



**Minutes of the 2019 Annual General Meeting of Shareholders**

**FN Factory Outlet Public Company Limited**

**Wednesday 24 April 2019**

**Auditorium, 1<sup>st</sup> Floor, FN Building**

**991, Rama 9 Road, Suan Luang, Bangkok, 10250**

The meeting commenced at 2.00 p.m.

Mr. Visuth Vitayathanagorn, the Chairman of the Board of Directors, presided as the Chairman of the meeting ("the Chairman") and assigned Mr. Watsawan Limsupanark, Corporate Secretary and Legal Manager, to be the meeting facilitator and present the updated information about the Company. The meeting was informed that FN Factory Outlet Public Company Limited set the record date for the 2019 Annual General Meeting of Shareholders to 15 March 2019 to determine the list of shareholders entitled to attend the 2019 AGM in accordance with Section 225 of the Securities and Exchange Act B.E. 2535

The meeting facilitator informed the meeting of the updated and basic information about the Company as follows:

Registered capital	Baht 500,000,000	
Paid-up capital	Baht 500,000,000	
divided into	1,000,000,000	ordinary shares
Par value of	Baht 0.50	per share

There were a total of 39 shareholders attending this meeting in person and by proxy, representing a total of 775,789,703 shares or 77.5789 percent of the total shares (1,000,000,000 shares). Therefore, the quorum was constituted in accordance with the Company's Articles of Association.

Before the meeting, shareholders were informed about the emergency fire exits for the safety purpose.

To ensure that the AGM was conducted in accordance with the good corporate governance principles governing the voting at the meeting, the meeting facilitator explained the voting procedures as follows:

1. For the voting at this meeting, the voting entitlement of every shareholder shall be equal to the number of shares they owned on a one-share-one-vote basis.
2. For shareholders attending the meeting in person and proxies who were legally appointed, the voting procedures shall be as follows:

To promote transparency, shareholders should sign their ballots for every agenda before casting votes. Except for "Agenda 5. To consider and elect directors to replace those who retire by rotation" of which applicable voting procedures would be explained later, shareholders who did not express their wish to cast disapproval vote or abstain from voting shall be deemed

as casting approval votes according to their total voting entitlement. Shareholders who cast disapproval vote or abstained from voting shall mark their voting decision in the ballots provided by the Company and raise their hand in order that the officers could collect their ballots.

In tabulating the votes, the Company deducted the disapproval votes and abstention from the total votes and the difference was treated as the number of approval votes. Shareholders casting approval votes should keep the ballots until the meeting adjournment when they were requested to give the ballots to the Company's officers.

The voting at this meeting used the open ballot system, not the secret ballot system. However, all ballots were collected for the purpose of transparency.

A ballots was considered void in the following circumstances:

- 1) More than one voting decision was marked in the ballot.
- 2) The ballot indicated conflicting intent of voter.
- 3) The ballot contained a strikeout that was not initialed.
- 4) The number of votes specified in the ballot exceeded the voter's entitlement.

To change the voting decision marked on a ballot, a shareholder must cross out the original voting decision and initial the correction.

3. For shareholders who appointed their proxies to attend the meeting using Proxy Form B. and Proxy Form C. or appointed the Company's independent directors to vote on their behalf and instructed the proxies to cast votes according to the intent of the shareholders or the proxies, the Company would record the votes per the intent of the shareholders or the proxies.

Foreign shareholders having appointed custodians in Thailand might split their voting entitlement into approval, disapproval or abstention on each of the agenda whereby the total number of votes cast must be equal to their voting entitlement/

4. Voting procedure for "Agenda 5 To consider and elect directors to replace those who retire by rotation"

4.1 For shareholders who appointed their proxies to attend the meeting using Proxy Form B. and Proxy Form C. or appointed the Company's independent directors to vote on their behalf and instructed the proxies to cast votes according to the intent of the shareholders or the proxies, the Company would record the votes per the intent of the shareholders or the proxies.

4.2 The Company would request the shareholders to elect each individual director by marking their approval, disapproval or abstention vote for each director on a ballot whereby the officers would first collect the ballots marked with disapproval and abstention votes for the directors, one by one. The ballots marked with approval votes would be collected after the collection of the ballots marked with disapproval and abstention votes had been completed.

5. Pursuant to Article 36 of the Company's Articles of Association, one share represented one vote. Shareholders did not have the right to vote on matters in which they had special interest, except for the election of directors. For general matters (i.e. agenda 1, agenda 3, agenda 4, agenda 5, and agenda 7), the majority of the votes cast by shareholders who attended the meeting and voted was required. If the votes were equally divided, the Chairman would cast an additional, deciding vote.

In Agenda 6 the resolution required not less than two-thirds (2/3) of all votes of shareholders who were attending the meeting.

6. Shareholders leaving the meeting early or not being in the meeting room during any particular agenda might exercise their rights by handing the ballots to the Company's officers before leaving the meeting room.

7. The total number of votes and meeting participants each agenda might vary as shareholders and proxies might enter the meeting room at different times.

8. Before voting on each agenda, the Chairman would offer reasonable opportunities to meeting participants to raise questions relating to the agenda being considered. Shareholders or proxies raising questions were requested to always announce their names and surnames to the meeting before stating their questions or opinions.

