

Part 1

Business Operations

1. Policy and Overview of Business Operations

1.1 Vision and Objectives in doing Business

1.1.1 Vision

Vision in doing business of Dohome Public Company Limited (the “Company” or “DOHOME”) is to be the hub in providing the complete, cheap and best products and services relating to construction materials and home decoration products to all groups of customers.

1.1.2 Mission

- The Company has a mission to achieve the customers’ perception in thinking of DOHOME as the one in mind for products, price and sincere services like friends, like relatives, with an aim to allow the customers to experience the purchase of products with smiles.
- The Company is determined to develop the employees’ proficiency and capability and uses the modern and innovative technology in the organization in order to allow the employees to work with happiness and efficiency in a professional manner.
- The Company will keep a good relationship with its current business alliances, including seeking for new business alliances in the future to support and retain the success of both parties.
- The Company will have responsibility and return back to the society by participating in the activities of the projects which provide benefits to the society and environment.

1.1.3 Goal and Strategy in Business Operations

The Company’s and the subsidiaries (it hereby “the Group”), the Company is determined to best of retail and wholesale business and services relating to construction materials and home decoration products full circle under thinking of under the concept “Complete, Cheap and Good at DOHOME” by the major of strategy in business operations as follows:

- (1) Products presentation of decoration products to all groups of customers, by determined of Price leadership.
- (2) Providing related full services.
- (3) Increasing distribution of store sales by expanding branches in the region of Thailand
- (4) Sales online development.

1.2 Major Changes and Development

1.2.1 Major Changes

The Company's Business was founded in 1983 by Mr. Adisak Tangmitrphracha and Mrs. Nattaya Tangmitrphracha under the name of S.Ubon Watsadu Partnership Limited, originally located on Sappasit Road, Mueang District, Ubon Ratchathani to sell steel products, roofing materials, plywood and construction materials. With a business approach focusing on selling a vast variety of good quality products at cheap prices, the business had grown rapidly.

In 1993, S. Ubon Watsadu Limited Partnership moved its business premise to Warin Chamrap Sub-district, Warin Chamrap District, Ubon Ratchathani Province, which is the current location of the Ubon Ratchathani store. At the same time, the Company was incorporated under the name Ubon Watsadu Co., Ltd. with a registered capital of 20.00 million baht in order to replace Ubon Watsadu Limited Partnership. The new company operated comprehensive retail and wholesale businesses of construction materials and home decoration items under the trade name of "Ubon Watsadu". Later in 2003, the Company started to expand the Ubon Ratchathani store to support the extension of product groups in order to meet the demands of all customer groups. In doing so, the modern trade model was introduced to the conventional construction material store, by which the store was changed into a warehouse with separated areas for retail and wholesale, and a barcode system and a modernized inventory management system were adopted. As a result, the Company achieved steady and strong growth.

In 2007, the Company opened its second branch that was Nakhon Ratchasima store at Nong Bua Sub-district, Muang District, Nakhon Ratchasima Province. At this time, the new trade name "Dohome under the Ubon Watsadu Company Limited" was used for the first time in order to be in line with the business vision of committedly being a center of products and services offering complete, cheap and best construction materials and home decoration items for all groups of customers.

Subsequently, the Company has been continuously opening new branches in the North, Northeastern, Bangkok and its vicinity. At present, the Company has a total of 15 stores and one Distribution Center.

At present, the Company is one of the leaders in retail, wholesale and full service of construction materials and home decoration items under the business concept of "Complete, Cheap, Good...at Dohome", by focusing on offering a wide range of construction materials and home decoration products with good quality, cheap prices, and providing full range of related services. The Company has a plan to continually expand its investment to potential provinces in order to support the increasing purchasing power of people and urbanization.

Significant development of the group of Companies

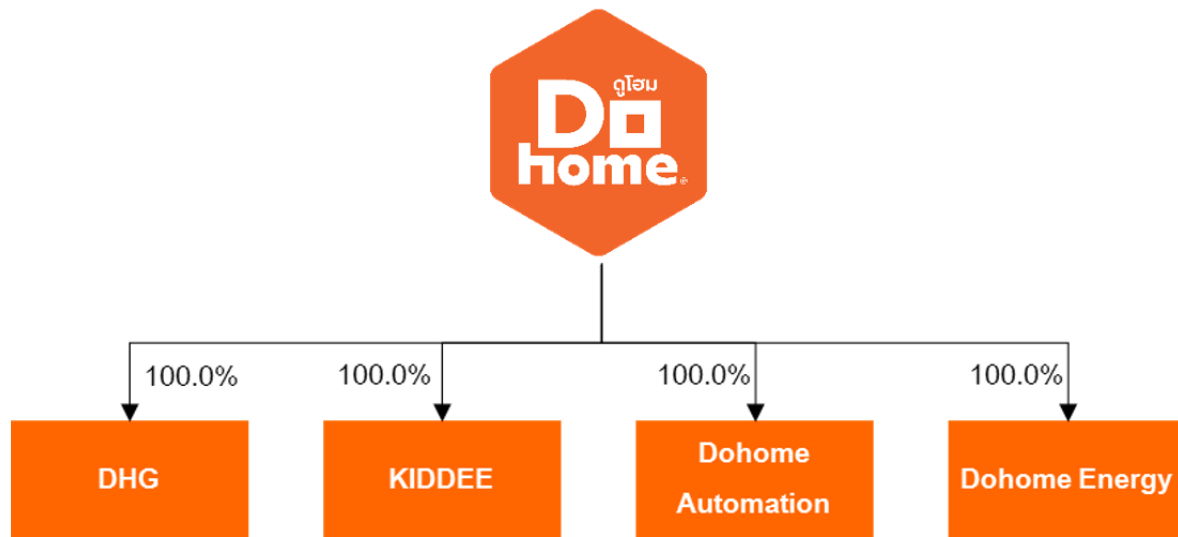
Year	Improvement
2017	<ul style="list-style-type: none"> The Extra-Ordinary General Shareholders' Meeting no. 9/2017 which was held on 19 December 2017, passed resolution to approved changing structure of the Group Company ready for actions offering of ordinary shares to initial public offering and bring the Company registering the Stock Exchange of Thailand ("SET")
2018	<ul style="list-style-type: none"> February 2018, The Company has established Kiddee Logistics Company Limited. ("KIDDEE") register capital started 10 million Baht with issued ordinary share total of 100,000 shares, a par value of Baht 1.00 per share, Therefore the Company's shareholding 99% for logistics service providers. April 2018, The Company's has opened Bangna branch, to be 9th. The Board of Directors' Meeting no. 3/2018 (before transforming to a public limited company) dated 15 May 2018 passed resolved to acknowledge the existing ordinary shares offered by Amplus Holdings Limited, the

Year	Improvement
	<p>existing shareholder of the Company, Existing Ordinary Shares to the Public (IPO) in the amount of not exceeding 68,000,000 shares, with a par value 1.00 Baht.</p> <ul style="list-style-type: none"> ■ The Extra-Ordinary General of Shareholders' Meeting No. 1/2018 (before transforming to a public limited company) which was held on 22 May 2018 passed resolved as follows: <ul style="list-style-type: none"> – Approved the transforming the Limited Company to the Public Limited Company and changing the name as a Dohome Public Limited Company. Therefore, the Company has been transformed Limited Company to a Public Limited Company on 24 May 2018. – Changed the Company's par value from Baht 100.00 per share to Baht 1.00 per share which resulted in the increase in number of the Company's ordinary shares from 14.00 million shares to 1.40 billion shares; – Increased the registered capital of not exceeding Baht 400.00 million by issuing newly-issued ordinary shares of not exceeding 400.00 million shares with a par value of Baht 1.00 per share for initial public offering (IPO). ■ In May 2018, to eliminate conflicts of interest, the Company acquired the shares of KIDDEE from Ms. Ariya Tangmitrphracha, Mrs. Salitip Ruangsuttipap, Mr. Maruay Tangmitrphracha and Dohome Holding Company ("DHG") As a result, the Company holds 100 % in KIDDEE. Furthermore, the Company sold its shares to Dohome Land Company Limited. ("Dohome Land") to Mr. Adisak Tangmitrphracha. ■ The Extra-Ordinary General of Shareholders' Meeting No. 1/2018 (After transforming to a public limited company) which was held on 5 July 2018 passed a resolution to an increase of registered capital and share allotment as follows: <ul style="list-style-type: none"> – To increase the registered capital of not exceeding Baht 456.16 million resulting in increased registered of capital an amount Baht 1,400 million in consisting of Baht 1,856.16 million by issuing newly-issued ordinary shares 456.16 million shares with a par value of Baht 1.00 per share for IPO and (2) the allotment ordinary share of capital increase not exceeding Baht 56.10 million with a par value 1 Baht per share for share overallotment. ■ In June 2018, The Company's opened a Distribution Center (Distribution Center) in Pathumthani Province for increase the efficiency of warehouse management. ■ In July 2018, the Company registered the establishment (1) Dohome Automation Co., Ltd. ("Dohome Automation") with the registered capital of Baht 5.00 million ordinary shares of 50,000 shares at par value of baht 100.00 per share, with a shareholding of 100.0% to operate the business of the system. automatic goods to the group of companies and (2) Dohome Energy Co., Ltd. ("Dohome Energy") with registered capital from Baht 5.00 million ordinary shares of 50,000 shares at par value of Baht 100.00 each, with the Company is 100.0% to the business of production and distribution of solar energy from the roof (Solar Rooftop) to the group. ■ In November 2018, Dohome Energy increased the registered capital of baht 55.00 million issuing newly-share of 550,000 shares, a par value of baht 100.00 per share, Dohome Energy has increased its registered capital to 60.00 million baht. to use as an investment for solar power panels installed on the roof (Solar Rooftop).

