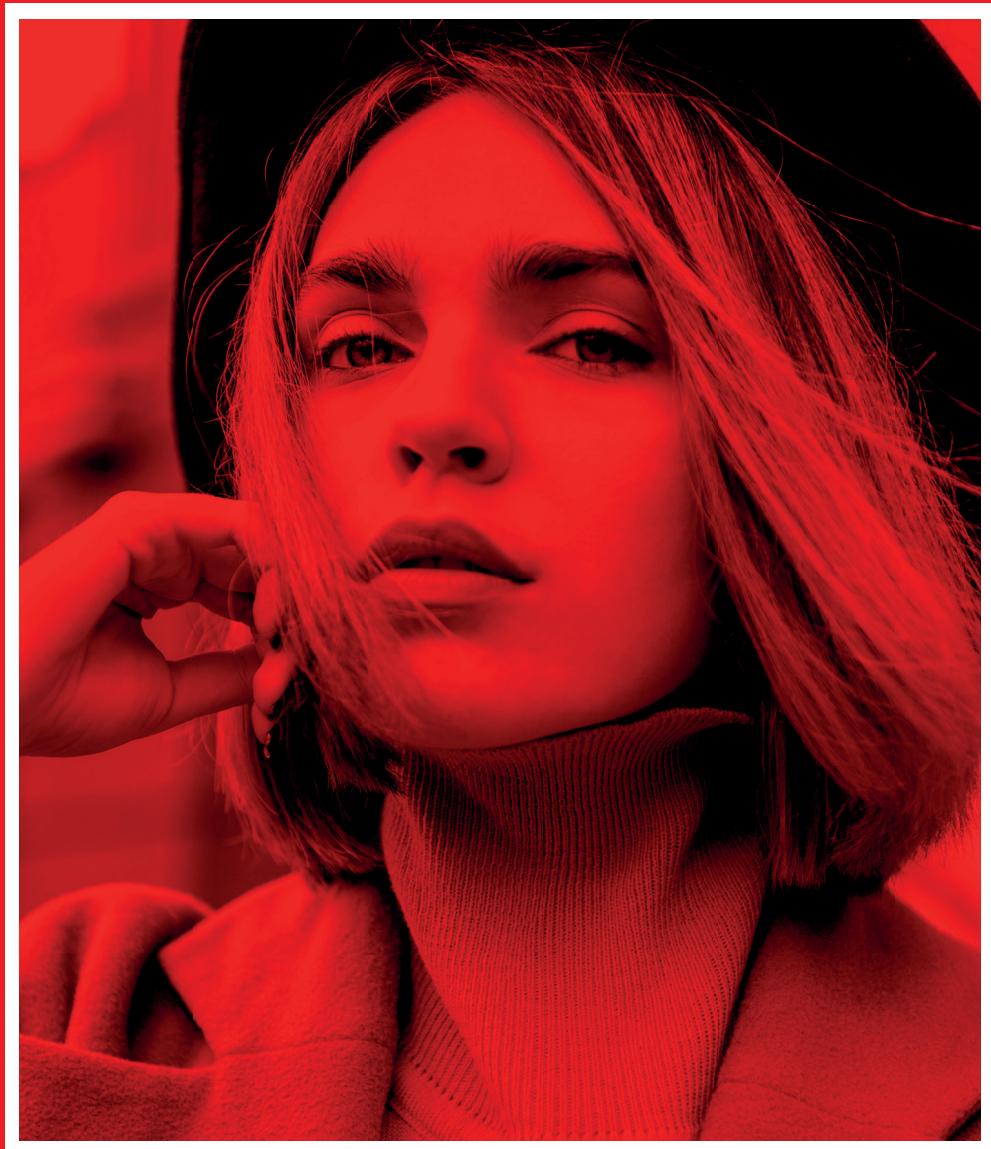


# CENTRAL RETAIL



ANNUAL REPORT 2019

# Central Retail Corporation Public Company Limited

<b>Head Office</b>	<b>22 Soi Somkid, Ploenchit Road, Lumpini Sub-district, Pathumwan District, Bangkok 10330</b>
<b>Phone</b>	<b>+66 (0) 2650 3600</b>
<b>Company Website</b>	<b><a href="http://www.centralretail.com">www.centralretail.com</a></b>
<b>Registration No.</b>	<b>0107562000386</b>
<b>Year of Establishment</b>	<b>1990</b>
<b>Type of Business</b>	<b>Holding Company</b>
<b>Stock Information</b>	<b>The ordinary shares of Central Retail Corporation Public Company Limited were listed and traded on the Stock Exchange of Thailand in 2020 by using the abbreviation of stock “CRC”.</b>
<b>Registered Capital</b>	<b>THB 6,320,000,000</b>
<b>Paid-up Capital</b>	
<b>As of 31 December 2019</b>	<b>THB 4,700,000,000 (par value of THB 1 per share)</b>
<b>As of 14 February 2020</b>	<b>THB 6,031,000,000 (par value of THB 1 per share)</b>
<b>Asking for Information</b>	<b>Company Secretary</b> Phone +66 (0) 2650 3600 ext. 1702, 1777, 1544 Email: <a href="mailto:crc_companysecretary@central.co.th">crc_companysecretary@central.co.th</a>
	<b>Investor Relations</b> Phone +66 (0) 2650 3600 ext. 1703, 1563 Email: <a href="mailto:ir@central.co.th">ir@central.co.th</a>

Investors can additionally study the company's information from the annual registration statement (Form 56-I) of the company showed in [www.sec.or.th](http://www.sec.or.th) or [www.centralretail.com](http://www.centralretail.com)

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Glossary of Retailing Terms

## Vision and Mission

To be the best, sustainable and most admired customer-centric omnichannel retailer wherever we operate.

---

## Principles

Honesty, Diligence, and Commitment  
to Customers.



# VISION AND MISSION PRINCIPLES

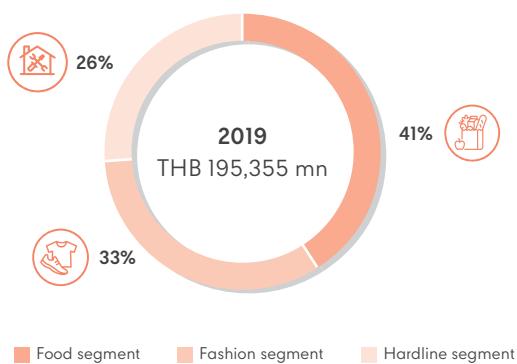


# FINANCIAL HIGHLIGHTS

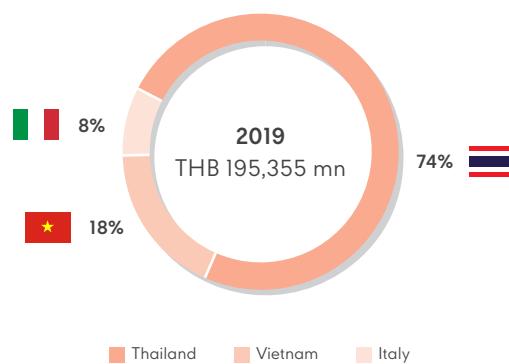
Total revenue (THB mn)



Revenue from sale of goods by segment

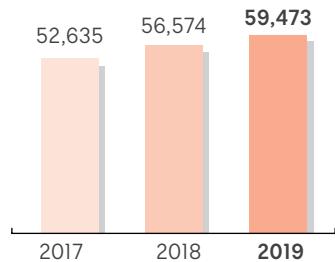


Revenue from sale of goods by geography



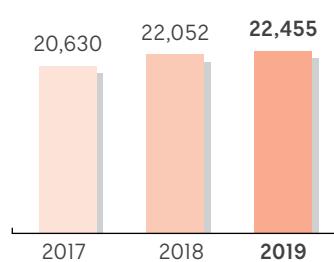
Gross profit (THB mn)

▲ 5.1%



Normalized EBITDA (THB mn)

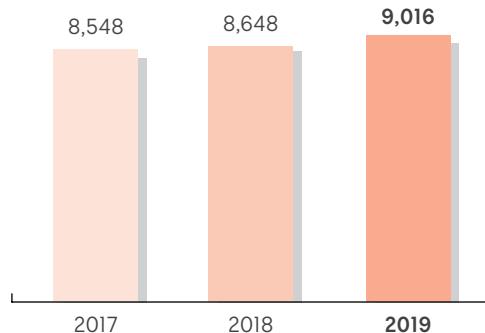
▲ 1.8%



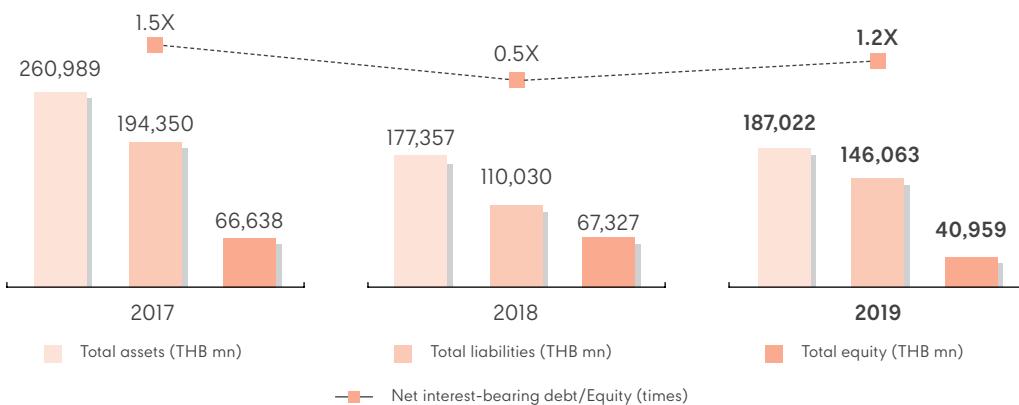
**Note:** Gross profit from sale of goods, rental services, and rendering of services.

## Normalized net profit (THB mn)

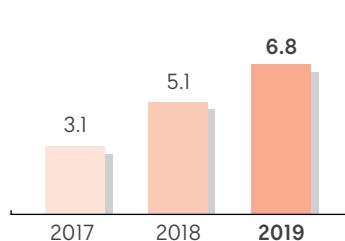
▲ 4.3%



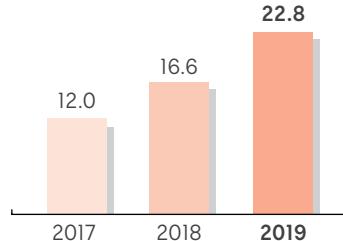
## Financial position



## Return on total assets (ROA) (%)



## Return on equity (ROE) (%)



Note: ROA = Net profit from continuing operations/Average total assets.

Note: ROE = Net profit from continuing operations/Average total equity.

## FINANCIAL HIGHLIGHTS

---

As of 31 December 2017 2018 2019

Operational performance			
Total number of stores <sup>(1)</sup>	2,205	2,224	2,083
Total number of retail plazas	53	59	61
Total net selling space <sup>(2)</sup> (sqm)	2,873,733	2,978,428	3,006,181
Total net leasable space <sup>(3)</sup> (sqm)	444,945	512,790	544,538
Total occupancy rate (%)	95.7	93.0	93.6

Statement of comprehensive income (THB mn)			
Total revenue	187,998	206,620	222,737
Total cost of sales of goods <sup>(4)</sup>	123,110	131,868	144,536
Gross profit <sup>(5)</sup>	52,635	56,574	59,473
Selling and administrative expenses	55,758	60,160	62,652
EBITDA from continuing operations	19,363	25,123	25,814
Normalized EBITDA <sup>(6)</sup>	20,630	22,052	22,455
Share of profit of associates and joint ventures	461	287	391
Net profit from continuing operations	7,534	11,105	12,359
Normalized net profit <sup>(6)</sup>	8,548	8,648	9,016

Statement of financial position (THB mn)			
Total assets	260,989	177,357	187,022
Total liabilities	194,350	110,030	146,063
Total equity	66,638	67,327	40,959

As of 31 December	2017	2018	2019
<b>Financial ratios</b>			
Gross profit margin <sup>(5)</sup> (%)	29.9	30.0	<b>29.2</b>
Normalized EBITDA margin (%)	11.0	10.7	<b>10.1</b>
Net profit margin from continuing operations (%)	4.0	5.4	<b>5.5</b>
Normalized net profit margin (%)	4.5	4.2	<b>4.0</b>
Return on total assets (ROA) <sup>(7)</sup> (%)	3.1	5.1	<b>6.8</b>
Return on equity (ROE) <sup>(8)</sup> (%)	12.0	16.6	<b>22.8</b>
Net interest-bearing debt/Equity (times)	1.5	0.5	<b>1.2</b>
Earnings per share (THB/share)	2.19	3.78	<b>2.26</b>

**Notes:**

- <sup>(1)</sup> Figures do not include sales counters.
- <sup>(2)</sup> Total net selling space is attributable only to our store locations.
- <sup>(3)</sup> Total net leasable space is attributable only to our retail plaza locations.
- <sup>(4)</sup> Cost of sales of goods and cost of rental and rendering of services.
- <sup>(5)</sup> Gross profit and gross profit margin from sale of goods, rental services, and rendering of services.
- <sup>(6)</sup> Adjustment to earnings are net gain (loss) on foreign exchange, impairment gain (loss), gain (loss) on disposal of assets, gain (loss) on disposal of entities under common control, gain on disposal of investment, employee benefits, and insurance compensation.
- <sup>(7)</sup> ROA = Net profit margin from continuing operations/Average total assets.
- <sup>(8)</sup> ROE = Net profit margin from continuing operations/Average total equity.

# **NEW CENTRAL NEW RETAIL**

The New Era of Central Retail  
Meets All Lifestyles  
Delivers Higher Satisfaction and Outstanding Experience  
The Top Global Retailer in the Era of Borderless Retail

# MULTI-CATEGORY

FASHION

CENTRAL



RINASCENTE

HARDLINE



FOOD



LANCHI MART



# MULTI-FORMAT

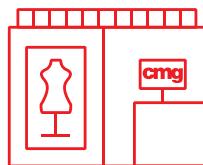
## PHYSICAL PLATFORM



DEPARTMENT  
STORE



SPECIALTY  
STORE



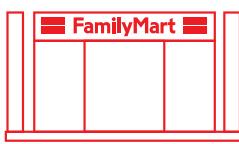
BRANDSHOP



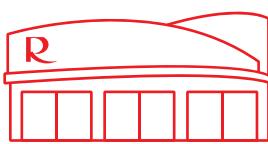
SUPERMARKET



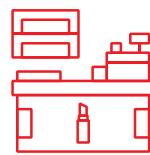
HYPERMARKET



CONVENIENCE  
STORE

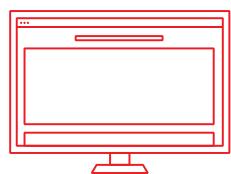


RETAIL PLAZA

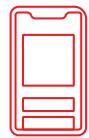


SALES  
COUNTER

## DIGITAL PLATFORM



WEBSTORE

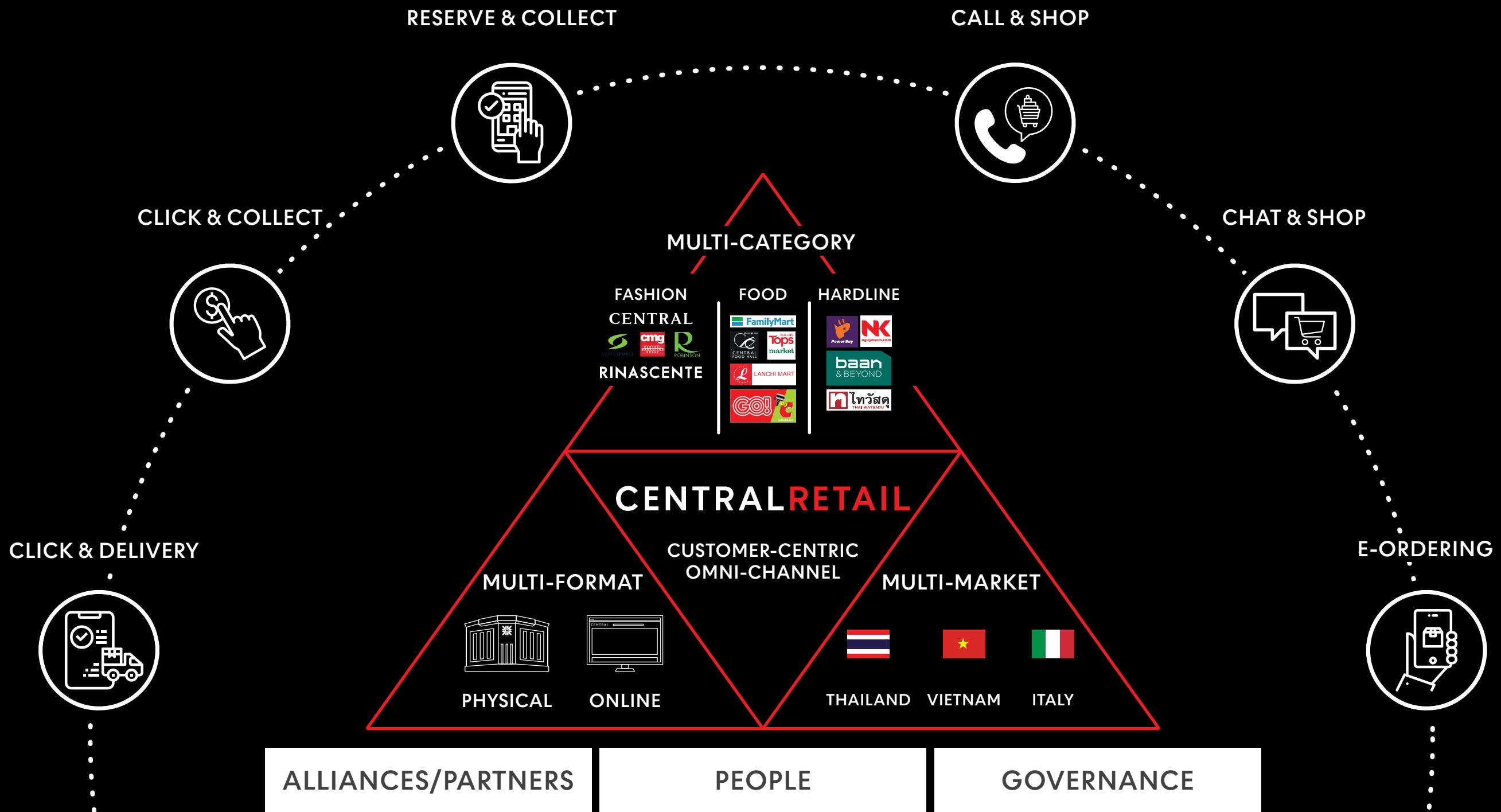


MOBILE  
APPLICATION

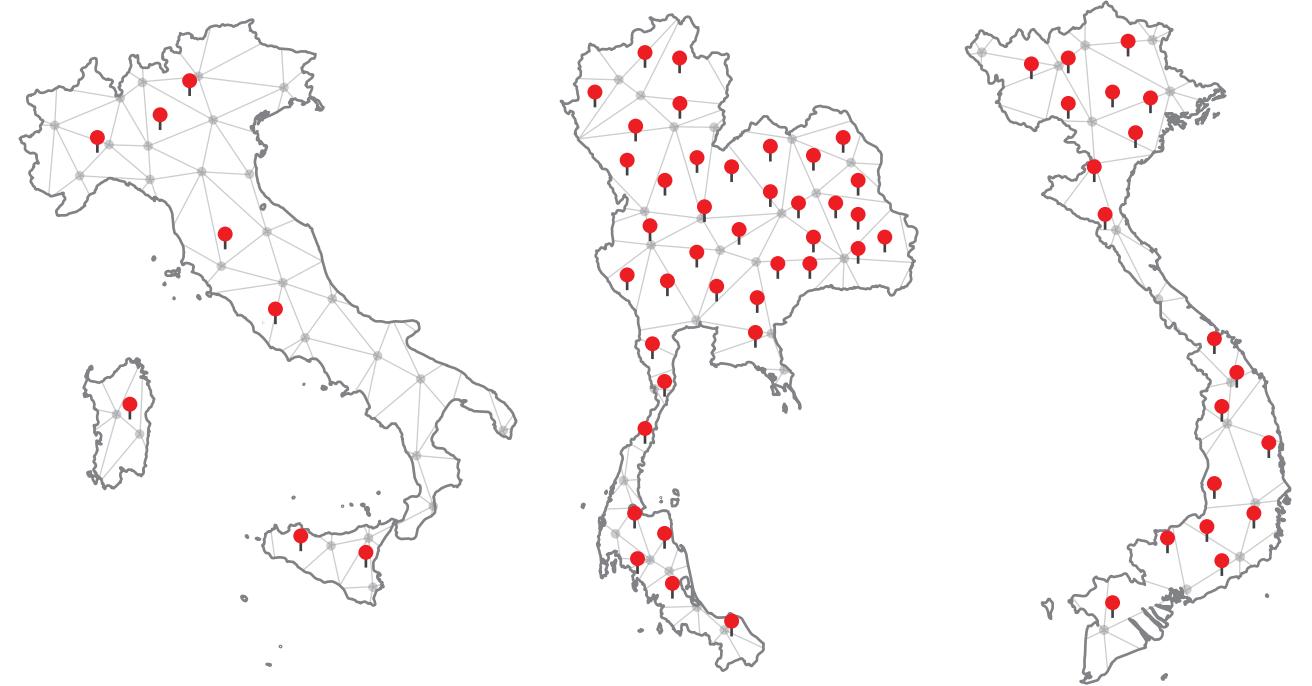


SOCIAL  
COMMERCE

# CENTRAL RETAIL ECONOMY



## MULTI-MARKET



Provinces	Stores <sup>(1)</sup>	Total Net Selling Space (sqm)
51 6 Provinces in BMR 45 Provinces in UPC	<b>1,934</b> 864 Stores in BMR 1,070 Stores in UPC	<b>2,636,920</b> 1,078,525 sqm in BMR 1,558,395 sqm in UPC
40	<b>132</b>	<b>307,304</b>
8	<b>9</b>	<b>61,243</b>

Note: <sup>(1)</sup> 8 brandshops in Malaysia are excluded.  
BMR is Bangkok Metropolitan Region.  
UPC is upcountry.