Opinions and questions that were irrelevant to the agenda being considered should be raised during the agenda of other matters which was the last agenda. Questions or opinions should be expressed concisely and redundant questions or opinions should be avoided in order that other shareholders had opportunities to also exercise their rights. Kind cooperation from shareholders in this regard was requested for the effectiveness of the meeting and time management.

The Company invited the shareholders to propose matters that were important and beneficial for the Company's businesses to be included in the 2019 AGM agenda through the Company's websites and the Stock Exchange of Thailand's channels during the period between 25 October 2018 - 31 December 2018. The shareholders were entitled to propose the AGM agenda, nominate qualified candidates for election as the Company's directors and submit questions in advance of the AGM.

However, it appeared that, upon the end of the said period, no shareholders submitted any proposals to the Company.

Subsequently, the meeting facilitator welcomed the shareholders attending the 2019 AGM and introduced the Company's directors.

There were 10 directors, representing 100 percent of the total directors, who attended this meeting as follows:

Directors in Attendance

- |     |                                       |  |
|-----|---------------------------------------|--|
| 1.  | Mr. Visuth Vitayathanagorn            | Chairman of the Board and Independent Director   |
| 2.  | Mrs. Saowanee Kamolbutr               | Independent Director, Chairman of the Good Corporate Governance Committee, Member of the Audit Committee and Member of the Risk Management Committee                       |
| 3.  | Mrs. Pratana Mongkolkul               | Independent Director, Chairman of the Risk Management Committee, Member of the Nomination and Remuneration Committee and Member of the Good Corporate Governance Committee |
| 4.  | Mr. Benyiam Songwatana                | Director, Member of the Risk Management Committee, Acting Chief Merchandising Officer and Chief Executive Officer  |
| 5.  | Mr. Poolsak Tansitthipun              | Independent Director, Chairman of the Audit Committee and Chairman of the Nomination and Remuneration Committee  |
| 6.  | Mr. Pricha Songwatana                 | Vice Chairman of the Board, Chairman of the Executive Committee and Acting Chief Operating Officer   |
| 7.  | Mr. Voravat Tantranont                | Independent Director, Member of the Audit Committee and Member of the Nomination and Remuneration Committee  |
| 8.  | Mr. Varachai Singwatana               | Director   |
| 9.  | Mrs. Chortip Songwatana<br>Vudhibhong | Director, Member of Good Corporate Governance Committee and Chief Business Development Officer   |
| 10. | Mr. Omar Songwatana                   | Director   |

Executives in Attendance

- |    |                            |   |
|----|----------------------------|---|
| 1. | Mrs. Jiraporn Rungsrithong | Chief Financial Officer and Corporate Secretary |
|----|----------------------------|---|

Auditors from EY Office Company Limited

1. Mr. Sophon Permsirivallop
2. Ms. Rosaporn Dechakom
3. Mrs. Naiyarat Guayapai

Legal Advisor and Inspector from Weerawong, Chinnavat & Partners Company Limited

1. Ms. Phatrapa Phatanaporn Legal Advisor
2. Mr. Anuchit Delertsakulwong Inspector

Internal Auditor from P&L Corporation Company Limited

1. Ms. Monphat Phumratanajarin

Thereafter, the meeting facilitator informed the meeting that, to comply with the good corporate governance principle, a meeting participant was hereby invited to witness the vote counting. In this regard, Miss Thanida Pongsuwan, a shareholder who attended the meeting, served as a vote-counting witness.

After that, the invited Mr. Visuth Vitayathanagorn, the chairman, to welcome the shareholders who attended the Annual General Meeting of Shareholders for the year 2019. The meeting commenced on the agenda as follows:

**Agenda 1. To consider and certify the Minutes of the 2018 Annual General Meeting of Shareholders held on April 24, 2018**

The Chairman requested the meeting to certify the minutes of the 2018 Annual General Meeting of Shareholders which was held on 24 April 2018. The minutes had been published on the Company's website and the copy thereof was distributed to the shareholders together with the notice of this meeting, details of which were as shown under Attachment 1 on pages 10-30 of the AGM notice. After considering the minutes of 2018 AGM, the Board of Directors concluded that the minutes were correctly and completely recorded and should be proposed to the shareholders for adoption

Following the presentation, the Chairman invited the shareholders or proxies to raise their opinions or questions about the meeting minutes.

Since no shareholder or proxy raised additional opinions or questions, the Chairman requested the meeting to cast votes to certify the minutes of the 2018 Annual General Meeting of Shareholders as well as invited the meeting secretary to explain the voting procedures. The resolution of this agenda required the majority of the total votes of shareholders who attended the meeting and cast their votes.

At this point, there were a total 41 shareholders attending this meeting in person and by proxy, representing a total of 775,871,403 shares or 77.5871 percent of the total shares (1,000,000,000 shares).

**Resolution:** The meeting unanimously resolved to certify the 2018 Annual General Meeting of Shareholders which was held on April 24, 2018 pursuant to the following number of votes:

Resolution	Number of Votes	Percentage
Approval	775,871,403	100.0000
Disapproval	-	0.0000
Abstention	-	0.0000
Voided Ballot	-	0.0000
Total	775,871,403	100.0000

**Agenda 2. To acknowledge the Company's operating results for year 2018**

The Chairman informed the meeting that this agenda item was related to the acknowledgment of the Company's 2018 operating results. The Company's operating results for the fiscal year ended 31 December 2018 were as detailed in the 2018 Annual Report in QR Code format which had been submitted to shareholders. After due consideration, the Board of Directors deemed it appropriate to present the Company's operating results to the meeting of shareholders for acknowledgment and Mr. Benyiam Songwatana, the Chief Executive Officer, ("Mr. Benyiam") was delegated to give a presentation about the Company's operating results to the meeting.