Year	Improvement
2019	<ul style="list-style-type: none"> ▪ The Extra-Ordinary General Shareholders' Meeting of No. 1/2019 held on 22 May 2019, resolved to amend the allocation of newly issued ordinary shares of the Company not exceeding 456,160,000 shares at par value of Baht 1.00 per share to be the first initial public offering (IPO) and to acknowledged that Amplus Holdings Limited shareholders of the Company. To bring the existing ordinary shares of not more than 56.16 million shares to cover the over-allotment option. (Overallotment) the initial public offering for the first time and the over-allotment of shares Amplus Holdings Limited to a total of 68,000,000 shares.
	<ul style="list-style-type: none"> ▪ In July 2019, the company opened Dohome ToGo branches at Makro Charansanitwong branch and at Makro Sathorn branch.
	<ul style="list-style-type: none"> ▪ The Company's entered securities in the SET first trading on 6 August 2019
	<ul style="list-style-type: none"> ▪ In November 2019, the Company opened Petchkasem branch as 10th branch and opened Dohome ToGo at Big C Bangplee branch.
	<ul style="list-style-type: none"> ▪ In December 2019, the Company opened Dohome ToGo at Tesco Lotus Korat branch and opened Dohome ToGo at Pantip Plaza Ngamwongwan, at the end of the year 2019, the Company has 10 large branches with Dohome ToGo 5 branches and 1 Distribution Center.

1.3 Shareholding Structure of the Group

In the present, the Company has 4 Subsidiaries and the shareholding structure of the Group is as follows:



NO.	Company's name	The business objectives	Nationality	Year	Registered Capital Paid up ⁽¹⁾ (Million Baht)	Shareholding ⁽¹⁾ (Percentage)
1	DHG	Land holding of the Company's Group	Thailand	1996	400.00	100.0
2	KIDDEE ⁽²⁾	Logistics service	Thailand	2018	5.00	100.0
3	Dohome Automation ⁽²⁾	Automatic storage for the Company's Group	Thailand	2018	1.25	100.0
4	Dohome Energy	Manufacturing and distribution electronic form solar energy (Solar Rooftop) installed, for the Company's Group	Thailand	2018	60.00	100.0

Remark: (1) Information as of 31 December 2019

(2) The Present, the Companies non-operation

2. Business operations

Business overview and income structure

The Group operates retail, wholesale and service of construction materials and home decoration products including related services under the trade name "DOHOME" with a One-stop Home Products Destination, which is a large distribution building with service areas consisting of sales areas and warehouses, approximately 22,000 - 65,000 square meters and parking space. Currently, the Group has 15 branches in operation which are divided into area large 10 branches and 5 small branches Dohome ToGo with the following details:

The details of branches in operation as of 31 December 2019

No.	Branch	Address	Opened	Spaces ⁽¹⁾ (square meters)		
				retail spaces	warehouse spaces.	Parking
1	Ubon Ratchathani	34-47 Srimongkhon Road, Warinchamrab Sub-District, Warinchamrab District, Ubon Ratchathani Province 34190, Thailand	December 1993	21,956	23,310	4,200
2	Nakhon Ratchasima	412 Moo 2, Ratchasima-Chokchai Road, Nongbuasala Sub-District, Muang District, Nakhon Ratchasima Province 30000, Thailand	September 2007	19,725	33,880	3,282
3	Rangsit	185/5 Moo 4, Rangsit-Nakhonnayok Road, Rangsit Sub-District, Thunayaburi District, Pathumthani Province 12110, Thailand	July 2010	19,500	29,236	5,263
4	Khonkaen	678 Moo 2, Mittraphap Road, Sila Sub-District, Muang District, Khonkaen Province 40000, Thailand	June 2012	26,655	31,645	14,270
5	Udonthani	888 Moo 11, Mittraphap Road, Moomon Sub-District, Muang District, Udonthani Province 41000, Thailand	December 2013	30,424	34,898	12,690
6	Rama II	88/8 Moo 2, Rama II Road, Chaimongkhon Sub-District, Muang District,	December 2014	29,025	25,184	7,534

No.	Branch	Address	Opened	Spaces ⁽¹⁾ (square meters)		
				retail spaces	warehouse spaces.	Parking
		Samutsakorn Province 74000, Thailand				
7	Bangbuathong	88 Moo 5, Outer Ring Road, Laham Sub-District, Bangbuathong District, Nonthaburi Province 11110, Thailand	October 2015	24,412	23,790	5,265
8	Chiangmai	88/8 Moo 3, Chiangmai-Lamphun Superhighway Road, Umong Sub-District, Muang District, Lamphun Province 51000, Thailand	December 2015	21,562	26,554	8,134
9	Bangna	88/8 Moo 5, Bangna-Trad Road, Samak Sub-District, Bangpakong District, Chachoengsao Province 24180, Thailand	April 2018	19,570	17,844	9,600
10	Makro Charansanitwong	521/27 Chanrunsanitwong Road, Bangkhunsri Sub-district, Bangkok Noi District, Bangkok 10700, Thailand	July 2019	265	-	-
11	Makro Sathorn	1 Narathiwat-Ratchanakarin Road, Thungwatdon Sub-district, Sathorn District, Bangkok 10210 Thailand	July 2019	384	-	-
12	Petchkasem	88/88 Moo 11, Tambol Aomnoi, Amphur Krathumban, Samutsakorn Province 74130, Thailand	November 2019	13,200	8,837	4,500
13	Big-C Bangplee	89 Moo 9, Theparal Road, Tambol Bangpleeyai, Amphur Bangplee, Samutprakarn Province 10540, Thailand	November 2019	632	-	-
14	Tesco Lotus Korat	719/5 Mitrapap Road, Tambol Nai Mueang, Amphur Mueang, Nakhon Ratchasima, Province 30000, Thailand	December 2019	600	-	-
15	Pantip Plaza	217 Ngamwongwan Road, Tambol Bangkhen, Amphur	December 2019	784	-	-

No.	Branch	Address	Opened	Spaces ⁽¹⁾ (square meters)		
				retail spaces	warehouse spaces.	Parking
		Mueang, Nonthaburi Province 11000, Thailand				

The Group is determined to sales products the best quality from supplier manufacture both of domestic and overseas, the product category cover of construction materials, product category of repair materials and product category of decoration materials with a total of stock keeping units (SKUs) of more than 100,000 SKUs, as of 31 December 2019, the products of the group can be divided into 3 main group i.e. product category of construction materials

Revenue Structure of the Group

Revenue Structure	For the fiscal year ended 31 December					
	2017		2018		2019	
	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage
Sales and Services Income ⁽¹⁾	18,575.54	99.5	18,445.36	99.5	17,868.70	99.4
Other Income	88.66	0.5	89.81	0.5	113.37	0.6
Total Revenues	18,664.21	100.0	18,535.17	100.0	17,982.07	100.0

Remarks: (1) Percentage of total revenues mainly from delivery service.

The revenues of the Group are mainly from the sales and services. During the year 2017-2019, the Group's revenues from sales and services could be divided by product categories as follows: (1) Product category of construction materials at approximately 46.0% - 49.0% of the revenues from sales and services; (2) Product category of repair materials at approximately 35.0% - 38.0% of the revenues from sales and services; and (3) Product category of decoration materials at approximately 15.0% - 18.0% of the revenues from sales and services respectively.

Furthermore, the revenues from the sales and services income, the Group provides a space for rent within the branch(es) such as setting up a maintenance & repair tools service center by a third-party service provider having foods and beverage etc. As the Group mainly provides rental service in consisting facilitates the customers. In the future, the Group's may consider adjusting the retail spaces and rental space proportion as appropriate for maximum benefit to the group of companies.

2.1 Characteristics of products or services

2.1.1 Business information classifying

Products of the Group can be divided into 3 main groups which are construction material product, category of repair materials product and category of decoration material products by product categories and example product list with details as follows:

the example product by product category group

Item categories and product groups	Example list of products
1. Construction material product	Steel sections, steel bars, paints and chemicals, wood, cement, stainless steel wire and other infrastructure products.
2. Repair materials product	Hardware, tools agriculture, gardening - plumbing equipment, flooring - wall electrical equipment, Knobs - hinges, water pump, sanitary equipment, Kitchenware - Sink, sanitary ware, door-window.
3. Decoration material products	Electrical appliances, home furniture appliances, printing stationery, decorative lamps, consumer goods, bedding, gift shops, and home decorations.

Source: Company's data



The Group's has working tram which are the products designed and/or ordered for manufacturing from the factory for the purpose of selling at the branches of the Group. This allows the Company to set the selling price of the House Brand products of the [Company/Group] in a manner being able to compete with other Non-house Brand products and working well in motivating the purchase by the customers.

As at 31 December 2019, the Group has more than 22,000 SKUs of the House Brand products such as tools agriculture, Hardware, door-window, printing stationery, gardening - plumbing equipment etc. the Group has permission from Thai Industrial Standards Institute ("TIST") to approval letter more than 130, for products under the house brand of the Group (House Brand).

Revenue structure of sales and services	For the year ended 31 December		
	2017	2018	2019
	Percentage ⁽¹⁾	Percentage ⁽¹⁾	Percentage ⁽¹⁾
Non-house brand products	85.7	85.6	84.0
House brand products	14.3	14.4	16.0
Total sales and service income	100.0	100.0	100.0

Remarks: (1) Percentage of total revenues mainly from sale and service.