# MESSAGE FROM THE BOARD OF DIRECTORS

**Dear Shareholders,**

For over 7 decades now, Central Retail, as market leader and as trendsetter, has applied its determination, creativity, and initiative towards the creation of new experiences. We pioneered the first department store in Thailand and have ever since been in the hearts of our customers. We took our business to new heights with multi-format retailing through our specialty stores and other forms of retail, and bridged offline sales with omni-channel platforms in order to meet the needs of our customers. We further built upon our domestic success by expanding into markets of Italy and Vietnam.

With the economy now driven by digital advancements, consumer behaviors and preferences have also changed. We, in turn, embarked upon a new chapter under the motto 'New Central, New Retail', where over the past 3 years we have introduced our customer-centric omni-channel platforms which fused the offline and online experiences seamlessly into one.

Within Thailand, our status as a leader in the retail industry has always earned us a key place in our country's economic strategy; meanwhile our alliances and expansion abroad have made us into Vietnam's largest international retailer as well as Italy's leading operator of world-class luxury department stores.

In 2019, Central Retail generated a total revenue of 222,737 million baht, an increase of 16,117 million baht or an 8 percent growth year-on-year, with a net profit from continuing operation of 12,359 million baht. In order to further maximize revenues, Central Retail has developed a strategy to expand its business and to heighten its capabilities, including plans for the launch of new locations for each business group and the continued modernization of existing ones.

This is the time for Central Retail to move forward into its next era of success as a company listed on the Stock Exchange of Thailand. Not only do we have favorable economic factors with the consumers' ever-increasing-purchasing power, there is also healthy growth to Thailand's tourism sector - as evidenced by the number of visitors, and by our country's standing among the top twenty most popular destinations in the world. With our proven record in the retail industry under the governance of our professional team of Thai and international managers who work under sound corporate governance, we have created value, job opportunities, and a more sustainable environment.

On behalf of the Board of Directors, I would like to express my sincere gratitude to all stakeholders, shareholders, partners, suppliers and customers for your constant trust in, and support of, our company; and we further express our appreciation to our employees for their dedicated contribution. Central Retail is determined in our principles of business through good governance and social responsibility for the greatest benefit for all stakeholders and the company's sustainable growth.

*Prasarn Trairatvorakul*

(Dr. Prasarn Trairatvorakul)  
Chairman

*Yol Phokasub*

(Mr. Yol Phokasub)  
Director & CEO

# AUDIT COMMITTEE'S REPORT

Dear Shareholders,

The Audit Committee of Central Retail Corporation Public Company Limited (“the Company”) consists of 3 independent committees who are experts with experiences in management, account and finance. Each of them has a 3-year tenure. All members of the Audit Committee meet all the qualifications as stipulated in the Audit Committee Charter which is in accordance with the requirements and best practices for the Audit Committee of both the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET).

The main duties and responsibilities of the Audit Committee is to support the Board of Directors in overseeing the matters relating to the preparation and disclosure of financial report information, effectiveness of risk management and internal control systems, compliance of laws and relevant rules and regulations, tracking and follow up the qualification, expertise and sufficiency of internal audit department and its independence of both the internal auditor and the Company's auditor and also evaluating the effectiveness of the operations of the auditors. The Audit Committee had had reports on the performance, together with recommendations to the Board of Directors. Whenever the Audit Committee has any doubt or opinion that there should be improvement regards to internal control, financial report, or other matters found, the Audit Committee will immediately report any queries or suggestions in various matters to the Board of Directors. The summary of the duties of the Audit Committee are as follows:

## **1. Review the Accuracy of Financial Reports and the Adequacy of the Disclosure of the Company's Information**

The Audit Committee quarterly and annually reviews consolidate financial statements of the Company regarding the accuracy and completeness of the financial statements, updating important financial transactions, and accounting estimates, which affecting to the financial statements, also the sufficiency and appropriateness of accounting procedures and audit scope and sufficient of the disclosure of information, and independence of the auditors.

After contemplation, the Audit Committee and the auditors agreed that the aforementioned financial statements of the Company were prepared in accordance with generally accepted accounting standards. They are accurate, complete, and reliable and the selection of accounting policies were also reasonable.

## **2. Review Connected Transactions or Transactions That May Entail Conflicts of Interest**

The Audit Committee has given an importance on reviewing inter-company transactions or transactions that may cause conflicts of interest with the business group to be in accordance with the group policy for entering into connected transactions and a policy for purchase or lease of land for use in conducting business from connected persons by having the related management quarterly report inter-company transactions as announced by SEC and SET. As a result, the said transactions were conducted reasonably with the most beneficial to the business group, and no beneficial to either party

## **3. Review the Internal Control System**

The Board of Directors recognized the importance of having good internal control systems and realized that it was an important duty that must be undertaken to ensure that the Company has appropriate and sufficient internal control systems to ensure that operations are efficiently in line with the target, objectives, laws, and related requirements. In 2019, the Company hired DIA Audit Company Limited (“DIA”) to investigate and observe the internal control systems of the Company and 8 main subsidiaries of the Company. The results of the investigation found that there is no significant issues. However, there is some issues in the activity level of the subsidiaries but the internal audit department of the Company had already investigated and resolved all those issues based on the comments from DIA.

In addition, the Audit Committee reviewed the adequacy of internal control systems according to the guidelines of the internal control of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) by using the “Internal Control Sufficiency Evaluation Form” as specified by the SEC to present to the Board of Directors before disclosed in the annual report and the annual registration statement (56-1).

Based on the results of the assessment of the internal control systems according to the DIA report, there is no significant weaknesses or defects found and the results from the audit report of the internal audit department are which conducted from the plans approved by the Audit Committee and the Board of Directors are conformed to the DIA report as well.

The Audit Committee is of the opinion that the Company's internal control systems were appropriate and effective enough for business operations. There were no significant issues that may affect the Company's operations.

#### **4. Supervise the Internal Audit**

The Audit Committee had supervised the internal audit department to be independent and direct report to the Audit Committee as specified in the Internal Audit Department Charter issued in 2019.

The Audit Committee reviewed the annual audit plan, plan implementation, and internal audit results by giving suggestions and following up the significant issues in order to create good corporate governance and sufficient internal control, including reviewing the independence and adequacy of various resources for the operations of the internal audit department. As a result, the Audit Committee has of its opinion that the Company's internal audit system is suitable, sufficient, and effective. The performance of the internal audit department is in accordance with the approved plans.

#### **5. Consider the Appointment of Auditors**

The Audit Committee considered the selection of auditors by considering their independence, quality of the previous audit, skills, knowledge, and their experience including the appropriation of the audit fees. The Audit Committee adopted the resolution of proposal to the Board of Directors to consider and get approval from the shareholders' meeting to appoint Miss Pornthip Rimdusit, the certified auditor no. 5565, and / or Mr. Watchara Pattarapitak, the certified auditor no. 6669, and / or Mr. Bundit Tangpakorn, the certified auditor no. 8509 from KPMG Phumchai Audit Limited as auditors of the Company for 2019 including the remuneration for the said auditors in 2019.

#### **6. Review Legal Compliance**

The Audit Committee reviewed and supervised the Company and the subsidiaries company to operate the business in compliance with the rules, regulations, and policies of the securities and exchange law, the regulations of the Securities and Exchange Commission, the Stock Exchange of Thailand, and the other laws related to the Company's businesses. As a result, the Audit Committee found no indication of non-compliance and/or operation which is conflict to relevant laws, rules and regulations.

#### **7. Review Good Corporate Governance**

The Audit Committee has reviewed the corporate governance of the Company to ensure that the Company has the appropriate and effective corporate governance process and continuously promoted and followed up the progress of developing good corporate governance by providing guidelines and recommendations to improve the internal control necessary for the Company. To develop the said process, the Audit Committee had of the opinion that the Company should continue developing and improving the good corporate governance.

#### **8. Review and revise the Charter of the Audit Committee.**

The Audit Committee has annually considered, reviewed, and updated the Charter of the Audit Committee to ensure that the Charter of the Audit Committee has remained consistency to the latest notifications and guidelines of SEC and SET, as well as evaluating the performance of duties individually and in group according to the best practices of SEC. The results of the assessment were satisfactory. The Audit Committee had worked with full performance as specified in the Audit Committee Charter which approved by the Board of Directors, they have utilized their knowledge, ability with independence as well as provide their opinions and recommendations to the management and the Board of Directors continuously.

From the performance of the Audit Committee in 2019 as reported above, the Audit Committee had performed his/her duties in accordance with the Charter assigned by the Board of Directors thoroughly and independently to ascertain that the Company has executed the efficient and sufficient corporate governance operations of the Company for the utmost benefit to the shareholders with fair and equal without any conflict of interest, and the internal control systems are sufficient and appropriate.

Pratana Mongkolkul

(Mrs. Pratana Mongkolkul)  
Chairman of the Audit Committee



# THE RISK POLICY COMMITTEE'S REPORT

Dear Shareholders,

The Risk Policy Committee has been appointed since July 2019 by the Board of Directors of Central Retail Corporation Public Company Limited to support the Board of Directors in overseeing the Company to ensure that it has the adequate and appropriate risk management system, enabling the Company to accomplish its objectives efficiently and effectively, as well as to comply with relevant laws and standards so that the overall risks remain at the acceptable level. In 2019, the Risk Policy Committee convened in 2 meetings and the essential performance can be explained in the below sections:

1. Determined action plans to be in line with the risk management policies approved by the Board of Directors in March 2019.
2. Considered and proposed the Charter of Risk Policy Committee, which was established in accordance with the good corporate governance for listed companies and approved by the Board of Directors in August 2019.
3. Appointed suitably qualified executives to be members of the Risk Management Committee, which was chaired by Mr. Yol Phokasub, a member of the Risk Policy Committee and the Chief Executive Officer.
4. Acknowledged the reports of risk assessment results prepared by business units, which identified 4 types of risks, including Strategic, Operational, Financial and Compliance, determined risk indicators, risk levels, business impacts, risk responses, existing control activities, and monitoring and assessment.
5. Acknowledged the progress of implementation according to the Personal Data Protection Act B.E. 2562 (PDPA) and assigned the Risk Management Committee to oversee and monitor the risk assessment results, as well as to consider the appropriateness of measures against risks derived from PDPA in order to ensure that the business units will be ready for the implementation by May 2020.

The Risk Policy Committee regularly reports its performance to the Board of Directors and have commitment to enhance the internationally-standard risk management system in order for the shareholders and stakeholders to be confident in the company's operation, which holds to the corporate governance and the sustainable development.

*Patareeya Benjapolchai*

(Mrs. Patareeya Benjapolchai)  
Chairman of the Risk Policy Committee

# BOARD OF DIRECTORS



- |                                |  |
|--------------------------------|--|
| 1. Dr. Prasarn Trairatvorakul  | Chairman   |
| 2. Mr. Suthichai Chirathivat   | Vice Chairman  |
| 3. Mr. Suthikiati Chirathivat  | Vice Chairman  |
| 4. Mrs. Patareeya Benjapolchai | Independent Director / Chairman of the Risk Policy Committee / Member of the Audit Committee               |
| 5. Dr. Atchaka Sibunruang      | Independent Director / Chairman of the Nomination and Remuneration Committee                               |
| 6. Mr. Sompong Tantapart       | Independent Director / Member of the Audit Committee / Member of the Nomination and Remuneration Committee |
| 7. Mrs. Pratana Mongkolkul     | Independent Director / Chairman of the Audit Committee   |



- 8. Mr. Kanchit Bunajinda
- 9. Mr. Sudhisak Chirathivat
- 10. Mrs. Yuwadee Chirathivat
- 11. Mr. Suthilaksh Chirathivat
- 12. Mr. Prin Chirathivat
- 13. Mr. Tos Chirathivat
- 14. Mr. Pichai Chirathivat
- 15. Mr. Yol Phokasub

Independent Director / Member of the Risk Policy Committee  
Director / Member of the Nomination and Remuneration Committee  
Director / Member of the Executive Committee  
Director  
Director / Member of the Risk Policy Committee  
Director / Chairman of the Executive Committee /  
Member of the Nomination & Remuneration Committee  
Director  
Director / Member of the Executive Committee /  
Member of the Risk Policy Committee / Chief Executive Officer

# MANAGEMENTS



**Mr. Yol Phokasub**

---

Director /  
Member of the Executive Committee /  
Member of the Risk Policy Committee /  
Chief Executive Officer



**Mr. Nicolo Galante**

---

Member of the Executive Committee /  
President



**Mr. Piya Nguikaramahawongse**

---

Member of the Executive  
Committee / Chief Financial Officer



**Mr. Philippe Jean Broianigo**

---

Chief Executive Officer  
Central Retail Vietnam



**Mr. Pierluigi Cocchini**

---

President  
Central Retail Italy



# AWARDS AND RECOGNITIONS

The following lists of awards, recognitions and honors are granted to Central Retail for our leadership throughout the years.



Ad Stars Award



Environmental Excellence



Top Brand



Best Employer



Best Department Store in the World



Adman Award



Thailand's Most Admired Brand

# 2016

01

## Best Department Store in the World

Rinascente's Milan location was awarded the "Best Department Store in the World" award at the Global Department Store Summit – GDSS

02

## Top Brand Award/Best Five Premium Stores

Central Food Hall received the "Top Brand" award from Influential Brands in Singapore each year from 2016 to 2018 in the supermarket and premium supermarket segment and was ranked among the "Best Five" premium stores by the Institute of Grocery Distribution of the United Kingdom in 2016.

07

## Influential Brands

Central Department Store was awarded Influential Brands Award at the 2019 Asia CEO Summit & Award Ceremony, Department Store category. Voted as the most well-known department store for Gen Y customers.

08

## Thailand's Most Admired Brand

Central Department Store was awarded Thailand's Most Admired Brand, Department Store category from BrandAge Magazine (13 consecutive years, 2007–2019)

09

## ENVIRONMENTAL EXCELLENCE

Central Department Store received 'Environmental Excellence' Certificate of Appreciation from being the first department store in Thailand to adapt green technology for its signage advertising, in partnership with Thumnaksilp Advertising

# 2017

03

## Largest Sporting Goods Retailers in the Galaxy

Super Sports was ranked 54<sup>th</sup> on Sporting Goods Intelligence's Largest Sporting Goods Retailers In the Galaxy.

10

## Top Brand

Central Food Retail won three Influential Brands awards for its Central Food Hall, Tops Market and FamilyMart brands as top brands in Asia recognized by Generation Y consumers in 2019.

# 2018

04

## Top 500 Retailers in Asia-Pacific/Top 500 Largest Enterprises in Vietnam

Nguyen Kim and Big C are each listed among the "Top 500 Retailers in Asia-Pacific" by Asia Retailer Magazine, among the top 500 largest enterprises in Vietnam by VN500.

11

## The organization that supports the disabled work Award

Central Retail was awarded "The organization that supports the disabled work for the year 2019" from Ministry of Social Development and Human Security

# 2019

05

## Ad Stars Award

"WORK HARD, SHOP HARDER" Video clip from Central Department Store was awarded the gold trophies by AD STARS 2019, held in South Korea, in category of Art Direction / Production Design.

12

## Best Omni-Channel Experience

'TheLx Central Chat & Shop' Campaign won Gold Award of Best Omni-Channel Experience at CX Asia Excellence Awards 2019, held in Singapore.

06

## Adman Awards

"WORK HARD, SHOP HARDER" Video clip from Central Department Store was awarded 3 Silver Awards at Adman Awards & Symposium by Advertising Association of Thailand in category of Film Craft / Online Film/ Product Design.

13

## Best Employers Thailand

Central Marketing Group and Robinson Department Store were awarded the "Best Employers Award" alongside Robinson at the Kincentric Best Employers Award and Learning Conference, hosted by Kincentric Thailand and Sasin School of Management of Chulalongkorn University.



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# BUSINESS OVERVIEW

# BUSINESS OVERVIEW

Central Retail Corporation Public Company Limited (“the Company” or “Central Retail”) is the leading multi-format and multi-category retailing platform in Thailand. Central Retail is also growing internationally, securing leadership status in Italy and becoming one of the leaders in Vietnam.

Central Retail believes we have helped drive the evolution of consumer lifestyles and shopping habits in Thailand and Vietnam by repeatedly introducing new retail formats to our customers, including department stores, specialty stores, supermarkets, hypermarkets, convenience stores and retail plazas. In addition, Central Retail is the pioneer of omni-channel retailing in Thailand, complementing our retail store network and making Central Retail’s webstores are the most visited webstore among retailers who primarily operate physical stores. The iconic “Central” brand, whose reputation for excellence and a customer-centric approach to retailing dates back over 70 years in Thailand, unifies and stands behind our portfolio of diverse retail banners, many with leading market positions across the most attractive retail categories.