Mr. Benyiam presented to the meeting the Company's 2018 performance as summarized below.

In 2018, the total revenue were reported a Baht 1,105 million, a slight increase of approximately Baht 4 million from recorded in 2017. The sales of the existing branches declined by approximately Baht 100 million, but offset by the sales from the 4 new branches, namely Hat Yai Branch, Chachoengsao Branch, Rayong Branch, and Diana (Hat Yai) Branch. The Company lived up to its branch network expansion promise given to the shareholders and continued its business expansion efforts in 2018. To date, the Company had 12 branches in total which, as a result, contributed to the Company's ability to sustain its sales performance. However, such branch expansion initiative also caused the Company's costs to rise and the net profit to significantly decline.

The net profit stood at Baht 29 million in 2018 while the gross profit declined by Baht 37 million. An increase in the Company's total expenses was driven by the costs of goods and operating expenses of new branches while the expenses of the 8 existing branches rose by only Baht 2 million from labor cost but their operating expenses remained unchanged or decreased. The expenses of the new 4 branches amounted to Baht 37 million.

Furthermore, the Company's income tax expenses decreased by Baht 18 million due to additional tax benefit entitlements while its net profit declined by Baht 58 million. This underlined that the increase in expenses was primarily attributable to new branches. However, these new branches enabled the Company to widen its distribution network and customer touchpoints.

To date, the Company's total assets increased to Baht 1,776 million with the cash and cash equivalents of Baht 316 million. Its total liabilities amounted to Baht 293 million and included the long-term loan of Baht 109 million for the construction cost of Rayong Branch. The Company's short-term accounts receivable amounted to approximately Baht 149 million. The value of the land properties was as recorded at the beginning date and has not yet been re-appraised. Based on the aforesaid information, it was evident that the Company had a solid financial position and could deploy its equity capital to new and promising business investments.

In 2019, the Company's business directions would be focused on marketing communication, distribution channel expansion, product development, cost reduction, tenant acquisition, and increase of branded product offerings. Before giving a detailed presentation on each topic, Mr. Benyiam reported an update on the Company's branches as detailed below.

At present, the Company had a total of 12 branches. The Company planned to relocate its Pattaya Branch and was studying relevant information. The size of Hat Yai Branch would be scaled down after the Company has piloted this initiative at Diana (Hat Yai) Branch. The new branches, namely Chachoengsao Branch and Rayong Branch, which were located in the eastern economic corridor region achieved strong financial performance.

This year, the Company continued to focus on the product development and customer awareness of the Company's products and business. In 2018, bedding products were especially popular among customers and largely contributed to the Company's sales. The Company mainly used online channel for its marketing communications to promote the public awareness and recognition of FN outlets as stores specializing in bedding products. The Company worked with creative agencies on internal and external advertisements and with the Marketing Department on the reinforcement of customer awareness and recognition of FN as a leading bedding expert.

Nonetheless, customer behavior data implied that customers were not concerned about the modes of buying, i.e. offline and online, and one of the key priorities for their buying decisions was the convenience of purchase and were willing to embrace the click-and-collect option which was also known as an omnichannel retailing practice. In 2017, the Company launched its online shopping interface in the second half and the sales from this channel totaled approximately Baht 3 million. In 2018, the Company focused on the communications via online media such as Facebook and YouTube more actively, collaborated with e-marketplace platforms such

as Shopee, Lazada and JD, and launched its own online shopping website www.fnshopnow.com. The sales revenue from the online channel amounted to approximately 30 million in 2018. Though none of the businesses that had their own platforms could make a profit from their platforms, they might gain benefits in the form of own customer database. For the Company, one of the key focuses was the sales and the Company thus set its online sales target at Baht 74 million which would be achieved through collaboration with platforms that would emerge in the future as well as through online marketing and promotions.

As for the Company's policy and product trends in the previous year, the Company added new brands to its lines of products offered which included both trendy and out-of-season products to entice customers. At present, the Company partnered with various brands to expand the selection of products available on the Company's online sales channel.

As part of its cost reduction efforts, the Company gave priority to the development of its current workforces for enhanced effectiveness without increasing headcount. To this end, the Company invested more heavily in the ERP system and the computer systems to smoothen the work processes and assist its employees. Another cost reduction initiative that has been ongoing since 2018 was the installation of rooftop solar panels at Ayutthaya Branch. The solar power system could generate approximately 600 megawatts of electricity and helped reduce the electricity expense of the said branch by approximately Baht 300,000 per month. The Company thus planned to install rooftop solar panels at Rayong Branch and Hua Hin Branch in 2019 as the electricity consumption rates of these large-sized branches were high. Such solar power system installation would help cut the Company's electricity expense.

As a strategy to attract customers to visit FN outlets, more restaurants and cafés would be made available within the outlet premises. Brands that partnered with the Company included Starbucks which were currently available at Ayutthaya Branch and Chachoengsao Branch, Amazon Coffee that would be open at 2 FN branches, including L'Oréal cosmetics stores. These brands would provide excellent complements for FN outlets and help attract customers.