In 2017-2019, the Group's revenue ratio from the sales and services income from the House Brand products of the Group was 14.3%. in 2017 as percentage 14.4 in 2018 as percentage 16.0 in 2019, However, The Group set targets to increase the revenue ratio from the sales and services income from the House Brand products of the Group in the future to 20.0% of the revenue from the sales and services income 2022.

2.1.2 Services

The Group is determined to improve the quality of the services relating to construction, renovation and decoration of home in a complete range and with good quality, comprising of:

- Delivery Service** : The Group provides a delivery service to the customers by delivering the products to the destination by the Group's transport vehicles and the co-transport vehicles from a third party, with an aim to deliver the products to the customers in a fast and punctual manner to achieve the customers' utmost satisfaction.
- Maintenance and Repair Service** : The Group provides a space for rent within the branch(es) for setting up a maintenance and repair service center by a third-party service provider having good quality and standard of service and the Group also facilitates the customers by delivering the tools and equipment from the maintenance and repair service center to the branch not having a maintenance and repair service center to provide service to the customers.
- Home Service (Assembly & Installation)** : The Group provides the home service for assembly and installation of products in the categories of electric appliances, sanitary fittings and furniture. After completing the payment of products, the customers can contact for the use of home service and make appointment at the branch for the date and time for assembly and installation. Moreover, the Group provides assembly and installation out of payment of services, the customers fully conditions for sale promotion and sales stimulate in time periods.
- Design Center (Providing Consultation and Design)** : The Group provides a design center which has product consultants, design team and specialists to provide consultation about the products in detail to the customers and to provide consultation on design concurrently with product price assessment in order to allow the customers to select the products which are most suitable and met the customers' requirements.
- Special Order** : The Group provides a special order service to meet the different and diversified needs of the customers, for example, product category of decoration materials on curtain, bathroom partition and kitchen table to which the customers will need to select the style, color and size before making an order, etc.

2.2 Market and Competition

2.2.1 Competitive Strategy

The Dohome Group aims for being a leader in retail, wholesale and service business providing complete, cheap and best construction materials and home decoration items for all customers with the following key business strategies:

(1) Product Variety

The Group has been continuously developing and searching for new products and services in order to add variety to its products, whether in terms of (1) the quantity to meet customers' demand for large quantity of products and; (2) the vast variety of (2.1) product depth with several SKUs for each product e.g. various designs and brands, and (2.2) product assortment in order to provide a one-stop service that meet all customers' demand.

With more than 36 years of experience in retail and wholesale business of construction materials and home decoration items, the Group understands what customers need and thus pay attention to the selection of products for sale. At present, the Group markets and sell both house brand products and non-house brand products.

- **House brand products** : A working group was set up by the Group to find product suppliers and/or developers and/or designers under the Group's house brand with an aim to provide modern and nice products with equivalent quality to other non-house brand, but at the most reasonable prices.
- **Non-house brand products** : The Group selects famous branded product from both domestic and international manufacturers in order to meet the demand of all customer groups.

(2) Price Competitiveness

The Group's pricing policy focuses on worthiness for customers and competitive advantage for the Group. Efficient cost management has enabled the Group to sell products with competitive prices. The Group's pricing policy based on product categories is as follows:

- **Fast Moving Products** are in general popular products with high turnover rate such as branded products known among customers and generally available like paints, hand tools and electric appliances. The Group will determine competition-based pricing of these products by regularly checking their market prices so as to ensure price competitiveness that is attractive to customers and increase sales.
- **House Brand Products** – The Group will determine competition-based pricing for the same products of non-house brand in order to offer an option for customers who consider price, quality and functional property that are equivalent to the same products available in the market.
- **Steel** is a commodity of which the price varies according to the global market. It is the Group's policy to adjust the steel price according to the market-based pricing and the product's target gross profit margin in order to ensure competitiveness.
- **Others** are other products such as lamps, furniture and home decoration items. Cost-plus pricing is used for this product category, while taking into consideration the target gross profit margin under the Group's policy.

(3) One-Stop Service

The Group commits to provide comprehensive and quality services relating to construction, extension and interior decoration by (1) equipping employees with in-depth knowledge and understanding of product on

sale through regular training such as training on product at least twice a year and; (2) making employees attentively service customers so as to create service differentiation that thus improve the customer service standard.

Currently, the services provided by the Group can be divided into 3 parts i.e.

- **Provision of pre-purchase information** : Product consultants with knowledge of and familiarity with a particular brand or product group are made available to give an insight about such product, as well as advices and suggestions on how to choose a right product that meet customers' need. Additionally, designers and skilled staffs are also available to advise customers on house design, home renovation and decoration.
- **Delivery and installation services** : Nationwide delivery service is available for customers who make both offline and online purchases, emphasizing on fast and on time delivery for the highest customer satisfaction. Moreover, the Group also provides skilled mechanics to assemble and install electric equipment and furniture.
- **Maintenance and repair services** : Maintenance service centers with skilled staffs are established by the Group. Customers can have their equipment or hand tools repaired directly at such service center or can contact a store if there is no service center at that branch for more convenience.

2.2.2 Sale and Marketing

(1) Marketing Activities

Marketing and public relations plan is prepared annually, using behavioral targeting to determine marketing and public relations activities, formats and media at each particular time of a year that match the target group's purchasing behavior according to seasons or other factors such as a harvest season or government measures or policies to boost consumption.

The Group's marketing activities can be grouped into:

- Promotion activities to promote sale in seasons in accordance with consumption behavior; for examples, the Home Decoration Fair, the Mechanic Work Fair, the Agricultural Farm and Water Supply Fair, the Annual Grand Sale Fair, and the Dohome Online Festival for the online channel. Promotions for best-selling product groups are made available in accordance with such particular period of time.
- Marketing events at fairs to attract the target group to come to stores; for examples, Chinese New Year, Valentine's festival and Songkran festival. At these festivals, marketing events are organized in accordance with the Group's promotion in order to promote it among customers.
- Participation in local activities of each area as a sponsor in order to create the Company's brand awareness and recognition; for example, being one of sponsors for Songkran festival and Candle festival.

In doing so, media formats and campaign will be prepared in line with the abovementioned marketing activities, using various marketing and public relations channels that cover all customer groups including:

- Conventional advertising like as print media, newspapers, magazines, pamphlets;
- Outdoor advertising like billboards and/or advertising signages on main roads;
- Digital advertising and social media like Facebook, Instagram, Line and the Group's website to more easily connect between customers and the Group. Through such online media, product information and promotions will be presented, making customers wish to visit stores more to make a purchase;
- Marketing effort at stores by cooperating with manufacturers and/or distributors; for example, advertisement, product display, product recommendation by product consultants representing each particular brand, in order to persuade customers visiting stores to make a purchase;

Furthermore, the Group has a membership scheme to earn points for every purchase and redeem them for gifts under conditions. Special discounts at various occasions are available for members, motivating them to make a purchase. Moreover, the Group can use the member purchasing record to analyze a purchasing behavior at each period of time, thus allowing the Group to better make a marketing plan and select appropriate products to sell that would better meet each customer's need.

(2) Promotional Activities

The Group has done various promotions through distribution channels in order to boost sale and product turnover all year round as follows:

- Purchase discounts;
- Rewards, giveaways and samples;
- Special programs offered to customers who have reached a purchase order threshold, such as rebate and advice on product display at stores for resellers.

(3) Market Conditions and Competition

Early this year, Thailand's economy has been impacted by a political situation, resulting in a slowdown in real estate investment and trading, and hence an impact on sales volume of construction materials. However, the market of construction materials is still driven by two positive factors i.e. house reparations due to natural disasters and the urban sprawl in border provinces and nearby areas. Also, there are more customers from neighboring countries who come to Thailand to buy construction and decoration materials, leading to a steady sales growth in such areas.

Because of the aforementioned factors, other major entrepreneurs have increasingly expanded their businesses to provincial areas; while local entrepreneurs have improved their businesses to accommodate a changing consumer behavior; hence more intense competition. Therefore, the Company has regularly reviewed its marketing strategy so that it is in line with the economic situation and stronger competition.

Competitors

Competitors in the business of construction materials and home decoration items can be grouped as follows:

Home center business group including:

1. HomePro : Managed by Home Product Center Public Company Limited, operating a retail business in home and building construction, extension and improvement as a one-stop shopping home center. Currently, there are 113 stores.

2. Thai Watsadu : Managed by CRC Thai Watsadu Company Limited, selling a complete range of materials for home improvement with a selling point “Complete, Cheap, Good at Thai Watsadu”. The business was established in 2010 and now has 50 stores.

3. GLOBAL HOUSE : Managed by Siam Global House Public Company Limited, has been operating a retail business in construction, home improvement, tools for home and garden decoration for more than 12 years. Currently, there are 67 stores in operation.

4. Home HUB : Managed by Mr. Ong-ard Tangmitrphracha, selling home construction and decoration materials under a slogan: “Home HUB, Fast, Easy, As You Wish”. They now have 5 stores, of which 3 stores located in Ubon Ratchathani, 1 stores located in Khon Kaen, and 1 stores located in Udon Thani.

5. MEGA HOME : Managed by Mega Home Center Company Limited, is a product center for construction materials and tools. Its major shareholder is Home Product Center Public Company Limited (HomePro). It was established in 2013 and now has 14 store.