Currently, Central Retail operated 1,934 stores under key retail banners across multiple formats in 51 provinces in Thailand, which cause Central Retail to be Thailand’s largest mixed retailer; in addition, the multi-format retail business has been expanded to Vietnam with the emphasis on customers-centric as indicated by 132 stores across multiple format in 40 provinces, which make Central Retail as Vietnam’s largest retailer of foreign origin; similarly, Central Retail has established 9 department stores in Italy.

Central Retail operates under a diverse slate of retail banners, including (1) fashion banners, (2) hardline banners, and (3) food banners. In addition to being the business alliance with endorsements from world-leading brands, Central Retail also aims to provide a differentiated offering across global import and domestic merchandise, aligning with preference and demand of customers in local areas; as a result, Central Retail is believed to be the first choice of customers in each consumer expenditure category where Central Retail operates. Moreover, Central Retail’s omni-channel platforms seek to provide the next generation of customers with a personalized, holistic shopping experience while driving our continued growth in Thailand and abroad.

## Competitive Strengths and Business Strategies of Central Retail

### Competitive Strengths

#### The Leading Multi-Format Retail Platform with Retail Banners and Omni-channel Offerings across Multiple Retail Categories

Central Retail is the leading multi-format retail platform in Thailand, offering a portfolio of powerful retail banners which consisted of 1,934 stores, including 73 department stores, 262 specialty stores, 413 brand shops, 218 supermarkets, and 968 convenience stores with a total net selling space of approximately 2,636,920 sqm. and Central Retail also operated 1,750 sales counters. All stores are covering 51 provinces. In addition, Central Retail leverages diverse and comprehensive portfolio of store formats to optimize extensive real estate platform, which includes areas where Central retail locates stores as a stable tenant under long-term lease agreements, and areas for retail plazas, which locates on space that Central Retail owns, and where Robinson Lifestyle Center is a leader retail leasing in Thailand with over 365,295 sqm. of net leasable area across 23 stores. Therefore, multi-format model makes Central Retail as a leading direct retailer and a large lessor of leasable area in Thailand.

Central Retail has established leadership positions in multiple retail categories in Vietnam. In addition, Vietnam market is the important strategic growth of the Company in the future by taking into consideration of macro economy, target population and few retail players in the market. In addition, Central Retail is the second largest retail plaza operator in Vietnam in terms of gross floor area, according to internal data.

Furthermore, Central Retail is the largest department store operator in Italy. The flagship Rinascente store in Milan is one of the premier “must visit” shopping destinations in Europe.

Central Retail started to lay the foundation of omni-channel platforms as early as 2012 as the largest store-based consumer retailer in Thailand online and the pioneer who has introduced omni-channel platforms to communicate with customers as well as being known for high-quality and trustworthy products and services. Central Retail also has an e-commerce infrastructure, a logistics and distribution network for stores merchandise as the base of omni-channel platform services which can deliver products from stores to designated destination as requested by customers.

### **Focus on Customers Centric to Drives Continuous Innovation and Customer Engagement**

Central Retail has always been the pioneer of innovation for consumers in retail business in Thailand, as well as being the leader to develop department stores as shopping destination, lifestyle centers, and some types of specialty stores. In addition, Central Retail is a leading innovator in grocery, for example, Tops Daily, a store with a mini-supermarket concept selling ready-made meals and coffee as well as having co-working space, and Central Food Hall, premier grocery format and food destination where customers can dine-in and carry-out a wide selection of premium groceries. Central Retail also presents diverse purchasing experience, for example, Super Sports in Central World offers a “Run Lab” service which help customers find the most appropriate running shoes, Tops supermarket has electronic self-checkout kiosks, and Thai Watsadu has introduced AUTO1 providing full service car maintenance by professionally trained in-store technicians and offered a vFIX service which connects between the certified building contractors and customers who have a home improvement projects.

Central Retail can maintain the diverse and ever-changing customer base to engage with the retail ecosystem through innovative technologies, including omni-channel and online strategies. Currently, Central Retail has a selling channel through 8 webstores of retail banners while implementing the concept of cashless society by deploying digital payment platforms. Digital technologies also make data collection and analysis possible on an unprecedented scale, for example, loyalty programs which allow us to extract valuable customer insights for deeper understanding. Central Retail also believes this technology can predict customers’ needs in advance.

### **Diverse Ecosystem Attracts Prestige Brands and Drives Synergies and Customer Engagement**

Central Retail believes diverse retail banners, broad retail networks, large scale of the business, customer loyalty, long-term customer retention, efficient operations, and professional reliability make Central Retail a trustworthy business ally in the eyes of global luxury and premium brands and mainstream merchandise brands who seek for distribution channels in Thailand. The comprehensive multi-format retail ecosystem of Central Retail is beneficial to allied brands and suppliers. Synergy and efficiency in Central Retail’s operations also attract many world-leading brands, executives and employees with experience and expertise on the retail industry, major suppliers, and other partners into Central Retail’s networks. In addition, being a part of the Central Group’s ecosystem as well as building strong connection and unity with other companies, Central Retail can enhance own competitive capability in retail industry and offer benefits to customers, business alliances, and overall business of Central Retail.

## Customer Relationships

Central Retail has engaged in Central Group's The1 loyalty program in Thailand. The membership has grown from 8.2 million members in 2014 to 16.9 million members as of 31 December 2019 which amount to 24% of total population in Thailand while 3.9 million members are "Active Monthly Users". Acquisition of new members is carried out in-store, through our omni-channel platforms, webstores and the The1 mobile application, and the ability to earn points through purchases with other external partners.



## Real Estate

Collaboration with CPN, a subsidiary of Central Group, Central retail is at times provided with the early-stage opportunities to evaluate the commercial feasibility for establishing a store at a particular site of CPN. As a result, Central Retail can easily secure prime locations to open a new store while also influencing store concepts and customer experiences planned for the shopping mall. Furthermore, Central Retail can flexibly adapt and renovate our retailing space to better respond to changes in consumer spending patterns.

## Additional Benefits

Central Group has shown its continued support through HCDS, Central Retail's major shareholder, and its subsidiaries. HCDS has granted the right, in accordance with certain conditions as described in the relevant agreements, to acquire of some retail business of HCDS, fully or partially, to the Company at prices and on conditions which the parties will agree in good faith before HCDS can offer the business to other buyer (Right of First Refusal), and granted the right to acquire the business, fully or partially, to the Company when the Company requests. Moreover, HCDS has established Central Retail as the first flagship company in multi-format and multi-category retailing platform in Thailand and abroad.

## Success of Track Record of Acquisitions and Expansion into Other Markets in Asia and Abroad

Central Retail has a strong track record of international expansion mainly through acquisitions and joint ventures. International revenue of Central Retail amounts to 25.8% of total revenue as of 31 December 2019. Central Retail entered the Vietnam market 5 years ago with fashion category; in 2015, Central Retail formed joint ventures with Nguyen Kim (all shares were acquired in 2019) and Lanchi Mart; in 2016, Central Retail acquired Big C Vietnam; and in 2018, the first branch Big C/GO! was opened. Due to remarkable performance, local authorities from around the country have contacted us to discuss opening GO! stores in their respective provinces, which will help to expedite our land procurement processes in the future. Sales in Vietnam were in an upward trend with CAGR at 19.8% from 2016 to 2018.

Central Retail entered Italian markets in 2011 through Rinascente acquisition and, from that year to 2019, sales of Rinascente grew with CAGR at 9.2% and SSSG of 7.7%. This was achieved by adapting our offerings in response to the demands of Italian customers to increase domestic sales while also catering to tourists demand in key Italian tourist centers, where Central Retail has successfully applied valuable experience with Chinese tourists shopping in Thailand to capture the similar market in Italy.

### **A Capable and Experienced Management Team Comprising Professional Management from the Retail Industry and the Chirathivat Family**

Central Retail has seasoned management team consisting of executives who mostly have over 20 years of experience in retail industry in Thailand, Vietnam, and Italy, professional experts in other fields of work who operate along with Chirathivat Family, and competent executives from the Chirathivat Family. In addition, professional executives in Thailand and abroad have been hired. As an industry leader and pioneer, Central retail has consistently been able to attract the most talented employees locally and globally that also align with our customer-centric operating model. Central Retail believes there are few other retailers with a management pool that could match our expertise and experience.

## **Business Strategies**

### **Extend Domestic Leadership through Organic Growth and Inorganic Growth in Thailand**

The main goal of Central Retail is to extend leadership position through store optimization, rapid network expansion and omni-channel integration to capture additional market shares and increasing growth in customer spending, particularly in regions outside Bangkok, where our lower market penetration presents an opportunity for further growth. In recent years, Central Retail has been noticing customer spending in the areas which started to have higher growth than Bangkok Metropolitan Region. Thus, Central Retail aims to significantly boost market shares in these

areas through organic growth and inorganic growth in the next 5 years. Central Retail believes our continued focus on customer service and ability to adapt to customer tastes and preferences will be critical in helping us capture additional market share and our customers' wallet. To achieve this goal, Central Retail welcomes local level management to provide opinion and participate in decision-making through the implementation of our "centrality" management initiative in each area.

### **Accelerate Growth in Vietnam by Leveraging Big C Platform**

Central Retail plans to leverage Big C as a platform to accelerate business growth in Vietnam. Big C retail plazas in Vietnam consist of Big C hypermarkets which are the primary business, leasable space for third party, and retail banners of Central Retail. Central Retail plans to apply these concepts to each branch of Lanchi Mart which is located in rural areas. Nguyen Kim, which is specialty electronics retail banner, will be expanded in standalone and shop-in-shop formats across each branch of Big C Vietnam. Currently, Big C Vietnam is present in 22 major provinces and there are 41 provinces to be expanded to. Central Retail started to rebrand "Big C" to "GO!" in order to revolutionize the image of hypermarkets in Vietnam. In addition, Central Retail has been coming up with ideas and formats for new stores; the result includes, for example; Hello Beauty, a health and beauty-focused specialty store; Lookkool, a lifestyle store; Home Mart, a DIY home appliance shop-in-shop; and Food City, a value-for-money food court of international foods; all of which are located in Big C retail plazas in Vietnam. Central Retail aims to expand stores under our retail banners across 63 provinces in Vietnam.

### **Extract Further Synergies and Opportunities for Growth from Rinascente in Italy and across Europe**

Central Retail is the leading department store operator in Italy and the prestige, sophistication and long heritage of Rinascente provide compelling opportunities in expanding the business. Our flagship stores in Milan and Rome are among Europe's premier "must-visit"

shopping destinations for tourists. Thus, capturing additional share of the tourism market is crucial to continue growth of the Company, and thus Central Retail plans to implement effective marketing strategies to continue to attract tourists. Central Retail also intends to expand its business in Italy by focusing on delivering a superior shopping experience at our existing stores through continuous store renovations and thereby attracting popular brands and increase customer traffic and sales. Moreover, omni-channel platforms are another factor to drive growth across Italy in the near future. Central Retail also plans to extract further synergies from Rinascente store and continue to evaluate opportunities elsewhere in Europe.

### **Continue to Improve Omni-Channel Platforms to Enhance Customer Experiences**

Omni-channel strategies of Central Retail focus on bringing both convenience and peace of mind to our customers in the digital era by leveraging comprehensive retail network with online shopping portals to create a seamless shopping experience; even if Central Retail is Thailand's leader in omni-channel retailing, the platforms have yet to deploy the full suite of omni-channel features across all of Central Retail's store locations and retail banners. Therefore, expanding omni-channel platforms to cover the entire retail ecosystem as well as extracting operational synergies and increase of efficiency in operations are important strategies to drive business growth of Central Retail going forward. As a result, Central Retail plans to scale up omni-channel platforms capability and continue to improve online channel.

### **Optimize Customers Data Analytics to Foster Customer Loyalty and Drive Sales**

Engaging in loyalty programs for membership in Thailand, Vietnam, and Italy and the breadth and depth of our multi-format and omni-channel platforms provide Central Retail with multiple channels to collect and aggregate customer data. Central Retail plans to utilize data analytics provided by The1 loyalty program and internal sources to process customer data into increasingly individualized profiles that can help to determine consumption patterns, levels of wealth and other customer attributes. In addition, Central Retail applies data from The1 loyalty program for strategic decision making, allowing management to determine membership penetration down to the district level in many cities. Central Retail then plans to provide this data available to managers at the store level so they can make better decisions with respect to pricing, merchandising, promotions, cross selling related merchandise, targeted offers, communication, helping them to provide an increasingly differentiated and enhanced customer shopping experience. Furthermore, Central Retail plans to make this data available to our suppliers on a selective basis and subject to certain conditions, in order to improve their pricing, merchandising, inventory management and other decisions, which Central Retail believes, will benefit in the form of stronger partnerships with suppliers, strengthen customer loyalty, enhance customer engagement and ultimately drive increases in sales.

## **Major Development in 2019**

**June** In 2015, Central Retail formed joint ventures with Nguyen Kim in Vietnam. Later, Central Retail acquired the remaining shares of Nguyen Kim on 7 June 2019, becoming wholly-owned subsidiary of Central Retail.

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**August** On 29 August 2019, the Extraordinary General Meeting of Shareholders No. 2/2019 approved the conversion of Central Retail Corporation Limited into a public company limited and the capital increase of THB 1,620 million from Central Retail's registered capital THB 4,700 million by way of the issuance and offering of 1,620 million newly issued ordinary shares with a par value of THB 1.00 in order to make tender offer and purchase securities of ROBINS as well as support over allotment.

## **Continue Exploring Future Growth Opportunities in Asia and Globally**

Our track record in international acquisitions has institutionalized our strategic approach to expanding into new markets, and Central Retail continues to monitor regional markets for expansion and acquisition opportunities in Asia and other regions while focusing on investment in businesses which allow Central Retail to leverage own operational expertise to realize synergies with the potential targets. Central Retail seeks out opportunities where a founder or existing management team is able to stay on, helping to preserve local expertise and ultimately lowering our integration risk. Vietnam is a valuable case study for this strategy of Central Retail; after initiating Nguyen Kim and Lanchi Mart joint ventures, their scale in Vietnam remained insufficient for optimal performance. By acquiring Big C Vietnam, Central Retail could achieve this goal to expand business and the existing retail banners of Central Retail in Vietnam were strengthened also.

## **History and Major Developments**

### **History**

In 1947, the Central Group began as a small family shop run by Mr. Tiang Chirathivat (Mr. Tiang) in Bangkok. In 1956, his son, Mr. Samrit Chirathivat (Mr. Samrit), expanded the general merchandise business with the establishment of the first Central Department Store in Bangkok's Wang Burapha district. Both Mr. Tiang and Mr. Samrit, the Central Group's founders, were fully engaged in running the business, and were also helped by other family members. The era was one of bustling trade and growth, and the visionary Mr. Tiang and Mr. Samrit quickly established businesses that were characterized by many "firsts" in Thailand.

Under the stewardship of the Chirathivat family, the Central Group has grown to become one of Thailand's most recognizable brands and among the most successful retail conglomerates in Southeast Asia. The Chirathivat family's vision for the retail business has been passed on from generation to generation. In addition, business expansion into the omni-channel arena has helped to drive growth and strengthen leadership positions of Central Retail across multiple retail categories.

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**October** Rinascente, Turin branch, Italy, a department store of Central Retail, was officially launched along with 1,000 world-renowned brands to cater tourists from all corners of the world. The department store had many chic restaurants, Temakinho for example, a stunning outdoor zone which was one of its selling points, and up to 3 additional floors in later expansion in order to provide comprehensive products and services.

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**December** The Company made a tender offer for all securities of ROBINS and delisted the shares of ROBINS from being a listed securities on the SET. The Company compensated newly issued ordinary shares for the Conditional Exchange Offer ("share offering and a tender offer to buy all securities of ROBINS") and there was no cash alternative.

# Shareholding Structure

As of 31 December 2019

## Fashion

### Central Department Store

CDS	Central Department Store Co., Ltd
CMG Indo	PT Central Marketing Group Indonesia

### Robinson Department Store and Robinson Lifestyle Center

MASS	Mass Concept Co., Ltd.
CRG-S	C.R.G. Service Co., Ltd.
ROBINS	Robinson Department Store PCL
CR-TH	CR (Thailand) Co., Ltd.
CR-RB	CR Ratchaburi (Thailand) Co., Ltd.
CR-CM	CR Chiangmai (Thailand) Co., Ltd.
CR-HY	CR Hatyai (Thailand) Co., Ltd.
CR-UT	CR Udonthani (Thailand) Co., Ltd.
CR-CB	CR Chantaburi (Thailand) Co., Ltd.
CR-NS	CR Nakhonsithammarat (Thailand) Co., Ltd.
CR-PK	CR Phuket (Thailand) Co., Ltd.
R-SKV	Robinson Sukhumvit Co., Ltd.
R-(L)	R-Trading (L) BHD.
R-NKR	Robinson Nakarin Co., Ltd.
R-RCD	Robinson Ratchada Co., Ltd.

### Robinson Department Store (Vietnam)

RBSJSC	Robinson Department Store (Vietnam) JSC
CRCJSC	Central Retail Corporation (Vietnam) JSC

### Rinascente

CRC Holland	CRC Holland B.V.
CRC Rina	CRC Rinascente S.p.A.
LR	La Rinascente S.p.A.

### Super Sports

SSHD	SSHD Co., Ltd.
SPS	CRC Sports Co., Ltd.
SPSJSC	CRC Sports (Vietnam) JSC

### Central Marketing Group

CMG	Central Marketing Group Co., Ltd.
C Trading	Central Trading Co., Ltd.
Earth Care	Earth Care Co., Ltd.
Matter D	Matter D Co., Ltd.
Textral Textile	Textral Textile Co., Ltd.
Cetrec	Cetrec Sakol Co., Ltd.
John Master	John Master (M) Sdn. Bhd.
Kiko Garment	Kiko Garments Sdn. Bhd.
Child	Child Boutique Sdn. Bhd
KKR	Kiko Retail Sdn. Bhd
RINS ROY	Rins & Roys Sdn. Bhd
CMG In'l Group	CMG International Group Ltd.
CMG Malaysia	CMG Central Marketing Group Malaysia Sdn. Bhd.
CMG Asia 3	CMG Asia Three Ltd.
CMG Asia 4	CMG Asia Four Ltd.
CMG Asia 5	CMG Asia Five Ltd.
CMG S'pore	CMG Group (Singapore) Pte. Ltd.
CMG Vietnam	CMG Vietnam Co., Ltd.
CMG China	Central Marketing Group (Shanghai) Co., Ltd.

### Komonoya

TWT	Thai Watts Co., Ltd.
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### Central Online

CDFH	CDF Holding Co., Ltd.
CDFS	Central Duty Free Shops Co., Ltd.
CUT	Central US Trading Ltd.

### Supporting Business

CNGI	Cenergy Innovation Co., Ltd.
CGO	Central Group Online Co., Ltd.

### Hardline

#### Thai Watsadu and Baan & Beyond

CTD	CRC Thai Watsadu Co., Ltd.
CHGM	CHG Marketing Co., Ltd.

### Power Buy

PBHD	PBHD Co., Ltd.
PWB	Power Buy Co., Ltd.
PBL	PB Logistic Co., Ltd.
3PLUS	Three Plus Service Co., Ltd.