Responsibility towards the society and the environment was high on the agenda. The Company participated in the plastic bag reduction campaign initiated by a government agency. The Company's plastic bag reduction program was launched on 4 December 2019 and resulted in the reduction of more than 40,000 plastic bags. In addition to the environmental preservation benefit, the initiative also led to a decrease in the Company's packaging material expenses.

The Company also organized a mattress trade-in program that allowed customers to trade in their old mattresses for credit toward new mattress. More than 700 old mattresses were donated to the underprivileged and the needy through foundations.

The meeting facilitator further provided the meeting with an update on the Company's participation in the Thailand's Collective Action Coalition against Corruption (CAC) that the Company had already completed the required self-assessment. At present, the Company was developing an anti-corruption handbook and engaging an auditor to sign off the self-assessment required for the CAC membership certification.

Following the presentation, the Chairman invited the shareholders or proxies to raise their opinions or questions about the Company's operating results for year 2018.

Since no shareholder or proxy raised additional opinions or questions, the Chairman requested the meeting to acknowledge the Company's operating results for year 2018 as well as invited the meeting facilitator to explain the voting procedures. This agenda was a matter for acknowledgement and thus did not require voting.

**Resolution:** The meeting acknowledged the Company's operating results for year 2018.

**Agenda 3. To consider and approve the Financial Statements of the Company for the Year ended December 31, 2018**

The Chairman requested the meeting to consider and approve the financial statements for the year ended December 31, 2018. The Company's financial statements had been prepared and shown in the 2018 Annual Report, which was in QR Code format and distributed to the shareholders together with the notice of the 2019 AGM. The said financial statements were audited by the certified public accountant being the Company's auditor, reviewed by the Audit Committee, and endorsed by the Board of Directors Meeting of the Company. The Chairman invited Mr. Benyiam to give a presentation about this agenda to the meeting.

Total assets increased by approximately 9.4 percent to Baht 1,776 million in 2018, mainly from the expansion of our branch network, while the total liabilities stood at Baht 293 million from loans for investment in the Rayong Branch construction and accounts

payable. Total shareholders' equity was currently reported at Baht 1,483 million, a slight decrease due to the dividend payment of Baht 36 million in the previous year. This year's net profit was Baht 29 million and total revenue was Baht 1,105 million, a slight increase from the previous year. Cost of sales totaled Baht 625 million, an increase of 7 percent, from branches and minor adjustment of product mix. As a result, the 2018 net profit decreased to Baht 29 million.

Mr. Benyiam presented the summary of the financial statements for the year ended December 31, 2018 and shown in the table below:

<b>Consolidated F/S</b>	<b>31 Dec 19 (MB)</b>	<b>31 Dec 18 (MB)</b>	<b>Change (MB)</b>	<b>Change (%)</b>
Total assets	1,776	1,623	153	9
Total liabilities	293	132	161	122
Shareholders' equity	1,483	1,491	-8	-1
Total revenue	1,105	1,101	4	0
EBIT	33	107	-4	-69
Net profit	29	86	-57	-66

Following the presentation, the Chairman invited the shareholders or proxies to raise their opinions or questions about the Company's financial statements.

Since no shareholder or proxy further raised additional opinions or questions, the Chairman requested the meeting to approve the financial statements for the year ended December 31, 2018 as well as invited the meeting facilitator to explain the voting procedures. The resolution of this agenda required the majority of the total votes of shareholders who attended the meeting and cast their votes.

At this point, there were a total 42 shareholders attending this meeting in person and by proxy, representing a total of 775,882,703 shares or 77.5882 percent of the total sold shares (1,000,000,000 shares)

**Resolution:** The meeting unanimously resolved to approve the financial statements for the year ended December 31, 2018 pursuant to the following number of votes:

<b>Resolution</b>	<b>Number of Votes</b>	<b>Percentage</b>
Approval	775,882,703	100.0000
Disapproval	-	0.0000
Abstention	-	0.0000
Voided Ballot	-	0.0000
Total	775,882,703	100.0000

**Agenda 4. To consider and approve the appropriation of net profit for the year 2018 and dividend payment.**

The Chairman invited Mr. Benyiam to give a presentation about the dividend payment based on the Company's 2018 operating results to the meeting.

Mr. Benyiam reported to the meeting that the Public Limited Companies Act B.E. 2535 and Article 47 of the Company's Articles of Association stipulated that the Company shall appropriate a portion of its annual net profit, which shall be at least 5 percent of its annual net profit less accumulated loss brought forward, as a reserve until the reserve was not less than 10 percent of the registered capital. In addition, dividends shall be paid from profit only and the Company was not allowed to pay dividend if it still sustained accumulated loss.

According to the Company's Dividend Policy, dividend shall be paid at the rate of not less than 40 percent of its net profit based on the Company's separate financial statements after the deductions of taxes and legal reserve. A major consideration for the Company's dividend payment was the interest of the shareholders in light of, for example, reserves required for future investments and loan repayments or working capital needs.

In 2018, the Company registered a net profit of Baht 34,189,152 based on the separate financial statements and the net profit after the deduction of the legal reserve of Baht 1,800,000 was Baht 32,389,152. After due consideration, the Board of Directors deemed it appropriate to recommend the meeting of shareholders to approve the 2018 dividend payment at Baht 0.013 per share, totaling Baht 13,000,000.