6. baan & BEYOND : Managed by CRC Thai Watsadu Company Limited under Central Retail Corporation. It is a department store for home segment, established in 2013 and now has 6 stores.

2.2.3 Distribution Channels

At present, the Group sells its products through (1) Dohome Product Centers (2) e-commerce channel and (3) other distribution channels. Details are as follows:

(1) Dohome Product Centers

One-stop Home Product Destinations, or known as “Home Kingdom”, are the Group’s main distribution channel. There are now 15 stores in operation.

Figure showing XL, L stores in operation as of 31 December 2019

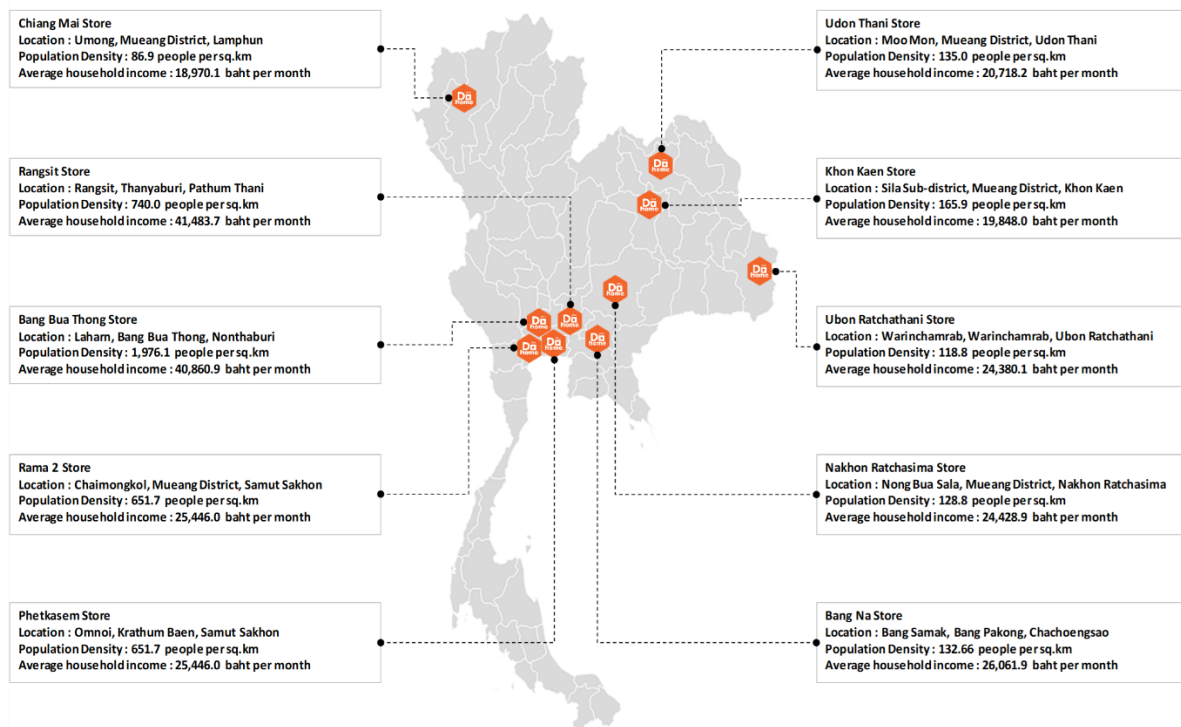
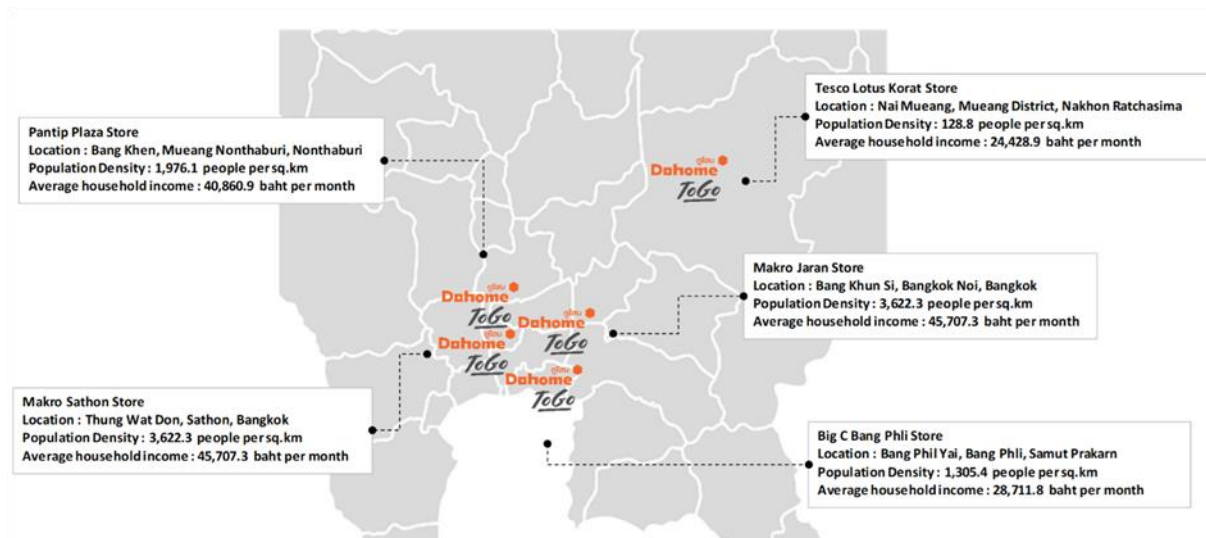


Figure Dohome ToGo in operation as of 31 December 2019



Note : Data of population density per square kilometer is as of 2017 and data of average monthly household income is as of 2017

Source : National Statistical Office, <http://statbbi.nso.go.th/staticreport/page/sector/th/index.aspx>

Key strategies of the Group to improve the store distribution channel are : (1) carefully plan to open more stores to increase customer base nationwide, taking into account important factors such as average household income, population density, economic situation in target communities or towns, a trend in real estate business, and overall situation of competition in construction retail and wholesale business. The Group has a plan to open 6 more stores with average selling and warehouse areas of 22,600 square meters, as well as

another 90 small stores with an average selling area of approximately 300 – 1,000 square meters by the year 2021; (2) improve existing stores to deliver pleasant experience to customers and maintain the existing customer base; and (3) increase the number of allied retailers of construction materials in order to create a selling network that thoroughly reaches customers.

The area of each existing store is divided into a store area and a warehouse area as follows:

- **Store area** includes an indoor area where products are displayed for customers to choose and buy. Products are placed by categories of construction, repair and decoration. Layout of store area and indoor walkways are designed focusing on convenience, cleanliness and orderliness; as well as to create a friendly, accessible atmosphere for shopping as a good shopping experience is another key factor for repeat customers.

At the front area of a store, product consultants are standby in the store area in order to facilitate customers in a friendly way and give advices on products, particularly those that require technical knowledge and skills like hand tools, kitchen hoods and water pump. Moreover, showroom space is set up and staffs will give advices about room decoration like bathroom, kitchen, etc. in order to motivate customers to make a purchase.

The Group has store salesperson and product consultants who are employees of manufacturers and/or dealers, and the Group's employees. Training on products by relevant manufacturers and/or dealers is regularly organized for product consultants in order to ensure that the Group's service standard is maintained.

Store Area



Store Area



- **Warehouse area** includes the back of indoor area used to provide service to customers who make a purchase with the Group's salespersons. Such area is used to store steel products and large and/or heavy structural materials, as well as used as a pick-up point where customers can park and load their purchases. To support product management for customers, tools and equipment are provided in this area such as forklifts and cranes. Moreover, the Group is now in a process of installing an automated storage and retrieval system to ensure faster and more accurate warehouse management.

(2) E-Commerce Channel

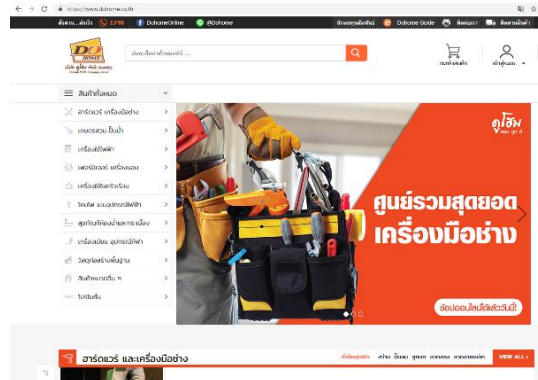
In 2016, the Group developed a new distribution channel at www.dohome.co.th. While enabling customers to shop construction materials and decoration items online at 24 hours a day, this website also

conforms to a new trend of electronic-oriented lifestyle under the concept of “Fast, Easy At Fingertips”. Furthermore, a customer service team is also available at the Group’s call center. The Group believes that online distribution channel has a potential growth in the future.

Taking orders via phone



The Group's website



(3) Other Distribution Channels

Currently, the Group has set up teams to support resellers, contractors and construction projects in areas nearby each store. Such teams comprising (1) a selling team and (2) a sale representative team are responsible for contacting and presenting products to target customers directly. Working together with the selling team, the sale representative team will contact customers to give advice about and details of products, take purchase orders, and provide delivery service. Then, the Group’s selling team will closely and continuously provide services to customers, enabling the Group to effectively reach and understand customers, and therefore well respond to their needs in terms of products, prices and services.

2.2.4 Target Customers

The Group emphasizes on providing services to various customer groups including

(1) Retail customers are customers buying for personal use

(2) Resellers are customers who purchase the Group’s products for reselling at their retail stores. These retail stores therefore gain an advantage over the Group’s stores in areas where the Group’s business does not exist.