### Nguyen Kim

NKT	NKT New Solution and Technology Development Investment JSC
NKM	Nguyen Kim Modern Trade Development Investment JSC
NK Trading	Nguyen Kim Trading JSC
Sinco	Saigon Industrial Corporation
NK LX	Nguyen Kim Long Xuyen Co., Ltd.
NK CT	Nguyen Kim Can Tho Co., Ltd.
NK BD	Nguyen Kim Binh Duong One Member Co., Ltd.
NK BMT	Nguyen Kim Buon Ma Thout One Member Co., Ltd.
NK HPDI	Nguyen Kim Hai Phong Development Investment Co., Ltd.
NK CTD	Nguyen Kim Central Trading Co., Ltd.
NK AS	Nguyen Kim After Sales Service One Member Co., Ltd.

### Food

#### Tops and Central Food Hall

CFR	Central Food Retail Co., Ltd.
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### FamilyMart

SFMH	SFM Holding Co., Ltd.
CFM	Central FamilyMart Co., Ltd.

### Matsumoto Kiyoshi

CMK	Central & Matsumoto Kiyoshi Co., Ltd.
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### Lanchi Mart

Lanchi	LCP Trading Services JSC
LC Investment	Lan Chi Investment and Service Co., Ltd.
LC Ha Nam	Lan Chi-Ha Nam Investment and Service Co., Ltd.
LC Trading	Lan Chi Services and Trading Investment Co., Ltd.

### Big C Vietnam

CGSJSC	Central Global Service JSC
Hillborough Group	Hillborough Group Ltd.
Orbit Avenue	Orbit Avenue Sdn. Bhd.
Cap C	Capital C Co., Ltd.
Quinam B.V.	Quinam B.V.
Vindemia	Vindemia SAS

### EBT

Cavi	Cavi Ltd.
Cavi Retail	Cavi Retail Ltd.

E-Cavi	E-Cavi Ltd.
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Cavi RE	Cavi Real Estate Ltd.
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EBS	EB Services Co., Ltd.
Recess	Recess Logistic and Retail Co., Ltd.

Cavinoi	Cavinoi Ltd.
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New Plan	New Plan Co., Ltd.
New Plan RE	New Plan Real Estate Investment Co., Ltd.

GTVD	General Trading and Distribution Co., Ltd.
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GTSD	General Trading Service and Distribution Co., Ltd.
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New Grocery	New Grocery Co., Ltd.
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GTHP	General Trading of Household Products One Member Co., Ltd.
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GTF	General Trading Fashions One Member Co., Ltd.
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EBH	EB Hai Phong JSC
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EBV	EB Vinh LLC
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EBND	EB Nam Dinh LLC
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EBPT	EB Phu Thanh LLC
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EBTP	EB Tan Phu LLC
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EBTH	EB Thanh Hoa LLC
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EBHD	EB Hai Duong LLC
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EBCT	EB Can Tho LLC
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EBBD	EB Binh Duong LLC
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EBHue	Espace Business Hue JSC
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EBA	Espace Big C An Lac Co., Ltd.
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EB New City	EB New City Co., Ltd.
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EBD	Espace BIG C Dong Nai
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HC RE	Hung Cuong Retail Real Estate Investment Joint Stock Company
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CDV	C-Discount Vietnam Co., Ltd.
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Viet Nhat RE	Viet Nhat Real Estate JSC
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TTS Dong Nai	TTS Dong Nai One Member LLC
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DDTV RE	Dong Duong Tra Vinh Real Estate and Retail Supermarket JSC
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Viet Nhat SG	Viet Nhat Sai Gon – My Tho Co., Ltd.
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NK TG	One Member Limited Company
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Investment Development	Investment Development
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Nguyen Kim Tien Giang	Nguyen Kim Tien Giang
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### Associates and Joint Ventures

Sunglass Hut	Sunglass Hut (Thailand) Co., Ltd.
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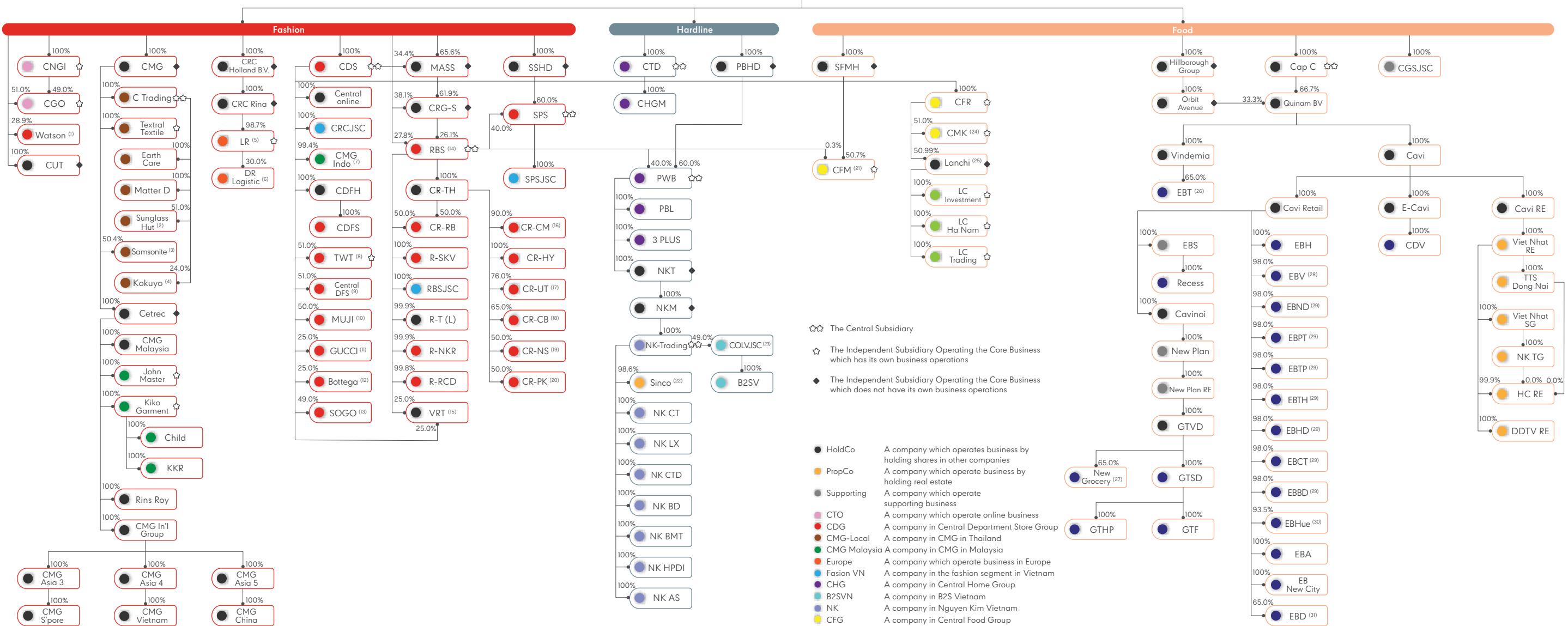
Samsonite	Samsonite (Thailand) Co., Ltd.
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MUJI	MUJI Retail (Thailand) Co., Ltd.
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GUCCI	Luxury Goods (Thailand) Co., Ltd.
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Bottega	Bottega Veneta (Thailand) Co., Ltd.
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# Central Retail Corporation Public Company Limited



## Remarks:

- (1) A.S. Watson Group and Thai shareholders are not related to the Company hold 71.1% shares in Watson
- (2) Luxottica Group S.P.A., a company established in Italy, holds 46.0% shares and Luxottica S.R.L., a company established in Italy, holds 3.0% shares in Sunglass Hut
- (3) Delilah Europe Investment S.A.R.L, a company established in Luxembourg, holds 49.6% shares in Samsonite
- (4) Kokuyo Co., Ltd., a company established in Japan, holds 49.0% shares, Practikable Co., Ltd. holds 24.0% shares, and MHC Consulting (Thailand) Co., Ltd. holds 3.0% shares in Kokuyo
- (5) Vittorio Radice holds 1.3% shares in LR
- (6) F.LLI. Di Martino S.R.L, a company established in Italy, holds 70.0% shares in DR Logistic
- (7) Mr. Prin Chirathivat holds 0.6% shares in CMG Indo
- (8) Watts Co., Ltd., a company established in Japan, holds 49.0% shares in TWT
- (9) DFS Venture Singapore Pte. Ltd., a company established in Singapore, holds 49.0% shares in Central DFS
- (10) Rychin Keikaku Co., Ltd. a company established in Japan, holds 50.0% shares in MUJI
- (11) G Distribution B.V., a company established in the Netherlands, holds 75.0% shares in Gucci
- (12) Bottega Veneta Holding B.V., a company established in the Netherlands, holds 75.0% shares in Bottega
- (13) Sogo (K.L.) Department Store Sdn. Bhd., a company established in the Malaysia, holds 49.0% shares in SOGO
- (14) The rest of ROBINS' shares held by general public, however, the shareholding structure of CRC in ROBINS might increase from the tender offer of ROBINS' shares
- (15) Siam Piwat Retail Holding Co., Ltd. and The Mall Group Co., Ltd. hold 50.0% shares in VRT

- (16) Mr. Worawat Tantranon holds 10.0% shares in CR-CM
- (17) The Teekathananont Family holds 24.0% shares in CR-UT
- (18) Center Town Co., Ltd. holds 35.0% shares in CR-CB
- (19) Nakornsrihamrat Ocean Group Co., Ltd. holds 50.0% shares in CR-NS
- (20) Phuket Ocean Group Co., Ltd. holds 50.0% shares in CR-PK
- (21) Family Mart Co., Ltd., a company established in Japan, holds 49.0% shares in CFM
- (22) The Vietnamese whom not related to the Company holds 1.4% shares in Sinco
- (23) COL Public Company Limited holds 51.0% shares in COLVJSC
- (24) Matsumoto Kiyoshi Holding Co., Ltd., a company established in Japan, holds 49.0% shares in CMK
- (25) Ms. Nguyen Thi Lan holds 49.01% shares in Lanchi

- (26) Thanglong GTC JSC , a company established in Vietnam, holds 35.0% shares in EBT
- (27) Fresh foods and useful goods distribution Company Limited, a company established in Vietnam, holds 35.0% shares in New Grocery
- (28) Vindemia holds 1.0% shares and Cavi RE holds 1.0% shares in EBV
- (29) Cavi holds 1.0% shares and Cavi RE holds 5.9% shares in that company
- (30) Cavi holds 0.6% shares and Cavi RE holds 5.9% shares in EBHue
- (31) Dong Nai Food Industry Corporation, a company established in Vietnam, holds 35.0% shares in EBD

## **Relationship with Business Corporation of Major Shareholders**

One of many reasons which help Central Retail becomes the leading multi-format and multi-category retailer in Thailand and abroad as well as the pioneer of omni-channel retailing in the country is the contribution from HCDS, a major shareholder, and its subsidiaries to support the Company's operation through services and business benefits as well as certain corporate service with respect to management, finance and accounting and legal services, and including certain aspects of our human resources and other functions. Central Retail has also joined loyalty programs for The1 membership of The1 Central Co., Ltd. (a subsidiary of HCDS) which owns and manages the loyalty programs.

In addition, HCDS has been providing business benefits, for example, granting the Company an exclusive right to use the trademark and servicemark including the "Central" Trademarks for retail business of Central Retail for 10 years since the first trading day of the Company, and provided for an additional ten year renewable period under conditions stating that the Company still retains the status as a listed company of the Stock Exchange of Thailand: (1) HCDS and/or its directors, executives or controlling persons hold directly or indirectly, at least 10% of our outstanding shares, including their respective related person or (2) HCDS is our controlling person. If HCDS terminates the agreement, it will come into effect in 3 years after the Company has acknowledged the termination. HCDS also granted the right to acquire retail business of HCDS in many formats, for example, KaDeWe, Oberpollinger and Alsterhaus department stores in Germany, the ILLUM department store in Denmark and the Central Department Store in Indonesia, to the Company before HCDS can offer such business to other buyer (Right of First Refusal) at the prices and on conditions not more favourable than what HCDS received from outside parties. Central Retail was also granted right to acquire the department store businesses at prices and on conditions which the parties will agree in good faith (call option). Moreover, HCDS granted the right to acquire JD Central to Central Retail before other buyer in case HCDS decides to sell the business to other buyer at the same price and on the same conditions (according to the conditions in the relevant joint venture agreement) to prevent potential conflicts of interest in the future, although the department store

businesses in those countries and JD Central are not considered competing businesses of the Company as Central Retail does not operate any department store in the said countries and JD Central has nature of business which focuses on pure-play e-commerce, different from the omni-channel format of Central Retail.

For similar retail opportunities in the future which may compete with the Company's business, HCDS has designated Central Retail as the flagship company for the multi-format and multi-category retail business operations in Thailand and abroad, subject to the terms and conditions in the relevant agreements. Under certain policy, HCDS shall not invest in retail businesses in Thailand and abroad, which may be of the same nature as our business and may compete with our business, except where our Board of Directors has resolved not to invest or wished to partially invest in such business. In such latter case, Central Retail still retains certain rights to acquire such new retail opportunity from HCDS, subject to certain limitations. These benefits, combined with opportunities in overseas markets that come with our global relationships, can help to further support our rapid growth and scale our business to another level.

As for the flagship designation of Central Retail by HCDS, to ensure transparency, the Company has specified in Charter of Board of Directors to hold a meeting to consider investment in retail businesses in the future which may be of the same nature as our business and may compete with our business. In case the Board of Directors passes a resolution to refrain from investment, including partial investment, for the investment opportunities due to circumstances, for example, financial liquidity, current business plans of the Company, profitability of the business that invest, etc., or HCDS may invest in the opportunities, whether directly or indirectly, and may compete with the Company, solutions are as follows:

- 1) Hold a Board of Directors' meeting with a notice of the Board of Directors' meeting clearly stating if the Board of Directors has a resolution to refrain from investment, HCDS may invest in the business, whether directly or indirectly, as well as stating potential effect for the Company.
- 2) Hold a Board of Directors' meeting which allows directors without conflict of interest to participate and vote as well as inviting all independent directors without conflict of interest. If the number of directors does not meet the quorum, directors with conflict of interest shall fill the positions until reaching the quorum. The directors with conflict of interest are not allowed to voice opinions and vote.

In case of urgency for the interests of the Company, if any independent directors without conflict of interest cannot attend the meeting, the absent directors are allowed to participate and vote through a telephone call as long as it does not violate related law regarding the quorum and vote for a resolution.

- 3) The Board of Directors without conflict of interest shall consider business suitability and potential impact in case HCDS may invest in such business and compete with the Company while emphasis on rights and best interest of the Company and all shareholders.
- 4) In case the Board of Directors without conflict of interest sees it appropriate, the Board of Directors may consult outside parties for professional opinions for further consideration.
- 5) In case of urgency for business opportunities, the Board of Directors' meeting is allowed to take place for the consideration and the Board of Directors without conflict of interest pass a resolution and without a notice of the Board of Directors' meeting which requires to be sent 7 days in advance.
- 6) Final decisions in this case are determined by majority votes of the attending directors without conflict of interest who are eligible for voting. In case of a tied vote, the chairman in the meeting shall have the casting vote.

These considerations for investment are the absolute power of the Board of Directors and this duty cannot be delegated to other committees.

The Board of Directors has considered the mechanism for exercising and refusing of rights to vote under the exercise of rights agreements for regarding (1) offshore department stores, (2) JD Central business, and (3) retail business opportunities in the future which may be of the same nature as our business and may compete with our business. The Company shall operate as per considerations of the Board of Directors and the audit committee in any circumstance even if such businesses and/or business opportunities under the exercise of rights agreements in each consideration do not meet the criteria on scales which need to be approved by the Board of Directors under criteria of acquisition or disposal of assets and/or criteria on connected transactions of the Securities and Exchange Commission and the Stock Exchange of Thailand (case-by-case basis).

The Company shall disclose the exercising and refusing of rights under the exercise of rights agreement to shareholders and investors as follow:

### **In case of Undertaking Future Retail Business Opportunities which have Similar Nature of Business and May Compete with the Company (Flagship)**

In case that the Board of Directors has a resolution to invest (including partially) in retail business opportunities which may be of the same nature as our business and may compete with our business, the Company shall disclose information through the SET Portal system of the Stock Exchange of Thailand under criteria of acquisition or disposal of assets and/or criteria on connected transactions of the Securities and Exchange Commission and the Stock Exchange of Thailand (case-by-case basis). Nevertheless, if the Board of Directors has a resolution not to invest or wishes to invest partially in such business, the Company shall disclose information through the SET Portal system of the Stock Exchange of Thailand in case HCDS chooses to invest in such business, whether fully or partially. The information shall include statements on declining to invest, including partially, opinions of the audit committee and Board of Directors, details, conditions and impact from HCDS's investment under conditions the disclosure information will not damage the Company, HCDS, or relevant outside parties, and/or under a confidentiality agreement with HCDS as HCDS enters into the agreement to invest in such business (if any) or a confidentiality agreement of the Company due to investment in such business (if any); the information will be disclosed shortly after the end of the confidentiality agreements. In addition, the Company shall disclose information on investment in retail business opportunities which may be of the same nature as our business and may compete with our business as well as statements on declining to invest or partial investment in case HCDS chooses to invest in such business, whether fully or partially, in the Annual Registration Statements and annual reports. The disclosed information will include a number of the Board of Directors' meeting for a resolution to invest or decline to invest (in case of declining to invest or partial investment in case HCDS chooses to invest in such business, the Company shall include reasons for such case) and the scale of the transaction under conditions and limitations on the disclosure of such information.

In addition, in case the Company declines on an investment offer as granted right by the agreement and HCDS chooses to invest, HCDS shall grant the right to acquire all of the businesses from HCDS on a later date to the Company as described below:

- 1) If it is a transaction within 90 days after HCDS has granted Central retail the right to acquire such business with prices equivalent to the cost of investment of HCDS in the retail businesses plus interest at the averaged Minimum Loan Rate (MLR) of the top four commercial banks in Thailand per annum on the date of HCDS's investment.
- 2) If the purchase occurs after 90 days after HCDS has invested in such business, HCDS shall grant the right to acquire such business at a price which the parties will agree in good faith for the transaction to Central Retail.

HCDS shall notify Central Retail when HCDS wishes to sell such business to other buyers before the final decision.

#### **In case of Undertaking with respect to Premium Offshore Department Stores and JD-Central Businesses**

The Company shall disclose exercising and refusing of rights for premium offshore department stores and JD Central as per the exercise of rights agreement through the SET Portal agreement of the Stock Exchange of Thailand under criteria of acquisition or disposal of assets and/or criteria on connected transactions of the Securities and Exchange Commission and the Stock Exchange of Thailand (case-by-case basis). The disclosed information will include assets under rights, exercising or refusing of rights, and opinions of the audit committee and Board of Directors regarding the exercising or refusing of rights under conditions which may not damage the Company, HCDS, or relevant outside parties, and/or under a confidentiality agreement with HCDS, and/or subsidiaries of HCDS entering into the agreement to invest in such business (if any); the information will be disclosed shortly after the end of the confidentiality agreements. In addition, the Company shall disclose all information regarding exercising and refusing of rights in Annual Registration Statements and annual reports under conditions and limitations on the dissemination of such information.

The reasons HCDS still operates and owns retail-related assets through holdings and/or business or asset management, directly and indirectly, can be summarized as follows.

#### **1. Offshore Premium Department Store Businesses**

The Company has not included such department store businesses under Central Retail as such businesses have certain limitations in terms of contractual obligations and/or results of operations. Moreover, the customer base of such department stores is geographically located in their regions and Central Retail currently does not operate any department store in such regions. To prevent conflicts of interest in the future, HCDS has agreed to enter into an agreement to grant the right to purchase such department store businesses to Central Retail before other buyers at the price and on conditions not favor than the what HCDS received from outside parties, and grant the right to purchase such department store businesses to Central Retail at the price and on the conditions which the parties will agree in good faith. The granting of such rights shall be in accordance with certain conditions as described in the relevant agreements.