The record date for determining the list of shareholders entitled to receive the dividend was set to March 15, 2019 and the date of dividend payment would be May 10, 2019.

Following the presentation, the Chairman invited the shareholders or proxies to raise their opinions or questions about the annual dividend payment.

Since no shareholder or proxy further raised additional opinions or questions, the Chairman requested the meeting to approve the dividend payment based on the Company's 2018 operating results at Baht 0.013 per share, following the shareholder's proposal, as well as invited the meeting facilitator to explain the voting procedures. The resolution of this agenda required the majority of the total votes of shareholders who attended the meeting and cast their votes.

At this point, there were a total 42 shareholders attending this meeting in person and by proxy, representing a total of 775,882,703 shares or 77.5882 percent of the total shares (1,000,000,000 shares).

**Resolution:** The meeting resolved to approve the allocation to Baht 1,800,000 of the net profit for legal reserves and approve the payment of 2018 dividend at Baht 0.013 per share on total shares of 1,000,000,000 shares, amounting to Baht 13,000,000 or accounted for 40.14 percent of the net profit based on the separate financial statements after the deductions of legal reserve. The dividend will be paid to shareholders who were eligible to receive the dividend as of the record date which was March 15, 2019 whereby the dividend payment date would be May 10, 2019, pursuant to the following number of votes

Resolution	Number of Votes	Percentage
Approval	775,882,703	100.0000
Disapproval	-	0.0000
Abstention	-	0.0000
Voided Ballot	-	0.0000
Total	775,882,703	100.0000

**Agenda 5. To consider and elect the directors to replace those who are due to retire by rotation**

The Chairman informed the meeting this agenda involved the election of directors to replace those retiring by rotation in accordance with the Public Limited Companies Act B.E. 2535 and Article 17 of the Company's Articles of Association which required that one-third of the total directors of the Company must retire by rotation.

At the 2019 AGM, there were 4 directors to retire by rotation as follows:

- |                               |                      |
|-------------------------------|----------------------|
| 1. Mr. Visuth Vitayathanagorn | Independent Director |
| 2. Mrs. Saowanee Kamolbutr    | Independent Director |
| 3. Mrs. Pratana Mongkolkul    | Independent Director |
| 4. Mr. Omar Songwatana        | Director             |

To conform to the good corporate governance principle, the Chairman invited the 4 related directors to temporarily leave the meeting room during the election of directors.

Mr. Poolsak Tansitthipun, Independent Director, invited Mr. Pricha Songwatana, Vice Chairman, to temporarily chair the meeting during this agenda item.

Mr. Pricha Songwatana, Vice Chairman, requested the meeting facilitator to present to the shareholders the useful information that the shareholders should be aware of for their voting decision as well as to explain the details concerning the vote casting applicable to this agenda item.

The meeting facilitator informed the meeting that, pursuant to Section 86 of the Public Limited Company Act B.E. 2535 and Article 27 of the Company's Articles of Association, directors are prohibited from operating a business of the same nature as and in competition with that of the Company, or to enter to be a partner in an ordinary partnership or a general partner in a limited partnership or a director of a limited company or a public limited company which operated a business of the same nature as and in competition with that of the company, whether for their own or others' benefit, unless the meeting of shareholders had been notified prior to appointment of such directors.

Therefore, to comply with Section 86 of the Public Limited Company Act B.E. 2535 and Article 27 of the Company's Articles of Association, the Company hereby declared to the shareholders that Mrs. Pratana Mongkolkul had notified the meeting of the Board of Directors that she agreed to serve as a director of Central Retail Corporation Company Limited, a holding company that mostly invested in non-financial sectors and operated businesses that might be in competition with that of the Company.

Nonetheless, the Company offered shareholders an opportunity to submit director nomination proposals but did not receive any nomination proposals from shareholders during the nomination submission period.

After due consideration, the Nomination and Remuneration Committee concluded that the 4 directors possessed knowledge, abilities and experience that were beneficial for the Company's business operations and thus proposed the nomination of them to the Board of Directors. In this regard, the Board of Directors deemed it appropriate to nominate the 4 directors to the meeting of shareholders to re-elect the 4 directors for another term. Profiles of the 4 persons nominated as directors had been submitted to the shareholders together with the notice of this meeting.

Following the presentation, the Chairman invited the shareholders or proxies to raise their opinions or questions about the 4 directors to retire by rotation.

Since no shareholder or proxy further raised additional opinions or questions, the Chairman invited the meeting facilitator to explain the voting procedures for the election of individual directors. All shareholders and proxies were requested to

mark their approval, disapproval or abstention vote for each director on a ballot whereby the officers would first collect from the shareholders and proxies the ballots marked with disapproval and abstention votes for the directors, one by one, before collecting all the ballots marked with approval votes. After the vote tabulation was completed, the voting results with regard to the election of each individual director would be announced. The resolution of this agenda required the majority of the total votes of shareholders who attended the meeting and cast their votes.

At this point, there were a total 42 shareholders attending this meeting in person and by proxy, representing a total of 775,882,703 shares or 77.5882 percent of the total shares (1,000,000,000 shares).

