group has future minimum lease payments required under these operating leases contracts were as follows:

(Unit: Million Baht)

	31 December 2019	
	Consolidated	Separate
	financial statements	financial statements
Payable:		
In up to 1 year	180	158
In over 1 and up to 5 years	627	541
In over 5 years	3,226	2,696

As at 31 December 2020, the Group had no obligations under land lease agreements as a result of the adoption of the TFRS 16 as at 1 January 2020. The Group recognised the lease liabilities previously classified as operating lease at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate, as described in Note 4.

- b) As at 31 December 2020, the Group has entered into lease agreements to rental equipment and service agreements (2019: lease commercial space, rental equipment and service agreements). The terms of the agreements are generally 5 years (2019: 3 to 30 years) and they are non-cancelable, except with the consent of the counterparties.

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

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Payable:				
In up to 1 year	3	284	2	246
In over 1 and up to 5 years	5	792	5	779
In over 5 years	-	1,275	-	1,275

As at 31 December 2020, the Group had no obligations under lease agreements for commercial spaces and related service agreements as a result of the adoption of the TFRS 16 as at 1 January 2020. The Group recognised the lease liabilities previously classified as operating lease at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate, as described in Note 4.

- c) As at 31 December 2020, the Group has future lease payments required under these non-cancellable leases contracts that have not yet commenced as follows:

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Within 1 year	3,158	3,158
Over 1 and up to 5 years	83,485	83,485
Over 5 years	118,409	118,409
Total	205,052	205,052

### 33.3 Service commitments and rental commitments

- a) The Company has entered into the inventory management services agreement with a subsidiary. Under the conditions of the agreement, the Company is to pay the monthly service fee at a percentage of the subsidiary's actual cost, as stipulated in the agreement.
- b) The Company has entered into agreements to provide administrative services and inventory management services to a subsidiary. Under the conditions of the agreements, the Company receives monthly services fee at a percentage of sales, and a percentage of the actual cost, as stipulated in the agreements.
- c) The Company has entered into land lease agreements with a subsidiary. The terms of the agreements are 3 years. Under the conditions of the agreements, the Company receives monthly rental at rates stipulated in the agreements. The agreements are non-cancelable, except with the consent of the counterparties.

### 33.4 Long-term lease agreements - as a lessor

As at 31 December 2020, the Company has entered into 8 agreements (2019: 8 agreement) with 4 companies (2019: 4 companies) to lease and/or sub-lease parts of its premises in 7 branches for the periods between 14 to 30 years (2019: 18 to 30 years), with a total of rental received in advance amounting Baht 609 million (2019: Baht 649 million). The terms of the agreements are ended in the year 2033 to the year 2039. The Company recognised this income systematically on a straight-line basis over the lease periods which are the useful lives of the leaseholds.

As at 31 December 2020, the outstanding balance of rental received in advance, net of recognised rental income was Baht 298 million (2019: Baht 337 million).

### 33.5 Guarantees

- a) As at 31 December 2020, the Group has outstanding bank guarantees of Baht 150 million and MYR 1 million (2019: Baht 153 million and MYR 1 million) (The Company only: Baht 127 million, 2019: Baht 129 million) issued by banks on benefit of the Group in respect of guarantees provided for leasing, purchases of goods or hire of work, as bonds with State Enterprise. Bank guarantee of Baht 23 million and MYR 1 million (2019: Baht 23 million and MYR 1 million) issued in the name of subsidiary was guaranteed by the Company.
- b) As at 31 December 2020, the Company had commitments under letters of credit opened with commercial bank, amounting to USD 0.37 million and CNY 5 million (2019: USD 1 million and CNY 3 million).
- c) As at 31 December 2020, the Company secured credit facilities of its subsidiaries of Baht 580 million and MYR 114 million (2019: Baht 280 million and MYR 114 million) to financial institutions.

### 33.6 Litigation

- a) As at 31 December 2020, the Company has legal cases for a total claimed amount of Baht 3 million (2019: Baht 2 million) which are currently being considered by the Court. The legal department of the Company believes that the outcome of these cases will not have significant effect to the Company. As such, the Company has not set aside any amount of provision in the financial statements.