(3) Contractors and Construction Projects are customers who operate businesses in construction, extension and decoration, both minor and major contractors, including owners of construction projects such as housing projects, hotels, resorts and apartments. The Group will sell construction materials and decoration items to real estate developers or contractors under the conditions and requirements of each project.

(4) Government Agencies and State Enterprises are customers who make a purchase for work relating to a government agency and state enterprise such as schools. Such customers will choose products according to their purpose and budget.

However, the Company can only collect data from customers with memberships. For the year ended 31 December 2019, the income from customer members was approximately 66.9 percent of the total revenue

from the sale of goods and services. In this regard, most of the income from customer members was from reseller and contractor groups. Nonetheless, the income from retail customers had the highest growth during 2017 – 2019, compared to the growth of income from other customer groups.

For the years ended 31 December 2017, 2018 and 2019, there was no sales by one particular customer that exceeded 5.0 percent of the income from sale of goods. The Group always pays attention to building strong business relationships with all customer groups. In order to increase the Group's sales volume, specialist teams were set up to support marketing and sales specifically for each type of customer in order to deliver a thorough, fast and accurate services with more convenience in making a purchase.

Moreover, thank to the locations of some stores that are on main roads connecting to neighboring countries, the Group can directly sell their products to foreign markets e.g. the Lao People's Democratic Republic PDR, and can indirectly sell products to foreign markets through resellers.

The Group has two types of payment terms and condition i.e.

(1) Cash payment including payment by money transfer, check, credit card, and cash on delivery;

(2) Trade credit in which the Group will approve a credit limit and credit term for each customer based on such customer's creditworthiness evaluated from financial status and financial documents from a commercial bank, collateral value, legal disputes and past payment records.

2.3 Procurement of Products and Services

The Group has paid attention to the procurement of products and services in accordance with its business vision and mission that commit to be a center of complete, cheap and best construction and decoration materials for all customers. To ensure that products are of good quality, sold at competitive prices and always available, the Group has a policy to procure and purchase products from various well-known and reliable, both domestic and international, manufacturers and/or dealers with whom the Group has had a long-standing relationship. On the other hand, the Group has also sought for new manufacturers that are able to manufacture enough products for consumer demand, whether innovative products, construction materials, home decoration items and repair materials. Also, the Group has jointly developed some products with manufacturers and distributors in order to differentiate such products from others available in the market and to reduce a risk from relying on one manufacturer and/or dealer, thus creating the Group's bargaining power in price negotiation in a long term. In addition, the Group has periodically discussed with key manufacturers and/or dealers to plan product procurement and purchase in advance, as well as to jointly determine selling strategies, marketing activities and promotions. Products are procured differently based on product category and how they are acquired; the details of which are as follows:

2.3.1 Procurement Methods

(1) House Brand Products

The Group procures house brand products from both domestic and overseas manufacturers. To ensure that house brand products are in accordance with a quality standard, the selected manufacturers must

be accredited with a production standard, open for factory visits to see production process, have random quality inspection in place, and have appropriate product delivery time. The following is the details of how house brand products are procured:

The Group will do a research on customer demand and market condition in order to select product groups to be sold under the house brands. Once the product groups are defined, the Group will select manufacturers and product design from the Group's Approved Vendor List, taking into consideration prices, product quality, packaging design, production capacity, delivery system, marketing cooperation on selling or promotional activities, experiences, and reliability.

Regarding a product quality control, quality inspection will be conducted (1) before delivery at a factory or an origin port by a quality inspector according to a checklist specified by the Group. In case of defect, damage or wrong specification, such products will be changed or returned before delivery; and (2) upon arrival at stores the products will be randomly inspected by checking external packaging and will be counted again before being received into warehouse. In case of defect or damage, the Group will return such defective or damaged products to manufacturers for refund or change.

The Group also has a policy to examine patents and/or copyrights in outsourcing production of house brand products in order to reduce any risks arising from patent and copyright infringement.

(2) Non-house Brand Products

The Group purchases non-house brand products from both domestic and overseas manufacturers and dealers listed on the Approved Vendor List, but mostly from domestic ones. Outright purchase is applied to non-house brand products with a trade credit given to the Group.

For non-house brand products, the Group will plan to purchase each product category and each brand in advance so that they are purchased at a particular time in accordance with the business plan. Statistical data of sales at each store will be regularly analyzed to find consumer demand. The Group will make a request for quotation from manufacturers and dealers on the Approved Vendor List and then will negotiate each time for a proper price. In case of new products, the Group will request for a product sample from manufacturers and dealers on the Approved Vendor List and will conduct a quality test prior to purchase.

For warehouse receiving process, the Group has a policy to randomly inspect products by checking external packaging, and to count the number before receiving into warehouse. In case of defect or damage, the Group will return such defective or damaged products to manufacturers and/or dealers, and then confirm the actual number of product received with them.

2.3.2 Inventory Management

Regarding inventory management, it is the Group's policy to set a safety stock to maintain the level of inventory that is sufficient for sale which is one of the Group's key strategies. The level of inventory will be analyzed and used in purchase planning for products with a high turnover. The Purchasing Department will be informed to make a purchase in order to prevent the stock product from falling below the safety stock level. Moreover, a random inventory count is conducted daily.

In June 2018, the Group launched the Distribution Center with a warehouse area of 41,580 square meters at Pathum Thani as a center for receiving, picking and dispatching goods to consumers and stores. At present, the Group is in a process of install an automated storage and retrieval system (ASRS) which will allow more vertical storage while saving more horizontal space. The system is expected to complete in the first quarter of 2020. The Group strongly believed that with the Distribution Center and the ASRS its inventory management will be optimized, the number of employees in warehouse can be reduced, and the cost of storage and delivery will decrease in the future.

Additionally, the Group has issued a regulation on daily random inventory count as a method to prevent a loss of goods or any fraud. In doing so, the Group mainly focuses on counting slow-moving goods, goods of high value or goods that has been lost often.

2.3.3 Quality Control

To ensure that manufacturers and dealers on the Approved Vender List can maintain their product quality and delivery process under the standard set by the Group, assessments of the Approved Vendor List is set out annually including a business assessment, a product quality assessment, a transportation assessment and a service assessment. The Group also set a guideline for deteriorated and slow-moving goods management; in which such goods are purchased at the amount sufficient for selling; a marketing effort is put in to boost their sales volume according to the marketing and public relations plan; and an agreement on returning and changing slow-moving and damaged products is made with manufacturers and dealers on the Approved Vender List. All of these measures are for preventing selling substandard products to consumers, reducing any expenses arising from deteriorated, expired, defective and damaged products, and optimizing the storage and inventory management.

2.3.4 Environmental Impacts

The Group strictly observes laws governing the environment and promote a business vision for environmental responsibility which is a key factor in designing building structure and determining operational energy-saving; for examples, using fans instead of air-conditioners at front area of stores, using energy-saving light bulbs, using stairs instead of an elevator and using email instead of papers. Also, the Group pays attention to providing eco-friendly products such as fabric bags, bagasse tableware and solar powered products.

3. Risk Factors

Risk factors that may pose negative impacts on the Group and the Company's share value. Apart from the risk factors described herein, there may be other risks currently unknown to the Company or risks considered by the Company at this moment as insignificant, but may become significant in the future. Such risks may have a significant impact on the Group's business, income, profit, performance, cash flow, financial status, assets, liquidity, a source of fund, and business opportunities.

Besides, any forward-looking statements appear in this document, such as wordings like "believe", "expect", "forecast", "anticipate", "plan", "wish", "approximate", "estimate", or any other similar wordings signify future prediction. This includes financial forecasting, future projects, forecasts about business performance, business expansion plans, changes in laws governing business operations of the Group, government policies and others. All of these are predictions of future situation, but actual results may significantly differ from such predictions or anticipation due to various factors including risks described in this section or other sections in this document. Any information referring or relating to the government or overall national economy is derived from open-source information or extracted from government publications or other sources which the Company does not examine or certify its correctness or the method of acquiring at all. Therefore, investors should carefully review prior to an investment in the Company's ordinary shares.

3.1 Business Risks

3.1.1 Risk from economic fluctuations

The Group operates a retail, wholesale and service business providing construction materials and home decoration items which normally relates significantly to investments in the real estate sector and the number of construction activities. And such investments in the real estate sector and the number of construction activities may be affected by the economy such as household consumption, unemployment rate, household debt, condition of credit market, private investment, public investment, and urbanization. As a result, any negative change in those factors can adversely affect the Group's business operation.

Realizing the risk from economic fluctuations, the Group has closely monitored the economic situation. Marketing activities and promotions are tailored according to a specific economic situation in order to promote sales volume. Also, competitive prices are maintained focusing on priceworthy in order to motivate or persuade consumers to buy the Group's products and use its services. Furthermore, the Group has internal work management in place in order to reduce operational costs. All of these can mitigate the impact of economic fluctuations on the Group's business operation.

3.1.2 Risk from competition

The Group has faced a fierce competition in retail, wholesale and service business of construction materials and home decoration items, whether from modern trade businesses in a form of home centers, specialty stores like furniture stores, home decoration stores, construction material stores and sanitaryware stores, and traditional trade businesses. Such competitors can affect the market share and may cause the

Group's income below target or significant higher costs in marketing, advertising and promotional activities. This risk can have a negative impact on the Group's business operation and financial status.