**Resolution:** The meeting resolved to approve the re-election of the directors who retired by rotation for another term pursuant to the following number of votes:

1. Mr. Visuth Vitayathanagorn

Resolution	Number of Votes	Percentage
Approval	775,882,703	100.0000
Disapproval	-	0.0000
Abstention	-	0.0000
Voided Ballot	-	0.0000
Total	775,882,703	100.0000

2. Mrs. Saowanee Kamolbutr

Resolution	Number of Votes	Percentage
Approval	775,882,703	100.0000
Disapproval	-	0.0000
Abstention	-	0.0000
Voided Ballot	-	0.0000
Total	775,882,703	100.0000

3. Mrs. Pratana Mongkolkul

Resolution	Number of Votes	Percentage
Approval	775,882,703	100.0000
Disapproval	-	0.0000
Abstention	-	0.0000
Voided Ballot	-	0.0000
Total	775,882,703	100.0000

4. Mr. Omar Songwatana

Resolution	Number of Votes	Percentage
Approval	759,453,803	97.8826
Disapproval	16,428,900	2.1174
Abstention	-	0.0000
Voided Ballot	-	0.0000
Total	775,882,703	100.0000

**Agenda 6. To consider and approve the directors' remuneration for the year 2019**

The Chairman informed the meeting that pursuant to Section 90 of the Public Limited Companies Act B.E. 2535 and Article 22 of the Company's Articles of Association, directors are entitled to director's remuneration in the forms of rewards, meeting allowance, pension, bonus or in any other forms as approved by the meeting of shareholders whereby an approval thereof requires the two-thirds (2/3) majority of the votes of shareholders who attend the meeting.

This agenda involved the directors' remuneration which was subject to approval from the meeting of shareholders. The Nomination and Remuneration Committee had thoroughly and carefully deliberated on the suitability of directors' remuneration in view of the scope of duties and responsibilities of directors, the benchmark with other listed companies which were comparable to the Company in terms of revenue, market capitalization, and were in the same industry, and the Company's performance. The Board of Directors proposed to the shareholders to consider 2019 directors' remuneration and no other benefits as follow :

1. The budget limit of Baht 7,500,000 in total for directors' remuneration. (monthly remuneration and meeting allowance and bonus)
2. Monthly remuneration and meeting allowance as detailed in the notice of this meeting that had been submitted to shareholders earlier and shown in the table below:

Position	Monthly Remuneration (Baht/Month/Person)	Meeting Allowance (Baht/Meeting)	Remark		
1. Board of Directors			<b>Remuneration of directors who were also executives shall be as follows:</b>		
- Chairman	45,000	20,000	Position	Monthly Remuneration (Baht/Month/Person)	Meeting Allowance (Baht/Meeting)
- Member	15,000	20,000	Chairman	10,000	20,000
			Member	10,000	5,000
2. Audit Committee			-		
- Chairman	35,000	20,000			
- Member	15,000	15,000			
3. Nomination and Remuneration Committee			-		
- Chairman	-	20,000			
- Member	-	15,000			

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

The aforementioned remuneration and meeting allowance, if approved by the meeting of shareholders, shall be effective from May 2019 onwards and allow the Board of director Committee to allocate the 2019 directors' remuneration.

Following the presentation, the Chairman invited the shareholders or proxies to raise their opinions or questions about the directors' remuneration.

Since no shareholder or proxy further raised additional opinions or questions, the Chairman requested the meeting to approve the directors' remuneration as well as invited the meeting facilitator to explain the voting procedures. The resolution of this agenda required not less than two-thirds majority of the total votes of shareholders who attended the meeting.

At this point, there were a total 42 shareholders attending this meeting in person and by proxy, representing a total of 775,882,703 shares or 77.5882 percent of the total sold shares (1,000,000,000 shares).

**Resolution:** The meeting unanimously resolved to approve the directors' remuneration, the budget limit of Baht 7,500,000 in total for directors' remuneration, the monthly remuneration and the meeting allowance at the proposed rates pursuant and allow the Board of director Committee to allocate the 2019 directors' remuneration to the following number of votes:

Resolution	Number of Votes	Percentage
Approval	775,882,703	100.0000
Disapproval	-	0.0000
Abstention	-	0.0000
Voided Ballot	-	0.0000
Total	775,882,703	100.0000

**Agenda 7. To consider and appoint the auditors and determination the audit fee for the 2019 accounting period**

The Chairman informed the meeting that this agenda involved the appointment of auditors and the determination of audit fee for the year 2019. After due consideration, the Board deemed it appropriate to propose the appointment of auditors as named below to the meeting of shareholders for approval:

Auditors responsible for signing the Company's financial statements are:

1. Mr. Sophon Permsirivalop C.P.A. Registration No. 3182; and/or
2. Ms. Rungnapa Lertsuwakul C.P.A. Registration No. 3516; and/or

- |    |                            |                                      |
|----|----------------------------|--------------------------------------|
| 3. | Ms. Pimjai Manitkajohnkit  | C.P.A. Registration No. 4521; and/or |
| 4. | Mr. Chayapol Suppasedtanon | C.P.A. Registration No. 3972; and/or |
| 5. | Ms. Rosaporn Dechakom      | C.P.A. Registration No. 5659; and/or |
| 6. | Ms. Sumana Punpongsanon    | C.P.A. Registration No. 5872         |

from EY Office Company Limited as the Company's auditor for 2019. The meeting of shareholders was also requested to consider and approve the 2019 audit fee of Baht 2,150,000. In this connection, the chairman explained that the proposed audit fee was Baht 150,000 higher than the 2018 audit fee due to the wider scope of works and duties of the auditor as a result of the enforcement of new accounting standards.