- b) In April 2015, the local officials who are responsible for one of the branches of the Company were sued in Administrative Court by local entrepreneurs regarding issuance of license to local businesses. In such case, the Company has filed an interpleader action and became a party in the lawsuit in order to preserve the Company's right. The Company submitted statement to the court that the use of the land by the Company was neither against nor violated the ministerial regulations governing central city planning, building control law, city planning law, and other related laws. However, the legal department of the Company viewed that the Company has proceeded according to the law and believes that the outcome of the case would be in the favour of the Company. The case is currently under the consideration of the Administrative Court.

### 34. Fair value hierarchy

As at 31 December 2020 and 2019, the Group had the assets and liabilities that were disclosed at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated Financial Statements			
	As at 31 December 2020			
	Level 1	Level 2	Level 3	Total
<b>Liability measured at fair value</b>				
Derivatives				
Foreign currency forward contracts	-	1	-	1
<b>Asset for which fair value are disclosed</b>				
Investment properties	-	-	7,435	7,435
<b>Liability for which fair value are disclosed</b>				
Debentures	-	12,238	-	12,238

(Unit: Million Baht)

	Consolidated Financial Statements			
	As at 31 December 2019			
	Level 1	Level 2	Level 3	Total
<b>Asset for which fair value are disclosed</b>				
Investment properties	-	-	5,847	5,847
<b>Liability for which fair value are disclosed</b>				
Debentures	-	13,120	-	13,120

(Unit: Million Baht)

	Separate Financial Statements			
	As at 31 December 2020			
	Level 1	Level 2	Level 3	Total
<b>Liability measured at fair value</b>				
Derivatives				
Foreign currency forward contracts	-	1	-	1
<b>Asset for which fair value are disclosed</b>				
Investment properties	-	-	8,042	8,042
<b>Liability for which fair value are disclosed</b>				
Debentures	-	12,238	-	12,238

(Unit: Million Baht)

	Separate Financial Statements			
	As at 31 December 2019			
	Level 1	Level 2	Level 3	Total
<b>Asset for which fair value are disclosed</b>				
Investment properties	-	-	6,690	6,690
<b>Liability for which fair value are disclosed</b>				
Debentures	-	13,120	-	13,120

## 35. Financial instruments

### 35.1 Derivatives

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
<b>Derivative liability</b>				
Derivative liability not designated as hedging instruments				
Foreign exchange forward contracts	1	-	1	-
<b>Total derivative liability</b>	1	-	1	-

### Derivatives not designated as hedging instruments

The Group uses foreign exchange forward contracts to manage some of its transaction exposures. The contracts are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from 6 months.

## 35.2 Financial risk management objectives and policies

The Group's financial instruments principally comprise cash and cash equivalents, trade accounts receivable, short-term loans, long-term loans and long-term debenture. The financial risks associated with these financial instruments and how they are managed is described below.

### **Credit risk**

The Group is exposed to credit risk primarily with respect to trade accounts receivable, deposits with banks and financial institutions and other financial instruments. Except for derivatives, the maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position. The Group's maximum exposure relating to derivatives is noted in the liquidity risk topic.

#### ***Trade receivables***

The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance obtained from reputable banks and other financial institutions.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar credit risks. The Group classifies customer segments by customer type and rating, and coverage by letters of credit and other forms of credit insurance. Letters of credit and other forms of credit insurance are considered an integral part of trade receivables and taken into account in the calculation of impairment. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

#### ***Financial instruments and cash deposits***

The Group manages the credit risk from balances with banks and financial institutions by making investments only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group's Executive Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The credit risk on debt instruments and derivatives is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

## Market risk

There is a type of market risk, currency risk. The Group enters into a derivative, foreign exchange forward contracts to reduce the foreign currency risk arising on the import of goods.

### Foreign currency risk

The Group's exposure to the foreign currency risk relates primarily to its trading transactions that are denominated in foreign currencies. The Group seeks to reduce this risk by entering into foreign exchange forward contracts when it considers appropriate. Generally, the forward contracts mature within one year.