To manage this risk, the Group emphasizes on developing an awareness of the trade name "Dohome" as home product solution with complete, cheap products and friendly service under the concept of "Complete, Cheap, Good...at Dohome". The Group also commits to provide a variety of products in all categories, allowing customers to buy any products they need for structural construction, repair and decoration. Omni-channel marketing is also developed by linking offline and online channels in which customers can view products on the website and then make a purchase at a store.

3.1.3 Risk from the ability to supply quality products to adequately meet various customer demands

The Group's competition strategy is providing complete and cheap products with good quality. Therefore, there is a risk from supplying quality products to adequately meet various customer demands at all times. If the Group is not able to acquire quality products at specified prices and quantities, it may not be able to satisfy customer demands, possibly leading to a negative impact on its business, performance and financial status.

However, the Group procures and purchases products from both domestic and overseas manufacturers and/or dealers. There is a team to seek and select new manufacturers and/or dealers to mitigate a risk of relying on a few manufacturers and/or dealers, as well as to build a negotiating power in a long term. Moreover, for some product groups of which the prices are not seasonal, the Group plans with their manufacturers and/or dealer to purchase in advance in order to always have adequate stock for customer demands.

3.1.4 Risk from an increase in cost of goods

Cost of goods is the major cost in the Group's business operation. Change in cost of goods may have a significant direct impact on its business performance. Such cost may fluctuate and depend on factors beyond the Group's control such as economic situation, demand and supply of goods or their key raw material, transportation cost, etc. In addition, the cost of some goods fluctuates according to a global price such as steel products, affecting entrepreneurs in this industry in general. Sometimes the Group may not be able to fully or immediately adjust its selling price according to the increased cost because such price adjustment depends on the market, competition, price control and standards of manufacturers and/or dealers. Consequently, the Group can have a risk relating to the cost of product sourcing and the value of inventory which may affect the Group's business, performance and financial status.

For steel products, the Group has a policy to closely monitor their price and analyze their price trend, as well as forecast sales to plan a purchase at proper and adequate quantity. The Group may consider adjusting the price based on market-based pricing and its target gross profit margin.

3.1.5 Risk from a change of consumer behavior or market trend

The Group operates the retail and wholesale business of home products of which a business success depends on an ability to forecast and understand consumer demand and behavior, as well as a market trend. If the Group fails to analyze a change of consumer behavior and market trend in order to define and develop advertising format, marketing effort, distribution channel and attractive products and services, the Group may not be able to sustain existing customers and build new customers. And this may pose an adverse impact on the Group's business, performance and financial status.

However, the Group has a plan to monitor consumer behavior and changes in market trend and technologies in order to analyze and determine short-, medium-, and long-terms business strategies such as product placement at stores, product presentation by product consultants, planning on marketing and promotional activities, improved distribution channels, and planning on branch expansion and its format.

3.1.6 Risk from inventory management

As at 31 December 2017, 2018 and 2019, the Group has inventory amounted to 6,712.71 million baht, 6,260.20 million baht and 7,048.16 respectively, and has average selling periods at 156 days, 147 days and 159 days respectively. Such inventory is shown in cost price or net realizable value depending on which one is lower. The net realizable value is calculated from estimated normal selling price of goods, the cost of their sales and depreciation allowance for deterioration and obsolescence. As a result, there is a risk from the depreciation of inventory if the selling price decrease, or the inventory turnover is lower than expected, or goods become deteriorated or obsolete, which may have a negative effect on the Group's business, performance and financial status.

Realizing such risk, the Group continuously put an effort on reducing the average selling period by introducing information technology to the inventory management, controlling the minimum amount of inventory before making purchases; negotiating with manufacturers and/or dealers to change some old model products into a new model; separating the purchasing team from the inventory management team for check and balance; providing an option of e-commerce shopping; setting up a planogram team to be in charge of a store's product display; and arranging marketing and promotional activities to boost sales of seasonal or festival products. Moreover, the Group launched its Distribution Center in 2018 which is expected to make inventory management more efficient with a goal to decrease the average selling period.

3.1.7 Risk from loss of goods

Apart from depending on the ability to make income from the sales of goods, the Group's business performance also depends on the ability to control costs and expenses. A major issue is loss of goods which can occur due to several causes including loss during transportation, and loss in warehouse due to errors in internal management and frauds by employees and customers.

In order to manage such risk, the Group has Loss Prevention teams in place at each store in order to plan and impose measures against loss of goods. Those measures include:

- Using store design and lay-out that are easy for employees to monitor such as using transparent glass as walls, having only one point of entrance, placing high value products at areas under monitor by permanent employees;
- Installing CCTV and assigning employees to check bought products with receipts at the entrance;
- Assigning employees in each department to randomly count the number of products on shelves;
- Determining punishments for wrongdoers, for examples, suspension and dismissal for employees, and fine and legal proceeding for both employees and customers;
- Determining a policy to provide protection and fairness to whistleblowers, as well as setting up a specific unit to receive complaints from employees and third party so that all stakeholders can constantly monitor for any frauds.

3.1.8 Risk from the Group's insurance that may not cover damage or claim that may occurs

In operating business, risks can occur in work procedures, including risks from negligence resulting in injury, death or damage to the Group's assets, and risks from torts, law violations or causing environmental pollution. There risks can result in business suspension and civil and/or criminal actions against directors or executives.

The Group already have insurances for its business operation in order to mitigate risks of loss and damage to its main business assets. It is the Group's policy to maintain the highest coverage plans at appropriate premiums. However, there are still some risks that are not fully or completely covered by insurance policies including (1) insurance policies does not cover loss and/or damage arising from some incidents including damage from business interruption, loss of income, suspension or stoppage of public utility services, and damage from war or terrorism; (2) the amount of deductibles under the policy conditions (as the case may be) does not cover the value of damages; (3) the value of damages exceeds the sum assured; (4) insurance companies cannot pay compensation as specified in insurance policies; (5) the Group may not be able to obtain insurance at appropriate price due to high and disproportionate premiums; and (6) the Group are not able to claim for compensation on the insurance due to not following the conditions of insurance policy. All of these risks may affect the Group's business, performance and financial status.

3.1.9 Risk from the fact that the Company relies on rented lands and buildings for its business

At present, the Group has made lease agreements for key lands and building for its operation. In case of termination of agreements, or that the Group cannot renew the agreements under the similar terms and conditions or cannot renew the agreements at all, the Group then cannot use such lands and buildings for its business operation, or may have to pay for demolition or transport of properties out of the buildings, or may not be able to utilize buildings and/or invested building/land improvements as planned. This can pose a negative impact on the Group's business, performance and financial status, as well as causing higher investment expenses.

3.1.10 Risk from product liability claims

The Group has procured goods from manufacturers and/or dealers for selling and marketing under its house brands. So, it is possible that the Group may face product liability claims due to several reasons including (1) product safety issue, (2) product inefficiency, (3) product defect, (4) insufficient or incorrect or misunderstanding product label and warning statements, or (5) infringement of copyright, patent and brand.

Whole or partial product recall or product withdrawal resulted from the abovementioned incident may cause damage to the Group due to costs of product recall including costs of destroying remaining products, and the loss of sales as recalled product is not available for sale during that period. Moreover, the Group may have to indemnify in the event that injury, sickness or death occurs as a result of using the Group's product. Such incidents may be caused by the production process of OEMs hired by the Group, contamination or deterioration during transportation or storage, or the acts of retail stores reselling the house-brand products.

Furthermore, if there is any allegation that the Group's house-brand products are unsafe, even though not based on facts, it can damage reputation, customer confidence and demand for house-brand products, hence leading to a negative impact on the Group's business, performance and financial status.

Realizing the potential risk caused by product liability claims, the Group then puts in place a strict OEM selection and quality examination system, as well as exercises random quality check on house-brand products before selling to customers.

3.1.11 Risk relating to delivery

The Group provide delivery service by its own transporting vehicles or third party's service. There may be problems in delivery caused by unexpected incidents, such as accidents during transportation, traffic congestions, natural disasters, insurgencies and strikes, and poor service of delivery service providers, that lead to a delay in delivery, product damages or losses. This can possibly cause the Group to lost income or pay compensation to customers, leading to the lack of customer satisfaction and confidence, a damage to the Group's reputation, and a potential negative impact on the Group's business, performance and financial status.

Realizing the risk relating to delivery, for delivery services provided by the Group's own vehicles, the Group has organized training on driving skills for drivers, installed a Global Positioning System (GPS) to track and locate transport vehicles, and planned on delivery routes for efficient service.

Regarding third party delivery service, the Group has made an approved list of delivery service providers, strictly taking into account their qualifications in terms of delivery time, scope of service and cost of delivery. Such list is reviewed regularly. Furthermore, the Group has arranged an insurance covering any damages may occur from delivery by the Group; while requesting third-party service providers to obtain an insurance as well.

3.1.12 Risk from the efficiency of information technology system

The Group has continually invested in an information technology system for data management in order to optimize its operations. Currently, the Group uses SAP program for its database and a centralized center

for internal data sharing. The program connects to the sales application and uses such data to make a financial statement, as well as to analyze the Group's performance and financial status. In case of any issues occurring to the system, unplanned system shutdown, or any security violations, a significant adverse effect may occur to the Group's business.

In this regard, the Group has assigned permissions to access data and the information system according to the authority and responsibility of employees at each level. Access to data and the information system is protected by passwords. Data is backed-up. Specialist employees always monitor the system and solve problems. Also, a business continuity plan is in place; while a dry run is conducted to respond to emergencies at an operational level. In addition, the policy and work procedures covering a information technology process has already been introduced.