#### **2. JD Central Business**

The Company has not included such businesses under Central Retail as the nature of the business of JD Central which is an online marketplace is different from Central Retail's omni-channel format, and that the operation of such company is mostly undertaken by JD.com. Moreover, JD.com has certain limitations in terms of its results of operations. To prevent conflicts of interest in the future, HCDS has granted the right to Central Retail to purchase JD Central before other buyers in the case that HCDS wishes to sell such business to other buyers at the same price and on the same conditions. The granting of such rights will be in accordance with certain conditions as described in the relevant agreements. The nature of the business of JD Central which focuses on pure-play e-commerce is different from the omni-channel format of Central Retail since JD Central operate business through online marketplace where stores are allowed to sell products through the website without the need to possess physical stores whereas the omni-channel strategy of Central Retail is the combination of many selling channels for modern retailing, including through physical stores, online stores, mobile phone, information media and social media, to create seamless purchasing experience and respond to popular trends in line with the changing behavior of customers.

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## NATURE OF BUSINESS

# NATURE OF BUSINESS

## Revenue Structure

The following table presents Central Retail's total revenue by operating segment,

Revenue	As of 31 December					
	2017		2018		2019	
	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage
Fashion segment	68,746	36.6	75,228	36.4	77,442	34.8
Hardline segment	38,096	20.3	42,920	20.8	54,277	24.4
Food segment	81,157	43.2	88,472	42.8	91,018	40.8
<b>Total revenue</b>	<b>187,998</b>	<b>100.0</b>	<b>206,620</b>	<b>100.0</b>	<b>222,737</b>	<b>100.0</b>

## Business Structure of Central Retail

Central Retail's business is organized into 3 operating segments; **(1) Fashion**, which focuses on apparel and accessories under portfolio of retail banners, for example, Central Department Store, Robinson Department Store, Super Sports and Rinascente; **(2) Hardline**, which focuses on electronics and home improvement under portfolio of retail banners, for example, Thai Watsadu and Power Buy and lastly; **(3) Food**, which focuses on groceries and items typically found in convenience stores under portfolio of retail banners, for example, Tops, Central Food Hall, and Big C Vietnam.

Each segment hosts a portfolio of retail banners under which we sell a wide range of merchandise, and each of our retail banners is distinguished based on a variety of characteristics, including store network, omni-channel offerings, store formats, merchandise offerings, branding strategy and market positioning. Certain of our key retail banners have been in operation for decades, such as Central Department Store, but we routinely introduce new banners and retire old banners as the retail landscape continues to evolve.

## Key Retail Banners of Central Retail

Total stores as of 31 December 2019, excluding retail plazas



### Fashion Segment

## CENTRAL

stores  
≡

23

### Central Department Store

A flagship Central Department Store retail banner showcases a broad range of products catered to various customer segments, coupled with quality customer service.



stores  
≡

50<sup>(1)</sup>

### Robinson Department Store

Robinson Department Store offers a full range of value-for-money products at affordable prices. Robinson Lifestyle Center is the go-to center for both lifestyles and necessities and has extensive coverage nationwide under the theme – Eat Shop Play



SUPERSPORTS

stores  
≡

219<sup>(2)</sup>

### Super Sports

A leading retailer of sports apparel and equipment responding to all exercise trends.



CENTRAL  
MARKETING  
GROUP

stores  
≡

292<sup>(3)</sup>

### Central Marketing Group (CMG)

An exclusive distributor and licensee for international fashion and beauty brands, offering products through sales counters in major department stores as well as standalone Brandshop and wholesaling.

## RINASCENTE

stores  
≡

9

### Rinascente

A 150-year-old high-end Italian department store, befitting one of Europe's premier retailer which has stores in major cities across Italy.



### Hardline Segment



stores  
≡

56

### Thai Watsadu and Baan & Beyond

**Thai Watsadu:** A one-stop shopping retailer for those looking for building suppliers and construction materials.

**Baan & Beyond:** A home decoration and furnishings retailer



stores  
218

### Tops and Central Food Hall

**Tops:** A flagship grocery, offering a variety of store formats from Tops Market, Tops Superstore, Tops Daily, and Tops Plaza.

**Central Food Hall:** A dine-in and grocery concept, focused on experiential shopping and high quality food and consumer products.



### Food Segment



stores  
968

### FamilyMart

A convenience store chain, conceived to meet the daily food and other needs of our customers.



stores  
37

### Big C

A flagship hypermarket and retail plaza chain in Vietnam, focused on high quality food and other consumer products, which currently being rebranded to "GO!".



stores  
25

### Lanchi Mart

A rural and suburban small-to-medium supermarket in northern Vietnam, displaying our emphasis on matching the tastes of our customers by focusing on high quality locally sourced food and consumer products.



stores  
108

### Power Buy

A flagship consumer electronics and appliances specialty store in Thailand.



stores  
70

### Nguyen Kim

A specialty electronics and appliance store in Vietnam.

#### Remarks:

(1) Excludes 2 Robins Department Stores in Vietnam

(2) Store count for Super Sports comprises 121 brandshops and 98 specialty stores

(3) Store count for CMG does not include sales counters or 8 brandshops in Malaysia

## Retail Store Network and Omni-channel Platforms

### A Number of Branches and Locations

Retail store network of the Group reaches all major regions of Thailand, Vietnam, and Italy. As of 31 December 2019, we operated 1,934 stores under our key retail banners across 51 provinces in Thailand, 132 stores across 40 provinces in Vietnam, and 9 department stores in 8 cities in Italy. Our retail stores had a total net selling space of 3,006,181 sqm. and retail plazas had a total net leasable space of 544,538 sqm.

### Multi-format and Multi-category Retailing Platform

Central Retail operates a variety of offline and online retail formats. We offer numerous types of physical store formats, including department stores, specialty stores, brandshops, supermarkets, hypermarkets, convenience stores and sales counters. We generate rental income by leasing space at our Robinson Lifestyle Center, Tops Plaza and Big C Vietnam retail plazas and by managing such spaces. We also generate sales through our omni-channel platforms.

#### 1. Stores

Different retail store formats are designed to cater to varied customer preferences and localities across our network as well as the requirements of the particular retail banner and business segment to which the store belongs. Descriptions of our store formats are as follows.

- (1) **Department stores** are large retail establishments offering a wide range of fashion and other merchandise in different product categories. This type of stores includes Central Department Store, Robinson Department Store, and Rinascente.
- (2) **Specialty stores** are shops that cater to specific consumer needs and retail markets, including, but not limited to home improvement, sporting goods, health and beauty, and home electronics. This type of stores includes Super Sports, Power Buy, Thai Watsadu, Baan & Beyond, and Nguyen Kim.
- (3) **Brandshops** are shops dedicated to specific brands that Central Retail distributes, for example, Crocs, Skechers, G2000, Guess, Top Shop, Topman, whether through an exclusive partnership or a general distribution agreement, mostly under CMG and Super Sports.
- (4) **Supermarkets** focus on food and other consumer goods catering to preferences and needs of local customers. This type of stores includes Central Food Hall, Tops Market, and Tops Daily.

(5) **Hypermarkets** are larger-format supermarkets that additionally offer a wider array of non-food items for our customers. This type of stores includes Big C, Tops Superstore, and Lanchi Mart.

(6) **Convenience stores** are small retail stores of the Group which focus on daily essentials. FamilyMart belongs to this type.

(7) **Sales counters** or shop-in-shops are located within an existing retail outlet and typically dedicated to one brand, for example, Casio Watch, Lee, Wrangler, Clarins, Aesop, Dyson and many others under CMG and Super Sports.

#### 2. Retail Plazas

Central Retail leases retail property to third parties and to our own stores at retail plazas such as Robinson Lifestyle Center, Tops Plaza and Big C Vietnam.

#### 3. Omni-channel Platforms

Omni-channel refers to the confluence of the various shopping channels used by customers in modern retailing, including in-store, online, mobile and social media. Omni-channel platforms enable us to take advantage of these trends to deliver a new and increasingly popular shopping experience to our customers. As of 31 December 2019, key omni-channel platforms include the following features.

- (1) **Webstores:** We operate webstores in both desktop and mobile-friendly formats that allow customers to browse, choose and purchase from a selection not limited to the merchandise available at a particular store location. As of 31 December 2019, we operated webstores for Central Department Store, Robinson Department Store, Super Sports, LOOKSI, Tops, Power Buy, Nguyen Kim and Baan & Beyond.
- (2) **Chat & Shop and Rinascente ON DEMAND:** We operate an instant messaging service (hosted by the social networks “LINE”, “WeChat” and “WhatsApp”) that allows customers to shop through text with the assistance of one of our sales associates. Our Chat & Shop platform is available for Central Department Store (which also offers merchandise from Super Sports, Power Buy and Central Food Hall), Robinson Department Store and Thai Watsadu, and Rinascente ON DEMAND is available for Rinascente.
- (3) **e-Ordering:** This platform enhances our in-store service capabilities by equipping our sales associates with tablet computers, mobile devices and other online resources, which will enable them to respond quickly to in-store customer queries and grant customers access to products that may not be available at that location. We have launched e-Ordering at all Power Buy locations and some Central Department Store locations.

- (4) **Click & Delivery:** This feature allows customers to make purchases online and have the merchandise delivered to them at home. Payments can be made by bank transfer, online credit card or in cash upon delivery. This feature is available at Central Department Store, Robinson Department Store, Super Sports, LOOKSI, Tops, Power Buy, Baan & Beyond and Nguyen Kim.
- (5) **Reserve & Collect:** This feature allows customers to reserve their orders online and collect and pay for the items in-store. Customers using this feature will be able to take advantage of promotions and other deals available while also enjoying the flexibility of inspecting or trying on their desired items before making the final commitment to purchase them. This feature is available at Power Buy.
- (6) **Click & Collect:** A feature which enables customers to make purchases online and then collect the items at their preferred store location or other collection point. After confirming the order, they can collect the merchandise at any branches of Central Department Store, Robinson Department Store, Super Sports, and Power Buy, and collection points at some BTS stations in the Bangkok area without additional charge. This feature has already been launched for Central Department Store, Robinson Department Store, Power Buy, Super Sports, LOOKSI and Nguyen Kim.

## Marketing and Competition

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### Target Customers and Marketing

#### 1. Customer Base

Current customer base of Central Retail represents a broad cross-section of the public in each of Thailand, Vietnam and Italy. According to data obtained from The1 loyalty program, we had approximately 16.9 million loyalty member customers in Thailand as of 31 December 2019. We also had approximately 3.1 million and 2.2 million loyalty member customers in Vietnam and Italy. Although our network in Thailand is nation-wide, our level of market penetration in upcountry areas is relatively low compared to Bangkok, so expansion in upcountry areas is among our key growth strategies.

In addition, tourists are also an important cohort of our customer base in select locations. In 2019, sales to tourists represented approximately 16% of our sales at Central Department Store and approximately 38% of our sales at Rinascente, based on data derived from credit card sales.

#### 2. Loyalty Programs

Our principal loyalty programs comprise The1 loyalty program in Thailand, the Big Xu Card and Nguyen Kim Card in Vietnam and the Rinascentecard in Italy. The Group believes that having strong loyalty programs offering valuable benefits helps to improve customer loyalty and drive repeat visits within our retail ecosystem. Under The1 loyalty program, our repeat customer rate of yearly active users was 80.0% for the years ended 31 December 2019.

- **The1 Loyalty Program**

Central Retail participates in The1 loyalty program, which is the Central Group's flagship customer loyalty program in Thailand. The1 loyalty program members are able to collect points through every purchase made from business units under Central Retail. Points may be redeemed for vouchers or discounts on future purchases at participating retailers, including our business units and platform partners. The1 loyalty program members are also entitled to special privileges and offers for travel, entertainment, beauty, financial services, restaurants, hospitals, music, schools and sports through its business partnership network. As of 31 December 2019, there were more than 16.9 million The1 loyalty program members and 3.9 million members using membership cards every month.

- **Other Loyalty Programs**

Central Retail also operates a Big Xu Card loyalty program and a Nguyen Kim Card loyalty program in Vietnam, each of which is primarily used for promotional offers and discounts. Our Big Xu Card is a non-point-based discount card, providing holders with exclusive offers and discounts, as well as in-store gifts and vouchers. The Nguyen Kim Card is a non-point based discount card with three membership tiers and related discounts. We also offer a Rinascentecard and an International Visitor Card ("IVC") loyalty programs for our Rinascente stores in Italy, which are not point based, but provide holders with discounts, invitations to special events, exhibitions, and other advantages. Our Rinascentecard is only available to customers who reside in Italy, while our IVC card is open to international visitors. As of 31 December 2019, we had more than 3.1 million, 1.9 million and 0.3 million members, respectively, for our Big Xu Card, Rinascentecard and IVC card loyalty programs. We also had over 7.0 million members for our Nguyen Kim Card program as of 31 March 2019, which has been temporarily suspended since such date in order to upgrade the customer database to focus on retail members. Upon completion of the upgrade the full program and membership will be reinstated.

### **3. Data analytics**

Central Retail collects information about our customers through a variety of methods, including points-of-sale, webstores, mobile applications and loyalty programs such as The1 loyalty program. In particular, our online and omni-channel platforms provide powerful data collection technologies, with the ability to access online search history, location, customer profile, purchase history and other information. We have access to analytical tools that can process this data into unique profiles that can help to determine a customer's consumption patterns, level of wealth, lifestyle, life-stage or other characteristics, and how they change over time. All business units can use the data collected by any business unit through The1 loyalty program.

### **4. Promotions and Events**

Central Retail regularly carries promotions and host special events to help drive demand and increase sales. Each of our business units is responsible for its own promotion and event strategy, though we also coordinate at the group level for many nationwide and cross-banner promotions each year under Central Group and The1 loyalty program, in which all of our business units participate.



In addition, there is another type of event where one or more business units rent some space in a convention center to conduct sales promotion for the Group's brands. Suppliers are invited to participate in the event with a service fee. Then, along with the suppliers, the Group shall sell discounted merchandise to boost demand of the Group's products.

### **5. Advertising**

Central Retail utilizes a variety of media in our advertising and promotional activities, including social media, online ads, SMS, direct mail, billboards, newspapers and magazines. Each of our business units is responsible for its own advertising strategy though store clusters may also work together and coordinate on advertising where appropriate. Certain advertising decisions are also subject to the agreement of our suppliers and suppliers where appropriate, and certain advertising costs may be borne by our suppliers.

### **Competition**

Central Retail's competitors comprise traditional store-based retailers, store-based retailers moving online and pure online or e-commerce players. In recent years, rapid technological developments have made significant advancements in e-commerce possible, meaning that small retailers or new entrants can compete with large, established retailers like us. In response to these trends, we intend to devote significant resources to strengthening and expanding our omni-channel platforms to respond to all forms of competition. We believe that our comprehensive network of physical locations is a key advantage we have in the omni-channel space as compared to pure online or e-commerce players that lack a significant physical presence.

The principal areas in which Central Retail contend with our competitors are name recognition, brand and merchandise offerings, shopping experience and our understanding of fashion, trends and retail industry dynamics. At the group level, we lack a single competitor in Thailand or Vietnam that can match us in terms of the number of different formats, concepts and stores that we offer on a single platform. At the business unit level, major competitors include, in Thailand, The Mall (for fashion), Tesco Lotus and Big C Thailand (for food), HomePro and Global House (for DIY home improvement) and, in Vietnam, Mobile World JSC (for electronics) and Lotte Group (for hypermarkets). In Italy, our primary competitor is Gruppo Coin (for fashion). In the fashion category, we also compete with global fashion retailers such as Uniqlo, Zara and H&M.

## **Business and Network Expansion**

Central Retail has historically expanded our business in terms of geography, formats and retail categories through the opening of new stores as well as through acquisitions and partnerships.

### **1. Store and Network Optimization**

Store-based retailing is more dynamic than in the past, and our approach has evolved beyond simply opening stores, to also constantly adjusting the store mix to optimize sales, logistics and operating costs. Central Retail has the flexibility to increase and decrease our selling space continuously based primarily on sales performance. Where performance is declining, we can choose to swap in new stores or new concepts, sublease, or close a location, and where sales are strong, we can increase the selling space of existing stores.

In the year ended 31 December 2019 Central Retail opened 139 new stores under our key retail banners with total net selling space of 3.0 million sqm. and closed 283 stores under our key retail banners. The majority of such closures were FamilyMart and SuperKoom locations, as the opening and closing of stores is typically more frequent in the convenience store business. We may be forced to close a store when the relevant lease expires, or if our regular portfolio review deems it to be unprofitable. For example, in February 2019 we closed an unprofitable Rinascente location.

In addition to new store roll-outs, Central Retail constantly seeks to improve our existing stores and review each store's refurbishment needs on an annual basis. We typically remodel our stores every three to eight years depending on the store, to ensure that they offer a modern store environment. At Rinascente, where ambiance is key to providing a differentiated experience for customers, renovations may occur much more frequently. Central Retail remodeled 58 stores in the year ended 31 December 2019, excluding FamilyMart, for which minor renovations occur frequently across stores.

### **2. Acquisition, Joint Venture, Partnership, and Alliance**

Central Retail has an institutionalized approach to mergers and acquisitions with dedicated in-house business development teams focusing on them. Many of our senior executives have conducted multiple mergers and acquisitions and understand their importance in growing our business. Central Retail seeks opportunities to acquire businesses when we want to break into a new market where an existing business has close familiarity with the tastes and preferences of local customers, and as such our international expansion is generally done on an acquisition basis.

### **3. JD Central Joint Venture**

In September 2017, HCDS entered into a joint venture with JD.com, Inc. (being Central JD Commerce Co., Ltd., herein referred to as the "JD Central JV") which establishes an online-only retailing business in Thailand. The business sells merchandise through both a webstore and a mobile application, with the goal of becoming a leading online marketplace in Thailand. The JV Agreements contain various reciprocal obligations of JD.com and HCDS concerning their respective businesses and the operation of the JD Central JV itself, and each party has agreed not to engage in a similar venture with any third party in Thailand. Unlike our omni-channel platforms, the JD Central JV lacks any corresponding physical stores, so its offerings are only available online and the site lacks independent omni-channel capabilities.

Although Central Retail is not a party to the joint venture, we, in our capacity as an affiliate of HCDS, expect to benefit from the JD Central JV in several ways. The JV Agreements contain provisions allowing us to generate revenue from the JD Central JV by providing certain Supporting Services, such as (i) by acting as a merchandise supplier for the JD Central JV, (ii) by establishing "flagship stores" on the JD Central JV webstore and mobile app, which gives us access to shoppers targeted by the JD Central JV, and (iii) by providing logistics and fulfillment services for orders made through the JD Central JV. We also expect the JD Central website to include links to our own webstores to help drive online traffic and sales to us. We also expect to support the JD Central JV's proprietary payments system, which is currently under development.

Other important benefits we expect to enjoy from the JD Central JV include access to merchandise and promotional channels of JD.com, Inc., which is one of China's largest online retailers. We can therefore enjoy unique access to Chinese customers, which already represent a large portion of our sales to tourists, and to Chinese suppliers, which can help to differentiate our merchandise mix with unique offerings at price points generally lower than those of other international suppliers and brands.