As at 31 December 2020 and 2019, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Consolidated and separate financial statements						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
CNY	-	-	8	4	4.60	4.30

As at 31 December 2020 and 2019, foreign exchange contracts outstanding are summarised below.

Consolidated and separate financial statements					
As at 31 December 2020					
Foreign currency	Bought	Sold	Contractual exchange rate		Contractual maturity date
	amount	amount	Bought	Sold	
	(Million)	(Million)	(Baht per 1 foreign currency unit)		
USD	1	-	30.93 - 31.32	-	Within May 2021

Consolidated and separate financial statements					
As at 31 December 2019					
Foreign currency	Bought	Sold	Contractual exchange rate		Contractual maturity date
	amount	amount	Bought	Sold	
	(Million)	(Million)	(Baht per 1 foreign currency unit)		
USD	2	-	30.05 - 30.62	-	Within July 2020

## Interest rate risk

The Group's exposure to interest rate risk relates primarily to its debentures and long-term borrowings. Most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate. The Group manages its interest rate risk by having a portfolio of fixed rate loans and borrowings more than variable rate. The Group's policy is to maintain borrowings at fixed rates of interest of not less than 50%.

As at 31 December 2020 and 2019, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

Consolidated financial statements							
As at 31 December 2020							
	Fixed interest rates						
	Within 1 year	interest rate 1 - 5 years	More than 5 years	Floating interest rate	Non-interest bearing	Total	Interest rate
				(Million Baht)			(% p.a.)
<b>Financial assets</b>							
Cash and cash equivalents	2,600	-	-	243	440	3,283	0.05 - 1.00
Trade and other receivables	-	-	-	-	1,769	1,769	-
	<u>2,600</u>	<u>-</u>	<u>-</u>	<u>243</u>	<u>2,209</u>	<u>5,052</u>	
<b>Financial liabilities</b>							
Short-term loans from financial institutions	1,249	-	-	-	-	1,249	0.90 - 3.42
Trade and other payables	-	-	-	-	13,050	13,050	-
Lease liabilities	249	772	3,602	-	-	4,623	2.42 - 5.35
Long-term loans	-	-	-	75	-	75	COF + 1.10
Debentures	4,000	8,056	-	-	-	12,056	1.65 - 3.00
	<u>5,498</u>	<u>8,828</u>	<u>3,602</u>	<u>75</u>	<u>13,050</u>	<u>31,053</u>	

	Consolidated financial statements					
	As at 31 December 2019					
	Fixed interest rates					
	Within	Over	Floating	Non-interest		
	1 year	1 - 5 years	interest rate	bearing	Total	Interest rate
			(Million Baht)			(% p.a.)
Financial assets						
Cash and cash equivalents	2,160	-	204	496	2,860	0.125 - 1.65
Trade and other receivables	-	-	-	1,912	1,912	-
	2,160	-	204	2,408	4,772	
Financial liabilities						
Short-term loans from financial institutions	281	-	-	-	281	3.91 - 4.78
Trade and other payables	-	-	-	14,069	14,069	-
Lease liabilities	4	12	-	-	16	4.85 - 7.21
Long-term loans	-	-	84	-	84	COF + 1.10
Debentures	6,000	7,008	-	-	13,008	1.85 - 3.00
	6,285	7,020	84	14,069	27,458	

	Separate financial statements							
	As at 31 December 2020							
	Fixed interest rates							
	Within 1 year	interest rate 1 - 5 years	More than 5 years	Floating interest rate	Non-interest bearing	Total	Interest rate	
				(Million Baht)			(% p.a.)	
<b>Financial assets</b>								
Cash and cash equivalents	2,600	-	-	108	357	3,065	0.05 - 1.00	
Trade and other receivables	-	-	-	-	1,729	1,729	-	
Short-term loans to related party	1,770	-	-	-	-	1,770	3.00	
	4,370	-	-	108	2,086	6,564		
<b>Financial liabilities</b>								
Short-term loans from financial institutions	1,000	-	-	-	-	1,000	0.90	
Trade and other payables	-	-	-	-	11,516	11,516	-	
Lease liabilities	241	750	3,230	-	-	4,221	2.42 - 5.35	
Debentures	4,000	8,056	-	-	-	12,056	1.65 - 3.00	
	5,241	8,806	3,230	-	11,516	28,793		