3.1.13 Risk from not being able to fully comply with contracts' terms and conditions

The Group has made several agreements including loan agreements and lease agreements for land and building used in its business operation. Terms in some agreements require the Group to do and do not do some actions such as maintaining a financial ratio, obtaining an insurance against risks. If the Group fails to do so, it may be a reason for terminating relevant agreements, leading to a negative impact on the Group's business.

However, the Group has assigned a team to monitor and ensure that its business operation always follows the law and the Group can fully carry out the contract terms.

3.2 Financial Risks

3.2.1 Risk from loan burden with financial institutions

The Group has borrowed money from financial institutions, both short-term and long-term loans, in order to buy lands and/or build stores and/or use as working capital. Therefore, the Group has a burden to pay interests and repay such loans, as well as to follow the conditions specified in the loan agreements such as maintaining a financial ratio and obtaining an insurance against risks. The Group's ability to get a loan depends on its performance and financial status at that time, the restrictions of existing loan agreements, and other factors including the market condition and economic situation in general. Besides, the interest rates under some loan agreements are a floating rate; therefore, a significant change of the interest rates can affect the Group's business performance.

However, the Group has made a financial planning and constantly monitored its performance in order to ensure that its cash flow is sufficient for paying interests and repaying the loans; financial conditions set forth in the loan agreements are observed and/or possibly being relaxed as requested; and its investment expansion can be efficiently conducted as planned. The Group also has the Risk Management Committee in place with a duty to scrutinize risk-relating policies and risk management approaches in many areas including a risk from interest rate fluctuations in order to keep risks at an acceptable level. Furthermore, the Group has compared the cost of loan and conditions of several financial institutions in order to achieve the most suitable cost management.

3.2.2 Risk from exchange rate fluctuations

The Group make some payments for goods in foreign currency; as a result, exchange rate fluctuations can make the cost of sales higher which affects the Group's performance.

The Group has established the Risk Management Committee with a duty to scrutinize risk-relating policies and risk management approaches in many areas including risk from exchange rate fluctuations. The Group also has a policy to prevent exchange rate fluctuation using financial instruments such as currency forward and currency option. Additionally, the Group plans to purchase goods in advance in order to prevent a risk from price fluctuations due to exchange rate.

3.3 Risks from business expansion

3.3.1 Risk from securing funds for branch expansion

To invest in new branches, the Group will use funds from financial institution's loan and/or shareholders' capital increase and/or the cash flow from the operation of existing stores. If the Group cannot secure adequate funds for its business expansion, the branch expansion in the future would not succeed as planned.

However, the Group has maintained good relationships with many financial institutions. And after the IPO the Group will have more financial flow and increased capacity to get loans, as well as a greater access to funds both in the equity market and bond market.

3.3.2 Risk from seeking lands to build stores

The Group focuses on expanding its branches with a goal to become Thailand's leader in retail and wholesale business of home products. Therefore, it is necessary to find proper lands for future branch expansion. Consequently, there is a risk of finding lands with enough area in locations specified in the business plan, and/or a risk of higher cost of land than expected. This would make the investment expenses higher than expected; the plan for branch expansion may be delayed; or such branch expansion may not be possible at all.

To find lands, the Group assigns its staff team and real estate agents to gather lands according to criteria specified by the Group. In doing so, the Group must maintain strong relationships with several real estate agents who are experts in finding lands nationwide. However, land sale agreement and/or lease agreement will be made directly with landowners in order to ensure that the sale price and/or rental rate are suitable for business operation.

3.3.3 Risk from the return on investment lower than expected and/or potential loss of investment opportunity

The Group aims at continually expanding new branches, including a new store type in smaller scale. If the Group fails to carry out its business expansion plan within the planned budget or specified timeframe, or fails to generate target income or have higher operational costs, the return from such new branches may be

lower than expected or the Group may lose investment opportunities, resulting in a negative impact on its business, performance and financial status.

However, the Group has expertise in retail and wholesale business of home products as well as experiences in opening new stores in the past. Besides, the Group has conducted investment assessment prior to investing in any new store and closely observed the branch expansion plan to ensure that such expansion is in line with the planned budget and timeframe and the plan can be properly adjusted according to changing situation.

3.4 Risks of Management

3.4.1 Risk from the dominance of major shareholders in shareholder's meeting

As of 31 December 2019, the Tangmitrphracha Family directly and indirectly holds a total share of approximately 72.46 percent of total issued and sold shares. Although members of the family do not intend to act in concert, such shareholding proportion allows dominance over resolution of shareholder's meeting, except issues required by law or the articles of association company regulation to have three-fourth of the votes cast. Therefore, it is a risk for other shareholders in which they are not able to gather enough votes to do checks and balances against issues raised by major shareholders in the meeting.

The company's Board of Directors consists of 11 persons, of which 5 persons are independent directors, a number greater than one-third of the total directors. The Chairperson of the Board is an independent director who check, balance, decide and approve agenda before proposing to the shareholders' meeting, in order to ensure that any actions taken by the Company are for the Company's, minority shareholders' and other stakeholders' benefits. Under method specified by the company, there is also a channel available for minority shareholders to add the meeting agenda or nominate someone to be a director prior to the shareholder's meeting date. Furthermore, the Company also arranges a mechanism to check the BOD's working. There is also a regulation determined by the BOD in case of connected transaction by connected person in which such persons will not have a right to vote for that transaction approval.

3.4.2 Risk from reliance on key executives and capable employees

The success of the Group depends on knowledge, understanding and experiences in the industry and the Group's business operation, as well as the continuity of employment of high-level executives and personnel, particularly the Tangmitrphracha Family who is the company founder. However, the Group has increased the number of high-level executives and personnel with knowledge, understanding and experiences in this industry in order to support the Group's business growth and expansion. If the Group is not able to persuade and retain knowledgeable key executives and employees, or fails to replace or increase personnel at the right time in case of any changes, there may be a negative impact on the Group's business, performance and financial status.

Realizing the importance of persuading and retaining human resources, the Group focuses on improving personnel capability and responsibility. Training suitable to the Group's business is organized to develop working skills of employees at all levels in each sector to be efficient and keep up with changes in

business. Career path of employees at each level is clearly defined. The Group also determines a proper amount of remuneration according to each person's capability, compared with other entrepreneurs. Besides, the Group has a succession plan and a recruitment plan for replacement so that there will always be enough employees consistent with the Group's business plan.

3.5 Risks relating to laws and regulations

3.5.1 The Group's business operation is under several laws and regulation, particularly those relating to consumers, increasing legal risk to the Group more than other companies in general. This may increase operational costs and expenses to the Group, as well as a risk of increased liability.

Apart from normal business operation that must be under general laws and regulations, the Group's business is directly involved with consumers and thus is governed by another two specific laws i.e. the Liability for Damage Arising from Unsafe Products Act, B.E. 2551 (2008) and the Consumer Protection Act, B.E. 2522 (1979). These two laws prescribe the legal rights of consumers to sufficient product information, product safety, contractual fairness, as well as the rights to compensation; particularly a protection against unsafe products if their usage causes damage to life, body, physical health, mental health or property of such consumer or other person, whether or not caused by intentional or negligent action of entrepreneur, and whether such unsafety arising from production, design or even failure to provide proper product usage, storage, warning or information. The laws allow consumers to claim for compensations in a fairer way, other than prescribed in normal laws, i.e. compensation for mental injury and punitive damages that can amount to a double of actual compensation. A producer, a party authorizing the production, importer, and a seller of product who cannot identify his/her producer, party authorizing the production or importer, are entrepreneur who is liable for damages under the laws.

Procuring products for sales or selling house-brand products is also governed by these laws. If the Group is liable for damages under the laws, its business, performance, financial status, reputation and business opportunities may be affected significantly.

Realizing such potential risk, the Group therefore put in place a strict OEM selection and quality examination system, as well as exercises random quality check on house-brand products before selling to customers.

3.5.2 Risk of patent law violation

Construction materials and home decorating items business involves a vast variety of products, some of which constantly change their designs, both products procured and purchased from manufacturers or dealers, and whether under manufacturers' own brands or the Group's house brands. Business operation in this circumstance is prone to legal litigations; particularly production, sale, having in possession for sale, offering for sale or import of product of which a patent has been granted to other person without authorization from the patent owner can constitute an infringement of the patent owner's right in violation of the Patent Act, B.E. 2522 (1979) and its amendments. This action can result in civil and criminal liabilities of the Group and potentially its corporate representatives.

Realizing such risk, the Group therefore put in place a working procedure and process to examine copyrights and patents before purchasing and/or selling products of both domestic and overseas vendors.

3.5.3 The Group is supervised under laws on trade competition in order to prevent monopoly

The Group's business operation is under the Trade Competition Act, B.E. 2560 (2017) that aims for promoting a free and fair business competition and preventing monopoly. The law established a Trade Competition Commission to supervise and ensure that business operations comply with the purpose of this law. Therefore, in case of any complaints taken to the Commission that the Group's business operation may violate the law on trade competition, there would be an investigation or legal actions under such law, resulting in more expenses for litigation as well as negative impact on the Group's reputation and image.

Being aware that it is important to observe the trade competition law, the Group has since operated its business with fairness, ethics and has never taken any actions of unfair monopoly towards both customers and business partners.