If the above-named auditors were unable to perform their duties, EY Office Limited shall designate its other auditors to conduct audits and issue opinions on the Company's financial statements in replacement for such auditors.

The meeting facilitator further reported to the meeting that the audit firm and the aforementioned auditors were also engaged by the Company's subsidiaries and they had no relationship or conflict of interest with the Company, its subsidiaries, executives and major shareholders, or their related parties.

Following the presentation, the Chairman invited the shareholders or proxies to raise their opinions or questions about the auditors and the audit fee.

Since no shareholder or proxy further raised additional opinions or questions, the Chairman requested the meeting to approve the appointment of auditors and the determination of audit fee for the year 2019 as well as invited the meeting facilitator to explain the voting procedures. The resolution of this agenda required the majority of the total votes of shareholders who attended the meeting.

At this point, there were a total 42 shareholders attending this meeting in person and by proxy, representing a total of 775,882,703 shares or 77.5882 percent of the total sold shares (1,000,000,000 shares).

**Resolution:** The meeting unanimously resolved to approve the appointment of EY Office Company Limited represented by Mr.Sophon Permsirivallop C.P.A. Registration No.3182, and/or Ms.Rungnapa Lertsuwakul C.P.A. Registration No.3516, and/or Ms.Pimjai Manitkajohnkit C.P.A. Registration No.4521, and/or Mr.Chayapol Suppasedtanon C.P.A. Registration No.3972, and/or Ms.Rosaporn Dechakom C.P.A. Registration No.5659, and/or Ms.Sumana Punpongsanon C.P.A. Registration No.5872, as the Company's auditors and the determination of the audit fee for the year 2019 at Baht 2,150,000, with a condition that if the above-named auditors were unable to perform their duties, EY Office Limited shall designate its other auditors to conduct audits and issue opinions on the Company's financial statements in replacement for such auditors, pursuant to the following number of votes:

Resolution	Number of Votes	Percentage
Approval	775,882,703	100.0000
Disapproval	-	0.0000
Abstention	-	0.0000
Voided Ballot	-	0.0000
Total	775,882,703	100.0000

**Agenda 8. Other matters (if any)**

The Chairman informed the meeting that, under this agenda, shareholders were offered opportunities to raise other matters than those included in the meeting agenda per the notice, provided that applicable rules and procedures set forth by the laws were complied with. The Chairman to explain the procedures for raising other matters than those specified in the meeting notice. Pursuant to Clause 2, Section 105 of the Public Limited Companies Act B.E. 2535, shareholders who collectively hold at least one-third of the total sold shares may request the meeting to consider other matters than those specified in the meeting notice.

**Question : Mr. Thongtos Panglad, shareholder right protection volunteer**

1. Please specify the Company's biggest risk amid the prevailing economic conditions and the Company's risk mitigation measures.

2. Further to the previous question, the Company's forecasts for this year's performance, i.e. stable, worsened or improved, were requested.

**Answer :** Mr. Benyiam, The changes in economic conditions and consumer behaviors caused disruptions to the retail business, which was the core business of FN, particularly the online channel. The Company has dedicated considerable efforts to the study of these changes and trialed multiple solutions to identify effective measures to handle such disruptions. In 2018, the online sales increased significantly. To prevent and mitigate associated risks, the Company strived for continuous development and expansion of our horizon beyond the conventional model of physical stores to new platforms that would enable the Company to better cater to customer habits through the leverage of technologies to improve our customer reach and deliveries. The Company has integrated technologies in its operating platform and cost reduction initiatives. One of the Company's key strategic focuses was the computerization of processes for enhanced efficiency and effectiveness of employee performance. Our investments have been entirely dedicated to initiatives that were beneficial to investors and were carefully planned for optimized cost-effectiveness, particularly technology-related initiatives which would pave the way of new distribution channels. In addition, the Company joined forces with giant local e-marketplace platforms such as Lazada, Shopee and JD.com, including global platforms such as Line, Facebook and YouTube to use them as our distribution and communication channels.

In brief, the Company, as preventive measures, has revolved towards becoming a technology-enabled company. With this answer, the shareholders should be able to visualize the difficulties that the retail business would be struggling with. The Company strived to leverage technologies more actively for the capability to respond to customer needs and consumer behaviors.

**Answer :** The Chairman, Our business strategy for the digital era anchored around our house-brand and popular product lines. HR efficiency was one of our top priorities and we aimed to enhance the effectiveness. It was expected that the solar cell installation and IT technology integration into our management system would yield concrete results in this year and thus, as an answer the shareholder's question, the Company's performance was likely to improve as a result of our investment in improvement and development initiatives.

**Question : Mr. Chalermchai Joomdok, a shareholder, raised the following questions:**

1. Stating that the world was being reshaped by technological disruptions and this was evident in the e-commerce trend and that, according to the latest news about Thai Airways Executive director's, mentioned that Thai Airways would also focus on its online sales channel, the shareholder inquired whether the management of the Company had a plan to establish partnership in this respect with Thai Airways.

**Answer :** Mr. Benyiam, We were open to all options and our e-commerce partnerships are not limited to only the 3 business alliances. We have collaborated with several business operators and talks with an airline, which was not Thai Airway, were underway. FN merchandise has been made available on the platform of SCG as the Company viewed that the online channel was a

critical window that offered convenience and 24-hour access to customers. Furthermore, the Company focused on partnering with delivery service providers amid the growing popularity of online shopping and more delivery options.