Certain terms of the JD Central JV may limit our flexibility in the omni-channel retailing business. See "Risk Factors"

### **4. Expansion Pipeline**

Central Retail continues to build the pipeline of store openings and currently plan to open approximately 200 stores a year over the next five years in Thailand and Vietnam. We plan to further grow our network both in locations where we have an existing presence and in new locations, particularly in underserved markets with growth potential. In Italy, we do not currently have plans to open any new stores, but we plan to renovate some of our existing locations in line with our recently completed renovations at our flagship Milan and Rome locations. Our capital expenditure attributable to new store openings for the year 2019 was THB 5,631 million.

# Industry

## Overview of the Thai Retail Industry

The Thai retail industry has experienced steady growth in recent years, largely driven by economic growth, coupled with the growing young, middle income population with a higher disposable income and greater propensity to spend, and the urbanization trend. The investment in infrastructure by the private and the public sector also helps to boost up the regional economic improvement. Similarly, tourism growth reinforces the retailing sector's opportunities, in particular in key tourist destinations.

The middle to high income consumers remain the key target segment for many retailers, driven by a desire for premium products and services. The increased presence of aspirational consumers has also created opportunities for channels such as online retailing, as these consumers seek novel brands and products.

In 2019, Thailand saw a 2.4 percent of economic growth, the lowest in the past five years. Accordingly, the retail sector suffered a trend of slowdown and the growth was 2.8 percent, as opposed to 3.2 percent in the previous year, according to the Association of Retailers' performance records. The online retailing, however, posed a faster rate of growth due to the rapid expansion of the Internet in Thailand. Internet penetration continues to rise as consumers are increasingly demanding convenience in their daily lives. Being able to shop anytime, anywhere and have products delivered to their homes will continue to boost online retailing. Rapid growth in smartphone penetration will also allow more Thais across the country to access the internet at their convenience and at fast speeds.

Company believes that the Thai retail industry still possess potential and embrace more marketing opportunities, especially in the upcountry. Thanks to our multi-format, multi-category retailing platform, Company can satisfy the full spectrum of our customers' shopping needs through comprehensive merchandise offerings and our diversified portfolio of retail banners. Company believes that having strong loyalty programs offering valuable benefits helps to improve customer loyalty and differentiate us from other retail players. Furthermore, Company focuses on the improvement and the upgrading of stores and retail plazas. We continue to roll out new stores with service experiences such as restaurants, coffee bars, cinema, co-working spaces and learning zones in order to offer complete lifestyles and lengthen the duration of times spent by customers in our stores. Company also adopted the customer-centric omnichannel platform to seamlessly merge physical and online shopping experiences, for example, Click & Collect and 1 Hour

Pick Up features allow customers to buy an item online and collect it within one hour at a store. Moreover, Company continuously conducts and develops personalized marketing campaigns using our capability in data analytics such as Big Data to improve the services and merchandise offerings we provide to our customers in order to sustain our competitiveness in the long term.

### Example: Key Retail Players in Thailand

Group / Key Banner	Store Format
<b>TCC Group</b>	
Big C/ Big C Extra	Hypermarket
Big C Market	Supermarket
Mini Big C	Convenience Store
<b>The Mall Group</b>	
The Mall	Department Store
Gourmet Market	Supermarket
<b>CP Group</b>	
7-eleven	Convenience Store
CP Freshmart	Convenience Store
Makro	Cash & Carry
<b>Ek-Chai Distribution System</b>	
Tesco Lotus	Hypermarket
Lotus Express	Convenience Store
Talad Lotus	Supermarket
<b>Land &amp; House</b>	
HomePro	Specialty Store
Mega Home	Specialty Store
<b>Saha Pathanapibul</b>	
Lawson 108 (inc. 108 Shop)	Convenience Store
<b>Other Groups</b>	
Foodland	Supermarket
CJ Express	Convenience Store

Source: Modern Trade Outlook 2019–2021, Krungsri Research

## Overview of the Vietnamese Retail Industry

Vietnam was the fastest growing economy within Southeast Asia in terms of GDP growth rate. Its GDP growth has exceeded 6 percent in the past 3 years and its GDP per capita increased from US\$1,886 to US\$2,566 from 2013 to 2018, according to the World Bank.

The Vietnamese retail industry has grown tremendously in recent years, largely attributable to the positive economic environment, large number of population over 90-million and the expansion of middle-income consumers. Several trade trade agreements signed in the past five years helped boost foreign investments.

Leading retailers in Vietnam comprise both local and foreign retailors. Examples of key retail players that operate in the same business segments as Central Retail are as follows:

- Hypermarkets/Supermarkets/Convenience stores: Saigon Coop, VinGroup, Lotte Group
- Electronics: Mobile World JSC, FPT
- Retail Plaza: AEON Mall, VinGroup

Company plans to leverage Big C Vietnam's leading hypermarket retailer, as a platform to accelerate growth in the country.

Our Big C retail plazas in Vietnam are anchored by Big C hypermarkets and lease space to third party stores as well as our own retail banners. We intend to introduce a similar concept in rural areas anchored by Lanchi Mart outlets, with a modified retail category mix catering specifically to rural consumers. We also plan to realize synergies through initiation of joint procurement operations between our Big C and Lanchi Mart business units in Vietnam.

Our specialty electronics retail banner, Nguyen Kim, will also be expanded in both standalone and shop-in-shop formats within Big C outlets. We believe this hybrid hypermarket and retail plaza platform will become a powerful force multiplier that drives our growth across the country. Company believes that as incomes increase, Vietnamese consumers will demand increasingly more sophisticated and specialized retailing experiences. In anticipation of such changes, Company continues to introduce new innovative specialty retail banners, similar to how we have driven the evolution of consumer preferences in Thailand. For example, our innovations include the lifestyle store "LookKool", the DIY home appliance, shop-in-shop "Home Mart", and "Food City," a value-for-money food court of international foods.

## Overview of the Italian Retail Industry

Italy enjoys a large number of tourists year-round, and shopping continues to be a key activity when visiting Italy. According to Statista.com, the number of arrivals in Italy in 2018 surpassed 62 million, or tourist arrivals had grown at a CAGR of 5.4 percent from 2013 and 2018.

We are the leading department store operator in Italy, with nine Rinascente department store locations in eight cities across the country as of 31 December 2019.

The prestige, sophistication and heritage of Rinascente provide compelling opportunities in expanding the business. Our flagship stores in Milan and Rome are among Europe's premier "must-visit" shopping destinations for tourists, making them a valuable source of customer data analysis with respect to the tourism, luxury and affordable luxury shopping markets that can inform our business in other countries.

Capturing additional share of the tourism market is crucial to our continued growth in Italy and thus we plan to implement effective marketing strategies to continue to attract tourists. Company also intends to expand our business in Italy by focusing on delivering a superior shopping experience at our existing stores through continuous store renovations and thereby attracting popular brands. Furthermore, Omni-channel is another focus for driving growth in the coming years, with an emphasis on features like Click & Collect, e-Ordering and Rinascente ON DEMAND.

## Supplies, Inventory, and Distribution

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As of 31 December 2019, Central Retail had a network of over 15,000 suppliers that provide the merchandise and other supplies used in operating our business. These include over 2,000 suppliers that generally sell merchandise through our retail platforms under a consignment model and over 13,000 suppliers that provide merchandise for our credit sales. Our top twenty suppliers sell products to all three of our retail segments, which we believe provides sufficient diversification and lessens concentration risks.

### 1. Selection and Relationships

In selecting Central Retail's suppliers, we carefully consider numerous factors, such as quality, reliability and scale. Additional factors considered include whether the brand fits the tastes of our target customers and whether its price points match their means, as well as the economic condition of the supplier and its operating model. Supporting local OTOP and SMEs is another consideration for our suppliers. We also require suppliers for most of our merchandise to comply with our standard purchase terms and conditions, to understand our business direction. All of our food segment suppliers have to meet our standards with respect to costs, product specifications, marketing plans, production capacity, replenishment and logistics, and they also need to adhere to ethical business practices and comply with our food safety standards, law and regulations. They are responsible for certain customer issues in accordance with consumer protection laws.

## **2. Sales Models**

Central Retail works with suppliers on either a credit sales or consignment sales basis, though some suppliers may use both models. For credit sales, we are fully responsible for merchandise mix and inventory management, and we determine retail prices and conduct market research on pricing to ensure the prices we set are competitive. We source and sell our own directly purchased merchandise and we tend to stock essential, repeat items that are competitively priced and have long life cycles with high stock turnover. We also use credit sales for top brands when our agreements require them.

For consignment sales, we and suppliers negotiate aspects such as merchandise mix, pricing and promotions. We use consignment sales for more seasonal and fast-moving merchandises, which require high stock holdings and high levels of customer service to drive sales. Consignment suppliers are generally responsible for their merchandise, inventory management and sales associates. Consignment suppliers are also responsible for the design, display and fitting out of their store areas at their own cost under the display policy guidelines set out by us.

## **3. Logistics and Distribution**

Central Retail manages the flow of merchandise and supplies throughout our retail network through 19 distribution and logistics centers in Thailand, 17 distribution centers in Vietnam and a single distribution center in Italy, having an aggregate area of approximately 348,400 sqm, 47,700 sqm and 35,000 sqm, respectively. The distribution centers handle a variety of differently managed inventory, ranging from directly imported to locally sourced. The distribution centers are split generally by business type, with business units or retail banners with similar merchandise mixes sharing certain facilities.

Store deliveries occur every day of the week for most business units based on sales volumes. Delivery generally occurs within one to five days of receipt of a store order. Distribution and logistics systems supporting the business units under our food segment employ faster turnaround times, generally within 24 hours to handle high turnover and bulk items as well as fresh items.

The utilization rates for our logistics and distribution centers was 92.0% for the years ended 31 December 2019.

We engage third party service providers to provide logistics and facility management services at certain of our distribution centers to ensure timely delivery of merchandise from the distribution centers to our stores across our network.

## **4. Inventory Management**

Central Retail's inventory management begins prior to making any particular order. We conduct extensive market research ahead of making any order to have the best possible visibility on sales, and we generally place orders only in small volumes in order to remain flexible.

Our inventory management systems utilize computerized inventory controls throughout our network of stores, which allow us to perform actual inventory counts systematically so as to ensure that the figures presented in our financial statements are accurate. The system produces daily reports (by store) which are accessible by different functional teams. We also use in-store merchandising personnel to monitor inventory levels and slow selling merchandise. We regularly make use of markdowns and discounting to clear slow moving merchandise in our stores and regularly offer clearance sales to clear dated merchandise. All of the stores in our food segment monitor their stock position daily by reviewing the books and making appropriate adjustments where discrepancies are found. Additionally, financial stock is taken an average of three times a year and discrepancies are then adjusted financially.

# **Management and Operations**

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Central Retail believes that success in retailing is primarily driven by local factors and familiarity with the local community, so we strive to delegate management to individual business units and local stores rather than centralizing management at the group level. Our business units therefore are responsible for certain key functions, while our central management is responsible for others.

## **1. Group Management**

The headquarters are currently located in Bangkok. While we strive to focus on local decision-making, we also believe that we achieve numerous synergies by combining all of our business units under a single group structure.

Central Retail has established a "Center of Excellence" at the group level to facilitate each business unit's access to the each of functions offered at the group level. The Center of Excellence also manages the data collected by all business units, carries out customer data analytics and assists in cross-selling services to business units on request.

## **2. Business Unit Management**

Central Retail organizes the business operations by business units. Central management for our Thai, Vietnamese and Italian business units are located in Bangkok, Ho Chi Minh City and Milan, respectively. Our merchandising system is managed at the business unit level, and links to the inventory, point-of-sale and accounting system at all the business unit's stores and it handles purchases, receipts, sales and promotions. Certain functions, such as logistics, are managed among and between business units to help optimize our network effects.

## **3. Local Store Management**

Each of our stores has its own manager, who is responsible for store operation, management of sales staff and other store employees and management of supplier employees who work on site in connection with consignment sales. Individual stores also manage on-site inventory and inventory orders.

## **4. Information Technology**

Central Retail's information technology ("IT") system assists in the operation of key business functions across our entire business.

Our business intelligence system is a "big data" platform centralized across all business units for sales analysis, store inventory monitoring, accounting, holistic customer information management, automatic and personalized offer generation, and automatic systems analysis, among other things.

In developing our omni-channel platforms we have sourced software from third parties and tailored them to the functionalities of our omni-channel platforms for our online and offline systems, while hiring in-house IT talent to help build out specific features and functionalities that address customer needs.

## **5. Cash Management**

Central Retail's customers pay for merchandise at our stores using cash, credit card or other money substitutes. At our stores, all cash receipts are deposited daily with banks, except for a few stores with no cash pick up services on specific days. For those stores, cash is kept in-store overnight inside secure safes in the strong room, to be deposited with banks within one to three days. Central Retail has also taken out insurance policies to cover money in premises and money in transit and fidelity guarantee insurance.

In managing our cash and liquidity, we implement a cash pooling system, which pools cash from various bank accounts opened at different locations of the business units into a single bank account of the parent company of such business units on a daily basis. This is to ensure that there is no surplus of cash or bank deposits that are not utilized for liquidity management purposes.

## **6. Quality Control**

All products sold in our stores are subject to inspection by each store at the time they are delivered by the suppliers. If any defects are detected, the relevant product will be returned to the supplier for replacement. Under our standard supply agreement, suppliers are responsible if any claims arise from the quality of their products. The agreement also stipulates that only genuine products may be sold in our stores.

Under the terms of our standard supply contracts with suppliers, they are required to give us product quality assurance. In addition, all product liability in respect of any products supplied to us by any supplier and sold at our stores is borne by such supplier.

## **7. Corporate Service**

Central Retail has entered into several corporate services agreements with HCDS, our major shareholder, pursuant to which it has agreed to provide us with certain corporate services with respect to management, finance and accounting and legal services, and including certain aspects of our human resources and other functions. We also engage RIS Company Limited to provide us with IT service.

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## RISK FACTORS

# RISK FACTORS

The following statements represent the significant risk factors which may affect the Company or its business, financial standing, operating results, business opportunities and the stock values. There are also other unpredictable risks and risks which are considered insignificant but may negatively affect the Company's financial standing, operating results and business opportunities and become significant in the future. All those risks may negatively and significantly affect Central Retail's business, financial standing, operating results and business opportunities.

Moreover, the document contains forward-looking statements, referring to future risky and uncertain situations using terms like expect, predict, forecast, plan, intend, approximately, estimate or similar. These as well include predictive statements, financial estimation, future plans, forecasts regarding operating results, business, business expansion plans, changes in laws relating to Central Retail's business operation, government policies and others, which are anticipations of the future situations and the actual results may be significantly different from such anticipations or estimations as a result of many factors including the risks specified under this Item and anywhere else in this document.



# 1. Risk factors relating to the Company's business

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## 1. Central Retail has conducted the business in the highly competitive free market and the competitors' business operations, new competitors entering the market and changes in market competition situations are all factors that may negatively and significantly affect Central Retail's business, financial standing, operating results and business opportunities.

The retail industry is a highly competitive free market. Even though Central Retail is one of Thailand's biggest retailers, it still faces a lot of competitors nationally and locally, in the present and the future, mainly focusing on physical stores or online channels, whether their businesses are department stores, specialty stores, supermarkets, hypermarkets, home décor stores, electronics stores, convenient stores, digital retail stores, catalogue trading and online markets. Each store of Central Retail Central Retail has to compete in the store location and types of products. Though its competitors have had to spend a lot of investments to create a network of stores and plazas all over the country or to offer products that meet a variety of customer spending, similar to what the Company does, this is not only factor preventing other operators from being in competition with the Company. Most competitors of the Company are domestic traders but more foreign retailers whose share the same strong points as Central Retail may enter the market in which Central Retail is. Some competitors may have advantages in accessing the fund sources, economies of scale or cheaper supplier-provided products leading to lower costs or more effective managements; resulting in such competitors having business advantage over Central Retail. The brand owners and suppliers that once distribute the products to the markets via retailers such as Central Retail may plan to open our own stores to sell the products, lessening the Company's competitive advantage in offering a variety of brands, especially in case that the Company holds the right as the brand's sole distributor.

Nevertheless, a number of consumers continuously switch to online channels, making Central Retail increase the competitions in the online retail markets full of new technologies and new innovation-equipped traders, while Central Retail still has less trading experiences via online channels than those in physical stores. Competitors in the markets may include the entrepreneurs who were not in the retail business before, for example, platform companies like social networks which already have a large database of customers, or mobile payment companies which accept payments from products or services via mobile. Therefore, Central Retail gives importance on investing in continuous Omni-channel development to create the customer purchasing experience both from the seamless combination of physical stores and online channels and via mobile. Unfortunately, Central Retail may not gain returns from the investment as expected.

However, Central Retail believes that its strong points are advantageous than those of competitors, which are brand presentation, shopping experience (whether in physical stores, via online channels or Omni-channel), well-known brand, Central Retail's insights about fashion, trends and quick changes of retail industry. Central Retail also differentiates itself from competitors by attempting to provide the better services to customers. On the other hand, Central Retail may suffer the negative and significant effects on its business and operating results if it is not successful, whether wholly or partly, in such competition.

The competitive nature between Central Retail and competitors may influence Central Retail's profit rate and profitability, including but not limited to price strategies; proactive marketing; marketing strategies which do not focus on profit making; offering the combination of more various and attractive products; applying marketing campaigns; types of stores and new retailing channels into the business; or creating the better shopping experiences.

Central Retail may suffer the negative effects on its business, financial standing and operating results if it does not succeed in effectively responding to the competitive pressures, changes in the buying trends, situational changes in the market in which Central Retail is operating in the present or in the future; or if Central Retail's business strategy driving is delayed or unproductive due to the aforementioned factors.

## **2. Central Retail's financial standing is affected by the retail market and the overall economic situations, especially from the consumer spending.**

Central Retail's business suffers the impacts from the retail market situations and the overall economic situations in Thailand, Vietnam and Italy, as well as the world's and regional economic situations. Central Retail's incomes are significantly influenced by the level of consumptions, thus any changes in economic factors, which impact the consumer spending in the countries in which Central Retail is operating, will directly impact its incomes as the economic situations or events may widely lessen the consumptions or drive the consumers to buy other optional products. The economic situations or events include but not limited to:

- Deflation in financial markets;
- Inflation or deflation;
- High unemployment rate;
- Changes in exchange rates;
- Nationalism trend, protests and social movements;
- Consumer's income decrease after tax;
- Deflation in personal loan;
- Higher household debts;
- Tax increase and changes in tax laws or other laws;
- Interest increase;
- Prices of fuel, energy and other commodities;
- Deceleration of housing market;
- Higher insurance premium rates and health-related expenses;
- Reduction in tourist numbers;
- Political uncertainty and
- Higher consumer prices due to the increase of the commodity prices or the market forces.

The lessened consumer spending may lead to the lessened buying demands, possibly burdening Central Retail with higher selling and promotional activity expenses. The lessened consumption or consumer-switching behavior may negatively affect Central Retail's business, operating results and financial standing.

In addition, other marketing and economic factors may affect Central Retail's business as the costs of Central Retail or its partners increase or the market or economic fluctuations increase. The factors include but not limited to:

- Economic changes nationally, regionally or internationally;
- Period and expenses in real estate development and renting (including rental changes);
- Unpredictable weather or natural disasters;
- The world's commodity price increase;
- Changes in wage rates and laws applicable to the wage rates;
- Changes in accounting standards;
- Changes in tax rates and town planning law; and
- Changes in any government regulations.

If retail markets in Thailand, Vietnam or Italy are influenced by the factors, Central Retail may have lower sales, higher expenses and decreased profits, which may negatively and significantly affect Central Retail's business, cash flow operating results financial standing and business opportunities.