	Separate financial statements					
	As at 31 December 2019					
	Fixed interest rates					
	Within 1 year	Over 1 - 5 years	Floating interest rate (Million Baht)	Non- interest bearing	Total	Interest rate (% p.a.)
<b>Financial assets</b>						
Cash and cash equivalents	2,160	-	38	408	2,606	0.125 - 1.65
Trade and other receivables	-	-	-	1,785	1,785	-
Short-term loans to related party	2,530	-	-	-	2,530	3.00
	4,690	-	38	2,193	6,921	
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	12,474	12,474	-
Lease liabilities	4	12	-	-	16	4.85 - 7.21
Debentures	6,000	7,008	-	-	13,008	1.85 - 3.00
	6,004	7,020	-	12,474	25,498	

## Liquidity risk

The Group monitors the risk of a shortage of liquidity through the use of trade payable, bank loans, debenture and lease contracts. Approximately 52% of the Group's debt will mature in less than one year at 31 December 2020 (2019: 44%) (the Company only: 44%, 2019: 46%) based on the carrying value of borrowings reflected in the financial statements. The Group has assessed the concentration of risk with respect to refinancing its debt and concluded that the Group has access to a sufficient variety of sources of funding.

The table below summarises the maturity profile of the Group's non-derivative financial liabilities and derivative financial instruments as at 31 December 2020 based on contractual undiscounted cash flows:

(Unit: Million Baht)

	Consolidated financial statements				
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
<b>Non-derivatives</b>					
Short-term loans from financial institutions	1,250	-	-	-	1,250
Trade and other payables	-	13,050	-	-	13,050
Lease liabilities	-	390	1,287	4,843	6,520
Long-term loans	-	80	-	-	80
Debentures	-	4,088	8,379	-	12,467
<b>Total non-derivatives</b>	<b>1,250</b>	<b>17,608</b>	<b>9,666</b>	<b>4,843</b>	<b>33,367</b>
<b>Derivative</b>					
Derivative liability: net settled	-	1	-	-	1
<b>Total derivative</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>1</b>

(Unit: Million Baht)

	Separate financial statements				
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
<b>Non-derivatives</b>					
Short-term loans from financial institutions	1,000	-	-	-	1,000
Trade and other payables	-	11,516	-	-	11,516
Lease liabilities	-	369	1,211	4,291	5,871
Debentures	-	4,088	8,379	-	12,467
<b>Total non-derivatives</b>	<b>1,000</b>	<b>15,973</b>	<b>9,590</b>	<b>4,291</b>	<b>30,854</b>
<b>Derivative</b>					
Derivative liability: net settled	-	1	-	-	1
<b>Total derivative</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>1</b>

### 35.3 Fair values of financial instruments

Since the majority of the Group's financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value except debentures are not expected to be materially different from the amounts presented in the statements of financial position. The estimated fair value of debentures, in comparison with the related amount carried in the statement of financial position, is as follows:

	(Unit: Million Baht)	
	Consolidated and separate financial statements as at 31 December 2020	
	Carrying value	Fair value
<b>Financial liability</b>		
Debentures	12,056	12,238

	(Unit: Million Baht)	
	Consolidated and separate financial statements as at 31 December 2019	
	Carrying value	Fair value
<b>Financial liability</b>		
Debentures	13,008	13,120

The methods and assumptions used by the Group in estimating the fair value of financial instruments are as follows:

- For financial assets and liabilities which have short-term maturity, including cash and deposit at financial institutions, accounts receivables and accounts payables, their carrying amounts in the statements of financial position approximate their fair values.
- The carrying amounts at loans to and loans from carrying interest at rates approximating the market rate, in the statements of financial position approximates their fair value.
- The fair value of fixed rate debentures is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.
- The fair value of derivatives has been determined using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies and yield curves of the respective currencies. The Group considers to counterparty credit risk when determining the fair value of derivatives

During the current period, there was no transfer within the fair value hierarchy.