3.5.4 The enactment of law on the liability for defective products may pose an adverse impact on the Group's financial status, performance, reputation and business opportunities

The Draft Liability for Defective Products Act protects consumers who are damaged by defective products and prescribes remedy for such damages. Under this bill, consumers has a right to make a claim to an entrepreneur, which includes seller, producer for sale, person who order or import for sale, or reseller, to correct, change, change a product, terminate a contract, lower a price, and pay damages or expenses for a defective product. This bill has already been approved by the Cabinet and is now in a process of enactment. Once it is enforced as proposed, the Group as a seller will have a duty to remedy consumers for damages from defective products. And if it is the case, the Group's reputation and product sale may be negatively affected, resulting in an adverse impact on its business, financial status, performance and business opportunities.

3.5.5 Risk of acquiring or having in place licenses required for business operations in several parts

In operating its businesses, the Group has to acquire, have in place or maintain licenses to operate business, for examples, a license to operate business harmful to health (stone, soil, sand, cement) that is required for selling cement; and a pet food license and a license to sell controlled seeds that are required for selling the Group's products. Such licenses required by laws may change in type and number depending on the type of products and services provided by the Group at that moment. Although it is the Group's responsibility to constantly monitor and perform relating to licenses, it cannot be guaranteed that the Group will be able to completely and correctly acquire or have in place these licenses. And this fact may bring about an impact on the Group's reputation, business, performance and financial status. However, the Group pays attention to this issue and closely and regularly exercise a monitoring process.

4. Assets Used in Business Operation

4.1 Investment in Subsidiaries

The Group operates the retail and wholesale business of complete home products, including investing in companies that support the Group's business operation. According to the separate financial statements as at 31 December 2019, the Group has invested in four subsidiaries as follows:

Subsidiary	Nature of Business	Shareholding Proportion (Percentage)	Investment Value at Acquisition Cost as at 31 Dec 2019 (Million Baht)	Type of Investment
DHG	Owning lands that the Group uses in its operation	100.0	1,054.66	Subsidiary
KIDDEE	Providing delivery service ⁽¹⁾	100.0	5.00	Subsidiary
Dohome Automation	Providing automated warehouse system to the Group ⁽¹⁾	100.0	1.25	Subsidiary
Dohome Energy	Producing and selling electric power generated from solar rooftops to the Group ⁽²⁾	100.0	60.00	Subsidiary

Notes : (1) Currently not in operation yet

(2) At present, Dohome Energy is granted the investment promotion certificate (BOI), being eligible to the exemption of corporate income tax on the net profit of business operation for 8 years, as well as other incentives set forth in the certificate.

4.2 Fixed Assets

As at 31 December 2019, the net book value of fixed assets used in business operation, after accumulated depreciation and allowance for impairments, as appear on the consolidated financial statements equals to 9,619.30 million baht. The Details are as follows:

No.	Items	Net Book Value as at 31 Dec 2019 (Million Baht)	Type of Ownership	Indebtedness
1	Lands and land improvements	3,975.94	Lease agreement and owner	Partial mortgage ⁽¹⁾
2	Buildings and building improvements	4,433.04	Lease agreement and owner	Partial mortgage ⁽¹⁾
3	Machinery and equipment	241.29	Owner	None
4	Equipment and computers	38.24	Owner	None
5	Vehicle	57.86	Assets under financial lease and owner	Partial indebtedness under financial lease ⁽²⁾

No.	Items	Net Book Value as at 31 Dec 2019 (Million Baht)	Type of Ownership	Indebtedness
6	Furniture and office equipment	576.69	Owner	None
7	Assets under construction	296.25	Owner	Partial mortgage ⁽¹⁾
Total		9,619.30		

Notes : (1) Part of lands and land improvements, buildings and building improvements, and assets under construction are under mortgage are pledged as collateral to financial institutions. Their total net book value is 7,085.97 million baht.

(2) The total net book value of vehicles under financial leases is 36.19 million baht.

The above fixed assets can be described in details by asset types as follows:

4.3 Trademarks and Service Marks

As at 31 December 2019, the number of key trademarks and service marks owned by or under registration process by the Group for its business in Thailand is 153. Registration status of such trademarks and service marks is as follows:

Status	Number
Registered	80
Under consideration of the Department of Intellectual Property ⁽¹⁾	73
Pending ownership transfer from connected party	0
Total	153

Notes : (1) The duration of trademark registration is 16 months from the date the Trademark Office, Ministry of Commerce receives the registration application. (Source: Public Handbook on Registration of Trademark by the Trademark Office, Ministry of Commerce)

Examples of key trademarks and service marks and examples of registered products and services are as follows:








Image of Trademark/Service Mark	Trademark/Service Mark	Example of Product/Service Category
	Dohome	– Retail and wholesale business
	Dohome	– Selling construction materials
	Aluguard	– Semi-finished plastic sheets – Plastic sheets for furniture – Aluminum sheets for construction

Image of Trademark/Service Mark	Trademark/Service Mark	Example of Product/Service Category
	Finext	– Wooden flooring materials
	Marine	– Bathtubs – Shower screens
	Oppa	– Rice cookers – Electric irons – Juice blenders
	Siena	– Storage racks – Faucets – Shower heads – Bathtubs

4.4 Investment Policy in Subsidiaries and Associated Companies

In order to strengthen its business or build business synergy, the Group has a policy to invest in subsidiaries and associated companies that conform with the Group's objectives, visions and strategic growth plan, which will enhance its business performance or profits. In this connection, the Company, the subsidiaries and/or associated companies may invest in other businesses that have potential growth, help expand their business, or are beneficial to the Group's business by yielding good return on investment. Prior to investing in any projects, the Group will take into account the investment proportion, expected profits, potential risks, its financial status, and investment feasibility analysis and its potentials. Such investment must be considered and approved by the Board of Director's meeting and/or the shareholders' meeting depending on the specified level of authorization. Request for investment approval must also be in line with the regulations and criteria of Thai Capital Market Supervisory Board, the SEC Office and the Stock Exchange of Thailand, as well as criteria on acquisition or disposal of assets, connected transactions and disclosure.

5. Legal Disputes

As at 31 December 2019, the Company or its subsidiaries has no unfinished legal dispute that may negatively affect the Company's or its subsidiaries' assets at more than 5.0 percent of the shareholders' equity; or has no dispute that significantly affects the Company's business but cannot be assessed in numbers.

**6. General Information and Other Important Information****General Information**

Information of Dohome Public Company Limited

Address	37-47 Srimongkol Road, Warinchamrab Sub-district, Warinchamrab District, Ubon Ratchathani 34190
Telephone no.	045 352 888
Fax no.	045 352 800
Website	www.dohome.co.th
Type of business	Comprehensive retail and wholesale business of construction materials and home decoration items under the concept of “Complete, Cheap, Good...at Dohome”
Company registration no.	0107561000196
No. of registered shares	1,856,160,000 ordinary shares of 1 baht each
No. of paid-up shares	1,856,160,000 ordinary shares
Name of the market	The Stock Exchange of Thailand
Symbol	DOHOME

Information of companies in which Dohome Public Company Limited holds at least 10% of issued shares**1. Dohome Group Company Limited**

Address	37-47 Srimongkol Road, Warinchamrab Sub-district, Warinchamrab District, Ubon Ratchathani 34190
Telephone no.	045-352-888
Fax no.	045-352-800
Type of business	Buying and selling of on own account of non-residential buildings
No. of registered shares	4,000,000 shares of 10 baht each
No. of shares held	3,999,998 shares (99.99 percent)

2. Kiddee Logistics Company Limited

Address	37,39,41,43,47 Srimongkol Road, Warinchamrab Sub-district, Warinchamrab District, Ubon Ratchathani
Telephone no.	045-352-888
Fax no.	045-352-800
Type of business	Freight transport by road, not elsewhere classified
No. of registered shares	100,000 shares of 100 baht each
No. of shares held	99,998 shares (99.99 percent)

3. Dohome Automation Company Limited

Address	37 Srimongkol Road, Warinchamrab Sub-district, Warinchamrab District, Ubon Ratchathani
Telephone no.	045-352-888
Fax no.	045-352-800
Type of business	Business support services, not elsewhere classified
No. of registered shares	50,000 shares of 100 baht each
No. of shares held	49,997 shares (99.99 percent)

4. Dohome Energy Company Limited

Address	37 Srimongkol Road, Warinchamrab Sub-district, Warinchamrab District, Ubon Ratchathani
Telephone no.	045-352-888
Fax no.	045-352-800
Type of business	Electric power generation and transmission
No. of registered shares	600,000 shares of 100 baht each
No. of shares held	599,997 shares (99.99 percent)

Other referenced Information

Regulatory Body of Issuing Company	:	The Securities and Exchange Commission, Thailand
Address	:	333/3 Vibhavadi-Rangsit Road, Chomphon, Chatuchak, Bangkok
Telephone no.	:	02-695-9999
Fax no.	:	02-695-9660
Regulatory Body of Listed Company	:	The Stock Exchange of Thailand (SET)
Address	:	93 SET Building, Ratchadaphisek Road Din Daeng, Din Daeng, Bangkok 10400
Telephone no.	:	02-009-9726-50
Fax no.	:	02-009-9807-8
Securities Registrar	:	Thailand Securities Depository Company Limited
Address	:	93 SET Building, Ratchadaphisek Road Din Daeng, Din Daeng, Bangkok 10400
Telephone no.	:	02-009-9000
Fax no.	:	02-009-9991
Certified Public Accountant	:	PricewaterhouseCoopers ABAS Ltd.
Address	:	179/74-80 Bangkok City Tower, Fl.15, South Sathon Rd. Thungmahamek, Sathon, Bangkok 10120
Telephone no.	:	02-824-5313
Fax no.	:	-