## **3. Central Retail's success depends on the ability in forecasting, identifying or responding to the customer's ever-changing preferences and demands.**

Central Retail must respond to the changes in the customer's trends, preferences, demands and buying behaviors in order to be competitive in the retail industry, so Central Retail's success depends on the ability in forecasting the customer's trends and supplying products mainly to match the customer's preferences and demands. It will offer the products via numerous retail brands to meet the different preferences, demands and expectations of customers in each group and area. Nonetheless, Central Retail cannot guarantee that it will be able to forecast, identify or respond to the trends accurately and quickly, especially in the fast changing fashion and technology, which causes difficulty in sale estimation or proper product supply.

Fast changes in the fashion trends, as well as customer's preferences and demands make it hard to estimate the customer's demands. Also, the customer's feedback to new products are up to many factors, including the overall economic situations, incomes after tax, the world's population lifestyle tendency, prices, values, qualities, practicality and the product's appearances. Central Retail's accuracy in estimation and ability to manage the changes in the customer's demands is subject to its experiences and set work system. It cannot guarantee that it will still be able to do the same in the future and it is possible that some products offered by Central Retail may not widely accepted by customers, and so becoming outdated products or being replaced by other more popular products. Thus, if Central Retail cannot accurately and quickly forecast or identify and adapt to meet the customer's preferences and demands, its products may become outdated and be replaced by other well-liked products and brands, troubling Central Retail with a large unsold inventory. It may also be unable to maintain the proper level of variety of merchandise mix to effectively meet the customer's demands and such situation may negatively affect its sales and may negatively and significantly affect Central Retail's business, financial standing, operating results and business opportunities.

Even though Central Retail offers products that meet the customer's demands, if it cannot create the shopping experience to meet the customer's changed buying behaviours in the future, its sales may decrease. Likewise, new methods or concepts in shelving may bring about the customer's feeling of unfamiliarity and discourage them from visiting, or make them unable to find the wanted products or brands in its stores. If such situation occurs, it may negatively and significantly affect Central Retail's business, cash flow, operating results, financial standing and business opportunities.

Preferences and demands of customers in foreign countries may be different from those in Thailand. Despite the fact that Central Retail has the management team with local know-how stationed in each country, it may not be able to meet all demands of the customers in each country, especially where their demands and preferences are very diverse from those in Thailand. Some customers may even prefer products and services from local entrepreneurs. The rise of new competitors in those areas may also affect Central Retail's competitiveness and may negatively affect its sales and incomes in the markets.

Central Retail being unable to meet the changes in customer's preferences, demands or buying patterns appropriately, timely or effectively may negatively affect the relationships between Central Retail and customers, desire to buy its products, its market shares and business growth.

#### **4. Central Retail's store or branch expansion plans are risky and uncertain.**

Central Retail has planned to expand the store network by launching new branches mainly in Thailand and Vietnam, as a part of its business expansion strategy.

However, Central Retail's store or branch expansion plans involve with many risk factors that may prevent it from successful plan launching and the newly launched stores may not be successful or serve the purposes set at its launch time. Central Retail's business expansion rate may affect its resources and systems, as well as management teams' time, reporting system, management and logistics. Similarly, its business expansion to any new region may cost Central Retail burden of higher distribution expenses. Such factor may obstruct its other business expansion plans and decrease the advantages it expects to receive from economies of scales, business cycle development and benefits to the business networks.

One of Central Retail's important success factors is its store location; it will not be able to open new stores if it cannot obtain spaces in the good locations, whether by buying, renting or entering into the use of land agreements with the landowners under proper conditions. Central Retail's ability to obtain good locations depends on many factors which are out of its control, land and commercial space seeking competition in each area and limitation of government laws and regulations. Therefore, Greenfield projects in some areas are specially challenging, such as lands in provinces of Thailand or lands in rural areas or under development in Vietnam; all of those are in Central Retail's business expansion strategy.

Central Retail's store expansion plan may be limited by the limitations or uncertainty of laws or regulations issued by the country's agency as the economic and political system, laws, taxes, applicable regulations, corporate governance standards, and business practices in other countries in which Central Retail is operating may significantly change, especially after the regime and political changes. There are also other risk factors for those countries with the developing economics and politics, especially changes relating to exchange control, limitations of foreigners' ownership of immovable property, higher tax rates and fees, all of which may affect Central Retail's international business expansion plans.

New stores usually suffer a loss or make fewer profits than those opened for a while. They may have to take some time to be managed up to the point that they eventually make profits, depending on factors like type of stores, locations and level of investments (such as rental period). If the new stores do not make incomes and profits,

making EBITDA positive within 3 years, Central Retail may consider closing the stores. However, neither can it guarantee that its newly opened stores will be able to make profit within the expected period, be profitable in the future, or if it can fix the appropriate time period and size of business expansion to generate higher incomes and profits without incurring too many expenses; nor that opening new stores will not decrease the sales of its current stores.

Central Retail has to face fierce competitions aiming to seize strategic locations with high population density, amenities, customer traffic and tendency to grow; because of lack of suitable lands or those undeveloped, partly developed or developed and pending construction; lack of land for current department stores in the strategic locations and higher competitions from other retailers trying to seize the similar lands. The department store developer may encounter problems or delays in sourcing adequate financial funds, approvals for new department stores or land supply in the strategic locations for new department stores with surrounding public utilities and facilities. If the developers build lesser department stores or are unable to complete the projects under development within the timeframe, Central Retail may be short of lands for new stores. If it cannot rent good spaces under the proper conditions and within proper timeframe, this may negatively and significantly affect Central Retail's business opportunities and its future growth. Additionally, if it has to pay for rental fees or land-buying prices for new stores at higher rates than expected, it will suffer the higher land rental or buying costs and this may negatively and significantly affect Central Retail's business, cash flow, operating results, financial standing and business opportunities.

## **5. Lower values of Central Retail's retail brands, product brands and trademarks may negatively and significantly affect its business operation.**

Central Retail's retail brands, private labels and trademarks are deemed important properties of its business conduct. Consequently, protecting the reputation of the brands and trademarks is a factor important to its success as it relies on the strength of its brand to attract customers and world-class brands to be its partners. Central Retail's consistent success and growth count on its ability to maintain and support its retail brands and normal brands via marketing activities and brand popularization. Yet, the factors that devalue Central Retail's brands may be product recall, customer complaints, being in the negative news, being sued or prosecuted and more, which may negatively and significantly affect Central Retail's business, financial standing and operating results.

In the present, Central Retail is in the process of re-branding its Big C in Vietnam from Big C brand to "GO!", which is expected to take several years. Central Retail cannot guarantee that its Big C Vietnam under the new retail brand name will be popular or as well-known as the old brand. If it does not succeed in rebranding, its business may be negatively affected.

## **6. Central Retail has to face the risks in buying, developing, improving or expanding its properties.**

Central Retail buy and develop new properties, as well as regularly improve and expand the existing properties, especially the business of Robinson Lifestyle Center, Big C Vietnam and Thai Watsadu. Such operations pose many risks to it as it may not succeed in buying and developing new properties or improving and expanding the existing properties. The properties obtained, developed, improved or expanded may not yield returns as expected and affect the estimated investment returns. Central Retail also face other risk factors involving with the operation, including but not limited to:

- Project buying or construction costs may be higher than estimated, resulting in the projects failing to begin or make profits;
- Property development, improvement or expansion may take longer time than expected, possibly resulting in the delayed utilization or profit earning of the properties;
- Central Retail may not be able to find the source of loans or refinance its loan debts under proper conditions;
- Central Retail may not be granted the certificate according to the laws regarding town planning, building ownership or any other approvals or certificates from the government agencies;
- The rental rates and rental fees received may not be as estimated, making the projects unable to earn profits;
- Central Retail has to gain consent of the outsiders; such as lessors or lessees, mortgagors or parties in the joint venture; in order to buy properties, improve buildings or carry out other actions; and it may fail to obtain the consent of those people.

In case that Central Retail's project obtainment, development, improvement or expansion fails, it may not receive returns as estimated and recoup its investment in the projects. Besides, if it has got a loan or guaranteed the loans for the projects, it may incur loss greater than the amount invested.

**7. If Central Retail fails to develop and maintain the Omni-channel platform's quality and reliability, and the related services, its sales, operating results and reputation may be negatively affected.**

The Omni-channel enables Central Retail to communicate with and provide services to customers via various connected channels, whether in store, online channels, mobile and social networks, in order to create the greater shopping experiences. Customers tend to look for the shopping experience from the seamlessly combined channels between in store and online. Presently, the number of customers who utilize our channels in their shopping has increased.

One of Central Retail's main strategies is creating and offering the greater shopping experience to its customers by combining the physical store and online channels via its Omni-channel. The retail trading via Omni-channel has been developed quickly and Central Retail has to be prepared to respond to the changed expectations and demands of the customers, especially those young ones who increasingly turn to various channels that meet their requirements. Its competitors have also started investing in establishing its own Omni-channels, while some of them may be more successful in the operations than Central Retail. If it cannot develop or succeed in its Omni-channel as planned, whatever the reason may be, this may decrease the customer's desire to do shopping via its physical stores and online channels or make Central Retail unable to gain returns from the Omni-channel investment as estimated or may negatively affect Central Retail's business and operating results.

Moreover, Central Retail may be affected by the risks and uncertainties related to online channels and Omni-channel, including changes in customer's behaviors and satisfaction, changes in technology interface, website downtime, internet connection problems, costs and expenses, technical problems regarding software upgrade, computer viruses or other technical problems and changes in applicable laws. Central Retail has to continuously make investments to catch up with the trends and the latest technological advancements, including new or developed technology application, functional development and other e-commerce marketing trends; all of which increase its operating costs and may not increase sales or attract customers as desired. If Central Retail fails to respond to the development, risk factors and uncertainties, its sales or profits may be negatively affected and it loses the reputation.

**8. Central Retail's operating results may be influenced by the operating results of the department stores in which its stores are located.**

Since Central Retail's most stores (except FamilyMart and Thai Watsadu) are located in department stores, the number of customers visiting its stores varies in line with that of the department store's visitors. If the department stores are not popular or less popular; which are factors out of Central Retail's control (for example, other newly opened department stores nearby, other department stores being more popular, population migration, the department store owners being unable to manage or maintain the venues in good and clean condition, project improvement or no or inadequate retail stores and/or food and beverage shops for customers); the number of customers in Central Retail's stores may be lower than expected and/or decrease and this may negatively and significantly affect Central Retail's business, operating results, financial standing and business opportunities.

**9. Central Retail may not be able to renew the tenancy of the real estates in which its stores are located under the proper conditions, leading to higher rental burden or store closure, which is the factor out of its control.**

Almost all Central Retail's stores in Thailand, Vietnam and Italy are located on the rented spaces, for which Central Retail has entered into the lease agreements, sublease agreements and premises lease agreements with the landowners or some government agencies in Vietnam. Most of its small-sized stores' renting periods are no longer than 3 years; some agreements are between 3–5 years and some have to be renewed annually, while those of its large-sized stores are usually longer than 10 years. When lease agreements of each location expire, Central Retail has to negotiate the rental with the landowners.

If Central Retail fails to negotiate the suitable conditions with the lessors or renew the agreements, its stores situated in the locations have to be closed or moved to the new places. For example, in March 2013 Central Retail had closed a branch of Robinson Department Store in Bangkok after its 25-year service because it cannot renew the rental agreement. In addition, in 2017 a branch of Supersports in Phuket had to be closed down since the landowner would like to reconstruct the place. Central Retail's stores may have to be closed, moved or changed the store types because of other reasons which are out of its control, such as fire, any natural disasters,

department store closing down and changes in town planning laws or other regulations relating to rental spaces or the lessor's business practices. The relocation of the stores may cause the business interruption and higher costs to Central Retail. Apart from that, it may not be able to find other proper or new locations under appropriate rental conditions or periods or not at all.

Central Retail's rental burdens and services mainly consist of the rental and service costs for its stores in 2017, 2018 and 2019 equaled to 2,663 million baht, 1,931 million baht and 2,184 million baht respectively (There has been the reclassification since 2018). Moreover, the rental burden may be increased according to the length of period. For example, in Vietnam, the rental fees for a group of rental spaces rented from the government of Vietnam would be fixed for the first 5 years and raised after that. And even Central Retail hold the rights to extend the rental periods of many lease agreements; it cannot guarantee that it would be under the proper conditions. Central Retail incurring the higher rental burdens or being unable to renew or extend the rental periods under the same agreements or proper conditions may lead to new site relocation or seeking, business interruption, relocation burdens and/or higher rental burdens due to new location rental. These factors may negatively and significantly affect Central Retail's business, cash flow, operating results, financial standing and business opportunities.

Central Retail's some rental agreements in Vietnam may not be fully effective or the agreements' effectiveness may be refuted due to many factors, including failure to pay the rental fee within the specified period, non-compliance with the purposes of the land use, non-compliance with the regulations relating to foreign currency addition in the lease agreements, non-compliance with the legalization process by a notary public or other legalization processes relating to rights to use the land of Central Retail's joint venture, as well as imperfections regarding the rights to use the land of the landowners.

Central Retail has entered into long-term agreements (the lease agreements longer than 3 years) in Thailand, which are not registered at the Department of Lands. CDS and ROBINS have 20 branches with those agreements included. Its sale volumes accounted for 12.6% of the entire sales volume for the year ending 31 December 2019. In this case, such agreements should be legally in force for only 3 years, regardless how long the rental period specified in the agreements would be. After the third year, it is legally deemed that the rental in the agreements is not time-limited and the lessor may exercise its rights to terminate the agreements at any time with prior notice.

Therefore, Central Retail may encounter the risk from the lessor terminating the unregistered long-term agreements and it may demand the limited damaged from the lessor or not at all. It may also have to negotiate the conditions of the new lease agreements which contain poorer conditions, affecting the profitability of the impacted stores or resulting in the store closure.

## **10. Central Retail has to rely on its distribution channels and from external service providers; and such channels may face the logistic difficulties.**

As of 31 December 2019, Central Retail had 37 distribution centers in total to distribute products to its stores properly and timely. It may have to face the logistic difficulties to dispense the goods to its centers in many areas. In example, according to infrastructure systems in Thailand and Vietnam and weather in Thailand, Vietnam and Italy; in 2011 Central Retail was unable to access one of Central Food Retail's distribution center because of flood and had to use the other center with limitations as a replacement.

Central Retail also use the services of external transportation providers and international forwarding agents in distributing its merchandises to its stores in some areas in Thailand, Vietnam and Italy, especially during the festive holidays. Regarding the suppliers, Central Retail use the services of external transportation providers to transport the merchandises to its distribution centers, warehouses and/or stores. Therefore, if interruptions occur to its or suppliers' distribution centers, this may cause the delayed transportations, lost or damaged products or inadequate number of products to be delivered to the stores as the transportation may be interrupted or delayed before the long holidays. Occurrences like strikes and lockouts or protests of employees domestically or internationally, natural disasters, strikes or protests affecting the transportation sector may cause Central Retail higher expenses or lessened number of commercial goods (whether it is transportation via its own distribution centers or by external providers). Because of its business expansion, the goods distribution is increased and this may add up the difficulties for its existing distribution networks, apart from current obstacles like unreadiness of infrastructures (insufficient number of ports, roads and electrical outputs) and other logistic-related factors. All those factors may negatively and significantly affect Central Retail's business, cash flow, operating results, financial standing and business opportunities.

## **11. Central Retail may not be able to protect its intellectual properties from being violated and it is in the process of registering some of its trademarks.**

Central Retail has its own private labels and a quantity of retail brands, each with its own functions and usages; hence it may not know all the intellectual rights violations or decide not to cease the violations depending to the possible expense burdens and suitability. Even though Central Retail has put its effort in registering its trademarks, it is uncertain that all trademarks submitted for registration will be approved. For its registered trademarks, it cannot guarantee that it will be able to renew the trademarks when expired. Outsider's usage of its unregistered trademarks or registered trademark violation may damage Central Retail's image and business reputation and may negatively and significantly affect Central Retail's business, cash flow, operating results, financial standing and business opportunities.

Although Central Retail has established the measure to lessen the risks of violating other's intellectual properties, it may not be able to handle all the incidents as it and its suppliers seek for merchandises from sources all over the world. That is why it cannot confirm that any of its or suppliers' goods or actions do not violate other's intellectual properties and it may not even realize or detect any intellectual property violations. Intellectual property violations may generate negative image in the public's viewpoint and prosecutions against Central Retail for the rights violation and it may have to stop selling the violated goods and/or pay the compensation or fine for the offence. As of 31 December 2019, Central Retail did not face an offence concerning intellectual property infringement. But this cannot guarantee that such cases will not happen in the future. Violating other's intellectual properties may negatively and significantly affect Central Retail's business, cash flow, operating results, financial standing and business opportunities.

## **12. Information Technology Dependence**

Central Retail's information technology systems in daily businesses are advanced enough to manage the numerous business operations, including the distributions, inventory management, supply chain management, warehouse and logistics management, credit card payment and other payment services, accounting and financial managements, human resources management and salary payment. Moreover, it has to very much depend on the information technology system in business operation via online channels, E-Commerce and Omni-channel to collect and process the consumer data analyze. Central Retail's future IT system interruption or abnormality may cause Central Retail's data loss and

business operation interruption, failure to make payment to sellers, inventory problems, customer's losing trust or its slower responses to customer's preferences and demands. Central Retail has gathered all its hardware equipment used for the main software system at the data warehouse managed by RIS, while the data backup system and other supporting systems are at the data warehouse managed by Central Retail. Interruptions of Central Retail's IT system or disaster data recovery system may negatively affect Central Retail's business, cash flow, operating results, financial standing and business opportunities.

Central Retail has entered into a contract with the RIS to establish the Disaster Recovery Center with the intention of protecting its database from possible damages occurred by the unexpected events, such as data storage, sales, credit card transactions and other payment services and warehouse management. Though the disaster data recovery system may enable the important operating systems to continue when unforeseen incidents arise, it cannot guarantee that the system can sufficiently support Central Retail's business operation in case of long-time initial operating system discontinuity or the data backup system's incompatibility with the system. All of those factors may negatively and significantly affect Central Retail's business operation.

## **13. Central Retail may not be able to effectively manage the inventory.**

Central Retail has to reserve a proper number of merchandises in its warehouse for its smooth business operation: its average merchandise turnover was 107.7, 98.3 and 94 days for 2017, 2018 and 2019 respectively. In case that it estimates sales higher than actual values, it may incur a lot of inventory and need to do promotions to get rid of the goods. Storage and transportation expenses may also follow from keeping unsoldable inventories. In case that Central Retail's sale estimation is lower than reality or new product expectation is incorrect, its stock may run low, being unable to meet the customers' demands, losing the selling chances and possibly customer's trusts to find their desired goods from its stores, tarnishing its reputations. These may negatively affect Central Retail's business, cash flow, operating results, financial standing and business opportunities. Furthermore, even if it has its own work flow and system to prevent loss or theft of its goods, in case that the lost or stolen merchandises are higher than expected, it may have to write off the number of lost or stolen stuffs higher and lose the selling chances, which may negatively affect its profitability. Also, the deviation of inventory resulted from delayed delivery and lost or damaged goods may negatively affect Central Retail's operating results.