### 35.4 Offsetting of financial instruments

The following table presents the recognised financial instruments that are offset, or subject to enforceable master netting arrangements or similar agreements but not offset, as at 31 December 2020.

(Unit: Thousand Baht)

Consolidate financial statements							
	Effects of offsetting in the statement of financial position			Gross amounts not offset in		Collateral received or pledged	Net amounts
	Gross amounts	Amounts offset	Net amounts recognised in the statement of financial position	the statement of financial position	Net amounts in the statement of financial position		
<b>As at 31 December 2020</b>							
Trade and other receivables	-	-	-	1,769,383	<b>1,769,383</b>	(267,019)	<b>1,502,364</b>
Trade and other payables	12,007,837	(727,739)	11,280,098	1,770,211	<b>13,050,309</b>	(322,919)	<b>12,727,390</b>

(Unit: Thousand Baht)

Separate financial statements							
	Effects of offsetting in the statement of financial position			Gross amounts not offset in		Collateral received or pledged	Net amounts
	Gross amounts	Amounts offset	Net amounts recognised in the statement of financial position	the statement of financial position	Net amounts in the statement of financial position		
<b>As at 31 December 2020</b>							
Trade and other receivables	-	-	-	1,728,527	<b>1,728,527</b>	(263,643)	<b>1,464,884</b>
Trade and other payables	10,531,794	(657,423)	9,874,371	1,640,827	<b>11,515,198</b>	(295,642)	<b>11,219,556</b>

Gross amounts not offset in the statement of financial position reflect amounts subject to conditional offsetting arrangements.

### 36. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value.

The Company manages its capital position with reference to its debt-to-equity ratio in order to comply with a condition in the stipulations of long-term loans and debentures, which requires the Company to maintain a debt-to-equity ratio of not more than 2.50:1.

### **37. Events after the reporting period**

- a) On 12 January 2021, the Company issued unsubordinated and unsecured debentures for a maturity period of 3 years. The number of units offered was 1 million units with a par value of Baht 1,000 each for a total of Baht 1,000 million with interest at discount rate of 1.50% per annum and no interest payments are made over the life of debentures, issuing to institutional investors to be used as the Company's working capital. The maturity date is 12 January 2024.
- b) On 9 February 2021, the Company issued unsubordinated and unsecured debentures for a maturity period of 3 years. The number of units offered was 1 million units with a par value of Baht 1,000 each for a total of Baht 1,000 million with interest at discount rate of 1.40% per annum and no interest payments are made over the life of debentures, issuing to institutional investors to be used as the Company's working capital. The maturity date is 9 February 2024.
- c) On 23 February 2021, the meeting of the Company's Board of Directors passed the resolution to propose to Annual General Meeting of the Company's shareholders for approval of dividend payment from operating results of July 2020 to December 2020. The dividend will be paid by cash at the rate of Baht 0.20 per share or in the total amount not exceeding Baht 2,630.24 million. The payment of cash dividend shall be made within 6 May 2021. As the Company's Board of Directors Meeting held on 25 August 2020 has the resolution to approve interim dividend payment for the operating result for the period as from January 2020 to June 2020 to the shareholders as cash dividend of Baht 0.10 per share. The interim dividend was paid on 23 September 2020. As a result, total dividend per share for the year 2020 is Baht 0.30 per share.

### **38. Reclassification**

The group reclassified certain accounts in the financial statement as at 31 December 2019 to conform to the current year's classification. The reclassifications had no effect to previously reported profit or shareholders' equity.