**Question : Mr. Kookiat Phatcharanaruemon, a Shareholder, raised the following questions:**

1. The shareholder mentioned that the inventory level in 2018 was higher and asked whether the Company's products, which were fashion goods, would become obsolete. Also, the shareholder inquired whether this would adversely affect the Company's profit as well as requested information about branches that recorded operating loss, if any, and the Company's profit-boosting plan.

2. Pursuant to the new laws, the Company was obligated to provide retiring employees with statutory severance pay upon retirement. The shareholder thus asked about the Company's reserve for such expense and whether, after the provisioning of such reserve, the Company would still be able to achieve a profit and pay dividends to shareholders.

**Answer :** Mr. Benyiam, We have consulted the auditor about this issue. With regard to the obsolescence of goods, FN goods were primarily basic goods which had long life cycles, not fast fashion products that had shorter shelf life of only 3-6 months, and featured classic and timeless styles. The inventories were concentrated in non-apparel goods more than apparel goods as the apparel goods were manufactured domestically while the non-apparel goods were ordered in large number to reap the cost advantages from the economies of scale. This might lead to an increase in non-apparel stocks which also included the goods displayed at the stores which caused the inventories to increase, as pointed out by the shareholder, in correlation with higher number of branches. As regards the obsolete inventory, the auditor gave useful advice and made close and careful observation to rid the shareholders of concerns about this issue.

**Answer :** Mrs. Jiraporn, The cost impact of the statutory retirement severance pay was considered low at approximately Baht 200,000 as the Company had a small number of senior employees.

**Answer :** Mr. Benyiam, The Company was committed to obeying the law. However, the cost impact was minimal because of the low average age of FN workforces, which were comprised of young employees, and the consequences of this issue of concern would not be strongly felt in the near future. Dividend was high on the management team's list of priorities and it was our aspiration to offer the dividend benefit to the shareholders.

For loss-incurring branch(es), the Pattaya Branch would be re-located in response to the change in the traffic directions and a new location would be identified.

As regards branches that incurred higher costs, the movement in cost was stable but the income missed our expectations. To manage areas of branches, the size of these branches would be decreased, particularly branches that were too large. There might be a further question whether such space reduction would cause the sales to decline and the answer to such question was that we have learned from our trial that the size of physical stores did not closely correlate with the sales. The online channel could satisfactorily serve customers. Even profitable branches also underwent cost reduction initiatives such as the installation of rooftop-mounted solar energy system at Hua Hin Branch and Rayong Branch.

**Question: Mr. Taweachat Chulangkool, a shareholder, raised the following questions:**

1. The shareholder inquired about the assessment of the cost-effectiveness of the investment in each branch. He mentioned that there were numerous options of rooftop-mounted solar energy systems and product owners were typically willing to lease solar sites. Though he did not know the terms and conditions of such lease agreement, it would take a long time to break even regardless of whether the Company invested in such project itself or have others invest in the project and collect lease fees from such investors. He then asked about the Company's method for assessing the cost-effectiveness of the investment as well as the average per-megawatt cost.

**Answer :** Mr. Benyiam, The information to be hereby shared might not be comprehensive as it would otherwise affect the pricing terms and conditions of the agreements executed by the Company. However, some information could be shared off the record. As stated by shareholder, there were several cost reduction solutions and FN's top priorities in respect of cost reduction were focused on smart spending. We have explored the rooftop solar systems for quite a long time and sought to measure the actual rate of efficiency against the quoted space charge. It was found that the useful life and energy efficiency practically matched the actual demands. Concerning the megawatt of electricity used at each branch, the law permitted the consumption of, at a maximum, 80 percent of the total actual energy consumption to avoid the electrical backflow to the public electricity system. At present, the solar panel installation covered only 50 percent of the building and more solar panels might be additionally installed in the future.

These investments could be assessed based on 2-3 indicators which included, similarly to general investments, the payback period of an investment deal. The payback period of the current investments was 7 years and was considered acceptable.

If the Company opted to lease out solar sites to solar power projects entirely owned by other investors, the financial impact would be within the range of 5 figures per month and would not have significant weight on the net profit as the shareholders expected. Also, the Company strived to ensure effective management and spending of the shareholders' capital.

**Mr. Taweachat Chulangkool, a shareholder, raised the following suggestion:**

The shareholder raised an observation that the store traffic was generally low during the daytime and weekdays. He also inquired the progress of each branch's development, stating that the Eastern region was visited by a large number of tourists, including Chinese and Korean tourists in addition to Thai tourists who generally travelled on weekends. He asked whether the Company had a plan to form partnerships to capture these tourists by leasing out space to foreign food restaurants.

Mr. Benyiam, He thanked the shareholder for the suggestions and mentioned that the Company was also exploring this option. These suggestions were valuable and the management undertook to take further actions as suggested.

Following the inquiries, the Chairman invited the shareholders or proxies to raise other matters.

Since no shareholder or proxy further raise other matters, the Chairman thanked the shareholders for attending the 2019 AGM and assigned the meeting facilitator to invite shareholders to enroll in an FN outlet visit at Chachoengsao Branch by submitting an application form to officers at the investor relations counter. The Chairman declared the meeting adjourned at 3.25 p.m.

-Signed-

(Mr. Visuth Vitayathanagorn) Chairman  
of the Board