The group has reclassified certain accounts are as follows:

(Unit: Thousand Baht)

	As at 31 December 2019			
	Consolidated		Separate	
	financial statement		financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
<u>Statement of comprehensive income</u>				
Other income	2,120,408	2,170,564	2,079,498	2,214,367
Cost of sales and service	46,824,911	46,714,949	40,442,923	40,442,923
Cost of rental	645,068	584,200	637,061	554,520
Selling, distribution and service expenses	9,923,922	10,213,232	8,821,988	8,901,820
Administrative expenses	2,003,163	1,884,683	1,938,564	1,941,273
Finance income	50,156	-	134,869	-

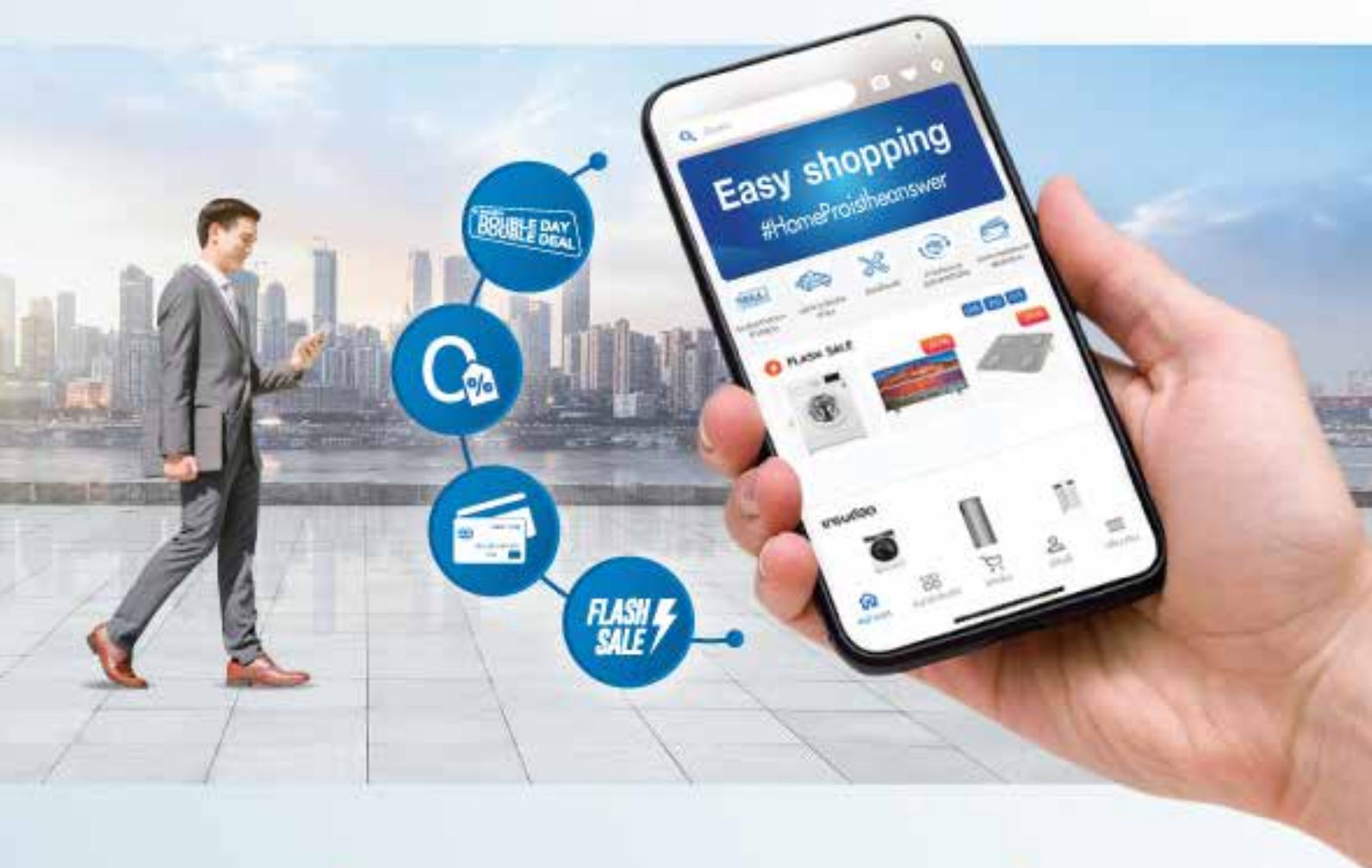
### 39. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2021.



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**Telephone:** +66 (0) 2832 1000 **Fax:** +66 (0) 2832 1066

### GREATER BANGKOK:

Kanlapaprruek	+662 029 7660
Charansanitwong	+662 079 7370
Changwattana	+662 962 6955
Chaiyaphruek	+662 029 7230
The Mall Bangkai	+662 454 9299
Prachachun	+662 955 5888
Rama2	+662 895 6555
Rama 3	+662 029 7500
Rama 9	+662 029 7600
Paradise Park	+662 047 0377
Phutthamonthon	+662 444 5566
Petchkasem	+662 029 7272
Phleon Chit	+662 655 3400
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Mega Bangna	+662 186 8811
Rangsit	+662 958 5699
Rangsit Khlong 4	+662 029 7799
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Rattanathibeth	+662 029 7555
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Ramkhamhaeng	+662 735 4999
Ladprao	+662 983 7444
Lumlukka	+662 997 4800
Lotus Bangkai	+662 413 5670
Srinakarin	+662 029 7630
Suksawat	+662 029 7759
Sukhaphiban 3	+662 976 9114
Suvarnabhumi	+662 325 1200
Ekamai-Ramindra	+662 933 5000

### CENTRAL:

Lopburi	+663 668 2100
Saraburi	+663 622 4444
Ayutthaya	+663 595 8070

### NORTH-EAST:

Khonkaen	+664 300 2100
Kho Yai	+664 400 3131
Korat - Hua Thalee	+664 492 0500
Chaiyaphum	+664 405 1800
Nakhonratchasima	+664 400 3570
Buriram	+664 469 0755
Mukdahan	+664 204 4011
Roiet	+664 303 2170
Loei	+664 284 5800
Sakonnanakhon	+664 209 1070
Surin	+664 451 9988
Udonthani	+664 211 3100
Ubonratchathani	+664 534 4700

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Chonburi	+663 304 5050
Chonburi - Amata	+663 304 5800
Bang Sare	+663 304 5100
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North Pattaya	+663 819 0300
Rayong	+663 306 0100
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Chiangmai	+665 200 5170
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Chiangmai - Hangdong	+665 344 7939
Nakhonsawan	+665 637 1300
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Phare	+665 453 2222
Lampang	+665 481 1499
Sukhothai	+665 561 6600

### SOUTH:

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Trang	+667 582 1100
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Phatthalung	+667 482 2100
Phuket	+667 660 9570
Phuket(Chalong)	+667 660 2399
Phuket Thalang	+667 639 0400
Samui	+667 795 6130
Suratthani 2	+667 791 2474
Hadyai	+667 480 3131
Hat Yai Karnjanavani	+667 421 0999

### WEST:

Kanchanaburi	+663 460 2700
Nakhonpathom	+663 410 6070
Prachuapkhirikhan	+663 265 2123
Phetchaburi	+663 247 4599
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Paseo	+662 030 0099
Paseo Kanchanaphisek	+662 080 5611
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Market Place Nanglinchee	+662 079 5448
Sena Fest Charoennakorn	+662 080 5645
Gateway At Bangsue	+662 079 5450
Samyan Mirtown	+662 030 0022

### NORTH-EAST:

Terminal Korat	+664 400 3737
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## HOME PRODUCT CENTER (MALAYSIA) SDN. BHD

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Summit USJ	+603 5650 8800
Ipoh	+605 238 0011
Melaka	+606 274 8888
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## MEGA HOME CENTER CO.,LTD.

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### GREATER BANGKOK:

Minburi	+662 029 0888
Rangsit	+662 029 7999
Bangna-Trad	+662 029 7777

### EAST:

Kabinburi	+663 748 0222
Bor Win	+663 304 5999
Aranyaprathet	+663 764 0111

### CENTRAL:

Rojana	+663 595 8000
Bangchang	663 306 0530

### NORTH-EAST:

Nakhonpanom	+664 206 4111
Nakhonratchasima	+664 400 3500
Nong Khai	+664 202 8111

### NORTH:

Mae Sod	+665 503 4111
Chiangrai	+665 202 4141

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