#### **14. Central Retail's competitiveness may be influenced by its ability to attract leading brands.**

Relationship between Central Retail and leading brands, as well as internationally acclaimed brands is a part of its success as a retailer with a variety of relationship types and is the factor that differentiates it in the luxury goods and affordable luxury goods markets. Many of those brands carefully choose their selling channels and Central Retail consider the brand's wishes in most of its business decisions, including advertisements, brand communications, store location decisions and store renovations, though it cannot guarantee that its business operation directions will match the brands' requirements. Besides, Central Retail mostly will not sign the agreements that require the guaranteed supply with the brands, of which the products are available for sale in its competitor's stores or the brand's own stores and/or websites that are competing with Central Retail. Consequently, it cannot guarantee that those brands will continue to sell their goods to it or meet its demands, whether in quality, forms and quantity.

#### **15. Central Retail's success depends on the main management teams and its ability to attract and retain competent management teams and employees.**

Central Retail relies on its top management team who is experienced and skilled in its industry, including the professional management team in the industry of retail, finance and other fields for long time and personnel from the Chirathivat family who is equipped with business insights of Central Retail. Should it lose the people, it may negatively affect the organization, which is not limited to only the ineffective business management and/or failure to decide or carry out new strategies, such as its store network expansion. Its strategic success is also subject to the capability of management teams, whether in headquarter, distribution centers or its main stores; and its ability to constantly attract, encourage and retain other employees (including salespeople). Central Retail cannot guarantee that these important resources will continue to work with it or it will still be able to attract or retain those people in the future. Losing such important personnel or failure to attract and retain and/or quitting, which are unpredictable in advance, may delay or obstruct the operations to meet its business targets and maintain its business position. The aforementioned factor may negatively and significantly affect Central Retail's business, cash flow, operating results, financial standing and business opportunities.

Central Retail's business operation needs to depend on its ability to maintain the relationship with employees, encouragement and suitable remuneration. It may have to face the competitive conditions in employment or pressure from wage rates for labour in each area of the same industry or industries similar to that of Central Retail. The major cities, in which it is operating, are all the areas where its competitors are operating or seeking opportunities to expand the business. The competitions in the labour market to recruit skilled and qualified employees are increasingly intense and this may pose an obstacle to Central Retail in recruiting and retaining talents. Those factors may be limitations to its business expansion plans. Other retailers offering more attractive compensations may compel it to offer comparable compensations and benefits to appeal and retain the branch managers and qualified employees, resulting in higher costs and lower profits and possibly losing employees or higher wage costs. Lacking of skilled labour along with increased wage costs and minimum wage rates may leave Central Retail with higher expenses and/or higher turnover rates, which may negatively and significantly affect Central Retail's business, cash flow, operating results, financial standing and business opportunities.

Central Retail may face the labour disputes that lead to protest, strikes and lockouts or other labour interruptions, which may cease Central Retail's business. As of 31 December 2019, approximately 23 percent of the employees of Central Retail companies in Italy was members of the National Retail Trade Union of Italy or members of the Trade Union of La Rinascente. The rest of the employees are not members of the labor union in Italy. During 2015–2019, there were 4 national strike strikes in Italy. Local strikes and lockouts were occasional. Those strikes did not affect the La Rinascente business unit. However, labour movements, strikes and lockouts and protests in Europe occur more frequent than in Asia and there were also regular labour disputes in Thailand and Vietnam, Central Retail cannot guarantee that those incidents will not happen in the future.

**16. Some of Central Retail's successes are conditional on its ability to unremittingly access and utilize The1 Member Privilege Program.**

Some of Central Retail's successes are conditional on its ability to unremittingly access and utilize The1 Member Privilege Program, so as to evaluate based on their data the changes in customer's preferences and demands, seek target customers and launch marketing campaigns, develop and drive Omni-channel and take it as information supporting its business decisions. The abovementioned ability counts on its constant joining The1 Member Privilege Program, owned and managed by The1 Central Company Limited (a subsidiary of HCDS, the Company's major shareholder). Central Retail's program joining is one of its competitive strength, as part of business strategy and growth formulation requires its ability to analyse customer information collected from The1 Member Privilege Program it joined. If the agreement between Central Retail and The1 Central Company Limited ends or is not renewed, or if it cannot access The1 Loyalty Program database for any reason, it may take a long time or is unable to find other methods to store and analyse its customer information, whether by external service providers or internal units. And this may negatively and significantly affect Central Retail's business and operating results.

**17. Changes in laws and regulations may cost Central Retail higher expenses and may negatively affect its operating results.**

Since Central Retail's business is governed and controlled by many laws, the government intervention and actions and/or legal reform may initiate the issuance of new rules and/or legal interpretation guideline changes for the existing laws or regulations may cost Central Retail higher expenses to comply with the laws and its management teams may have to dedicate their time and effort to come up with new business strategies to handle the issues. If Central Retail violates the applicable laws or regulations, it may encounter legal risks or prosecutions which obstruct the business operation and add up to the burden of its business costs. Furthermore, changes in some policy-related laws such as tax policy, product safety, environmental protection, privacy policy and information security, plus changes in accounting laws and regulations may involve with the higher compliance costs and may negatively affect Central Retail's business, financial standing and operating results.

**18. If Central Retail fails to protect customer's and other information in its database, whether because of being hacked or others, or it is found violated the laws related to privacy protection or customer information confidentiality and the European Union's General Data Protection Regulation (GDPR); it may have to be liable to civil or criminal penalties, increasing the responsibility and liability and damaging its reputation or business.**

Central Retail has received and/or kept customer information in its system, and also use the services of an external provider, namely The1 Central Company Limited – The1 Loyalty Program manager and a subsidiary of HCDS – which may need to access that information. So, it may face the risks that storing, managing, making available and/or disclosing personal information may violate the privacy protection laws.

As the advancement of technological threats makes it harder to detect and prevent, those threats may turn the security measures of Central Retail or external service providers upside down in the future, leaking the personal information of Central Retail's customers. Gaps in data protection measures of Central Retail or external providers, operational mistakes, misconducts, a loss of confidentiality, system interruptions as a result of being hacked, incompliance with the laws and regulations regarding privacy and information security are all factors that may burden Central Retail with higher expenses of data protection for customers, members, related people and salespersons in its stores to restore theses people's trusts. Additionally, it may incur increased expenses from modifying its data system and management methods to solve the data security and abide by the related laws and regulations. Those situations may negatively and significantly affect its reputation, have adverse effects on its competitiveness or even cause legal proceedings against Central Retail; decreasing its sales and negatively and significantly affecting its operating results, financial standing, cash flow and liquidity. Also, leakage in Central Retail's information security system may put it to a lot of expense, devote its resources in management to solve problems and heavily invest to develop its data security system, which it use to protect personal information from technological threats and any other efforts to reach such information. Central Retail's operation may be interrupted, especially in E-commerce and Omni-channel.

Central Retail has in possession and manage the personal information of ordinary people in the European Union, especially those of Rinascentecard members and personal information of its employees. Using and managing such information is governed by laws and regulations enforced in the European Union and Italy. If Central Retail or The1 Loyalty Program violates the privacy or confidentiality of the data or cannot carry out or follow the applicable criteria recently announced, including the EU Regulation no. 2016/679 (GDPR) in force on 24 May 2016 and applicable to all countries in the European Union on 25 May 2018; and Italy's Legislative Decree 196/2003 ("Data Protection Code"); Central Retail may be significantly liable to administrative, civil or criminal penalties, fined and defamed. Central Retail is currently in the process of data protection impact assessment and preparation of confidential policy or agreements regarding its employee data transfer to receivers outside the European Union as prescribed in the GDPR. It can neither guarantee that it will be able to protect the privacy and maintain the confidentiality of the customer or employee information nor it is able to successfully adapt the new applicable rules. If Central Retail or The1 Loyalty Program's management of personal information of ordinary people related to the organization and/or its business (including customers, employees, experts and others) is not in line with the binding principles (that is following the laws, be transparent, collect information as needed and others) and other duties required by the personal information protection law, it may be guilty under the GDPR and the Privacy Code. In addition, adhering to the information protection and privacy rules is a condition required under the concession agreements signed with its suppliers. Accordingly, Central Retail's noncompliance with the GDPR may be cited as a reason to cancel the agreements.

If Central Retail violate the related laws or incur more expenses from compliance with the new regulations, laws or guidelines regarding privacy, the liabilities or damages to its reputation or raise of expenses for legal obedience, as the case may be, may negatively affect Central Retail's business, financial standing and operating results.

#### **19. Central Retail may not be able to lease the new rental spaces in its plaza or renew the rental period of its current spaces for the existing tenants.**

Central Retail may not be able to lease the new retail rental spaces properly or under conditions beneficial to it. When the current rental contracts expire, it may not be able to lease the spaces to the existing tenants and the rental conditions and special discounts for the renewal period may be inferior to the original conditions agreed. Central Retail's being unable to lease the spaces as targeted may negatively and significantly affect its business.

#### **20. Constant investment of Central Retail's business requires it to seek for external sources of funds, but it may not be able to find those with acceptable conditions.**

Central Retail's business conduct and growth strategies require investment funds for opening new branches, renovating existing stores, acquisitions and mergers and updating development and improvement of technological infrastructures, especially for Omni-Channel. For its general business conduct, it also needs additional working capital, which relies on its ability to create cash flow from the business conduct, loans under the acceptable conditions or fund raising in the capital market. If, in the future, Central Retail has to seek for external sources of funds, its seeking ability (under the acceptable conditions) hinges on many factors, including the overall economic situations and capital market, interest rates, preparedness of loan granting of banks or other creditors, investor's trust in Central Retail and political and economic situations in Thailand, Vietnam and Italy. Central Retail being unable to obtain funds for its investment plan or to allow adequate working capital under the acceptable conditions may negatively and significantly affect Central Retail's business, cash flow, operating results, financial standing and business opportunities.

#### **21. Central Retail's reputation may be influenced by the supplier's actions.**

Even though Central Retail has carefully examined its major suppliers and entered into agreements with prohibitions of misconduct, abnormal actions and any other actions that may be defamed or against any laws or regulations (such as buying stolen or counterfeit goods, child labour or unsafe working environments), it cannot control all actions of the suppliers and its measures may be insufficient to prevent those actions. Wrongdoings and problems of the suppliers may affect Central Retail's reputation as it is involved with their merchandises. In case that suppliers have committed offences against the laws or regulations, it may be necessary to cancel the buying orders placed with the suppliers and make orders from new ones. Or it may have to pause sales of the goods until new suppliers are found and its combination of goods is less various. Sale pausing or defamation may negatively and significantly affect Central Retail's business, cash flow, operating results, financial standing and business opportunities.

## **22. Central Retail fails to go by the conditions of some contracts made with suppliers which prohibit it from selling products competing with those of the suppliers.**

Some standard contracts Central Retail made with suppliers have limitations regarding its ability to sell products competing with those of the suppliers. Its failure to go by the conditions of some contracts made with suppliers may be the cause for the suppliers to complain that it breaks the contract, posing a risk of legal proceedings. Then, it may have to pay the damages or no longer be unable to sell the goods and/or the contracts are terminated. Moreover, Central Retail may lose its reputation and good relationship with the suppliers, other suppliers or any future suppliers. Sale cancellation or defamation may negatively and significantly affect Central Retail's business, cash flow, operating results, financial standing and business opportunities.

## **23. Complaints regarding the liability to damages from unsafe products because of its damages, hygiene of food products and sickness from contaminated food products may negatively and significantly affect Central Retail's reputation and financial growth.**

Central Retail's business involves with risks of the liability to damages from unsafe products, product recalls, being in the negative news and of public liability. It has not purchased any product liability insurances, except for some business units that sell food products. In case that it cannot claim any damages from suppliers, it may have to pay by itself due to the liability if the unsafe products cause any harms. Central Retail's reputation may be negatively affected if there are defected products or contaminated food products on the shelves in its stores. No matter the problems are because of its mistakes or not, the factors may make customers lose trust in Central Retail's brand, decrease its sales and may negatively affect Central Retail's business, financial standing, operating results and business opportunities.

Central Retail has devoted its resources in any operations to ensure that customers receive safe and quality food products, especially fresh and freshly cooked foods. The process of preparation, packing, transporting, storing and selling fresh foods, freshly cooked foods and non-food products entail the risks of unavoidable contamination, imperfections or defects; possibly leading to product recalls, demand for compensations and being in the negative news. Food and non-food products with contaminations may cause sickness, injury or death. Transportation or sale of contaminated, imperfected or defected products are reasons of being requested

for compensations from unsafe products and product recall usually occurs to Central Retail's freshly cooked products. Although suppliers take the legal risks for the complaints regarding the unsafe product liability and Tops and FamilyMart businesses has obtained the product liability insurance, the insurance may not fully cover the liability damages of other unsafe products and Central Retail may be in the negative news due to the complaints, which may negatively affect its business, financial standing and operating results.

Central Retail also has its own private labels and in case that it is demanded for compensations of unsafe private label products, its ability to market its private labels may be significantly and negatively affected and this may also affect the Company's brands, business, financial standing and operating results.

## **24. Central Retail has to depend on some business services from HCDS and RIS.**

Central Retail has entered into many business service contracts with HCDS, its major shareholder who has agreed to provide a variety of business services including management, finance and accounting, law, human resource management and others. It has also signed agreements with RIS to receive other information technology services. If HCDS or RIS is unable to provide those services to Central Retail, it may have to seek for services from other providers instead or develop its potential to carry out the operations by itself, either of which takes time and significantly increase its burden costs. HCDS or RIS being unable to provide services or not wishing to provide services to Central Retail may negatively and significantly affect Central Retail's operating results and financial standing. *Please find more details in "Related Party Transactions".*

## **25. Central Retail has conducted many transactions with the parties with potential conflicts of interest.**

Central Retail has conducted many transactions with the parties with potential conflicts of interest. It believes that the agreements and the related transactions are under the conditions as per ordinary trading practices as if it was an arm's length transaction or under the conditions believed to be comparable with the similar transaction with people without conflicts of interest. Those transactions include land and business space rental and other transactions, which may come with conflicts of interest negatively affecting Central Retail. Some of the Company's directors and management teams holding the same positions for the parties are deemed the persons with potential conflicts of interest and Central Retail's transactions with those people will cause conflicts of interest, whether by case or in overall. This may also weaken the relationships

between Central Retail and those people or some of its parties may have to terminate the relationship as a person with potential conflicts of interest. These factors may negatively and significantly affect Central Retail's business, cash flow, operating results, financial standing and business opportunities. Therefore, its transactions with the connected parties must be approved by the Company's management teams, directors or shareholders, subject to the size, nature and conditions. Such operations may place burdens on Central Retail in aspect of time and expense and may negatively affect its business agility.

## **26. The strength of Central Retail's private label products and exclusive brands influences its competitiveness.**

Private label products and exclusive brands are Central Retail's point of difference, increasing its profitability rates. Defective products, ineffective or improper promotional activities or external counterfeiting are all the factors that may affect the strength of the private label products. If Central Retail does not succeed in protecting and making private label products recognizable, this may dull the image of the products in customers' opinion. Then, it may not be able to maintain the prices and/or a sale quantity of the products or use the private label brands to present new items or add the spending patterns of new customers. The higher costs borne by suppliers of private label products may lead to higher product provision and any changes may negatively affect Central Retail's business, cash flow, operating results, financial standing and business opportunities.

Many retailers compete with each other to sign agreements with important product brands and other product suppliers to be the sole distributors, franchisees or limited franchisees to make the difference for their businesses and Central Retail has utilized the strength in its sale and competition to seal the deals. However, those agreements may be temporary or revocable. The important product brands and product suppliers usually do not wish to grant the sole distributorship to any one retailer or decide to grant the rights to its competitors. Some product brands distributed by Central Retail even open or may open their own stores in the proximity to its stores. If it is unable to continually obtain the agreements with sole distributorship or other similar conditions from the important product brands or product suppliers, its image and difference may be significantly and negatively influenced and this may also affect Central Retail's financial standing, operating results and business opportunities.

## **27. Central Retail has been licensed to use some brands's tradenames, trademarks and service marks by other persons.**

Central Retail has been licensed to use some brands's tradenames, trademarks and service marks in its retail business operations, such as Central and Big C retail brands by HCDS and Big C Supercenter Public Company Limited, the other entrepreneurs, respectively. The strength of Central brand is accumulated from the 70-year legendary retail business of the Central Group in Thailand; the Central brand is well recognized by the public and is an important part of the marketing activities, in addition to being used as the business name and retail brand of Central Department Stores. The brand usage, including inappropriate usage whether by Central Retail or HCDS which are out of its control, may exert adverse impacts on Central Retail's image and business reputation. Additionally, it cannot control the similar actions of other people, which may negatively affect the values and the consumer's view towards the Big C brand. Permission to use Central and Big C brands as specified in the license contract is under some limitations which may limit the scope of presentation or making them recognizable as Central Retail's retail brands or something else. Please find more details in "Other Important Information – Summary of Essence of the Important Contracts" from the annual registration statement (Form 56-1) of the company showed in [www.sec.or.th](http://www.sec.or.th) or [www.centralretail.com](http://www.centralretail.com). Central Retail's joint ventures are usually granted the rights to use tradenames, trademarks and service marks as per the related contracts. However, its success and constant growth is dependent on the ability of Central Retail and HCDS to sustain and enhance the Central brand via its marketing and publicizing activities. If Central Retail or HCDS fails to do so, the market's view towards its stores may be poorer, and this may negatively and significantly affect Central Retail's business, cash flow, operating results, financial standing and business opportunities.

## **28. Central Retail may not be able to obtain some of the Certifications or Registration for its stores.**

Central Retail's business operations are prescribed by various important legislations such as Town Planning Act, Commercial Law, and Tax Law. Central Retail is required to obtain licenses and approval, including but not limited to trading license, retail store establishment license, liquor license, food selling and storage licenses, health hazardous business operating license, warehouse license, food safety and sanitation certification, construction license, E-commerce business registration,

fire safety certificate, and environmental licenses, from central and local government agencies in order to operate the businesses in Thailand, Vietnam, and Italy. Central Retail shall be responsible for performing report submission and other operations required for license and certification renewal when the expiry date is reached. Moreover, Central Retail shall apply for license and certificate or request for the revision if it is prescribed by new legislation.

Though Central Retail has complied with the conditions necessary for application for license or its renewal, it is not confirmed that Central Retail would be able to obtain such license. Business operation done without obtaining the license, renewing the license, or complying with the conditions prescribed in the relevant licenses (including limitations and/or duties in report submission and other actions) may cause Central Retail to receive penalties including receipt of notification, license suspension or revocation, temporary or permanent closure of stores relating to Central Retail, payment of fine, or administrative penalties. Central Retail has extensive network of stores in Thailand, Vietnam, and Italy. However, though Central Retail have put lots of effort on obtaining licenses necessary for the business operation of each store, some of the stores might not have the necessary licenses such as retail establishment license, and/or the trading license of majority of stores in BigC might not cover some categories of goods such as rice, sugar, and book. BigC is applying for license and/or requesting for license revision in order to be able to sell the aforementioned goods. If BigC is unable to obtain or revise the license, it may be punished with the penalties of payment of fine, license revocation, business suspension of the non-licensed stores, and/or confiscation of profits earned by such business. Some of necessary licenses of Central Retail are held by the outsiders such as landlord and Central Retail is benefited by such licenses due to the business relationship with the outsiders which is uncertain. The business also depends on the performance of duties specified in the licenses done by the outsider. For example, after the Police Department of Fire Prevention and Fighting and Rescue of Hanoi has inspected fire prevention and rescue in a building, which Central Retail has rented its space for operating a branch of its supermarket branch or Lanchi Mart, on 16 July 2018 and found that it is not complying with the Law of Fire Prevention and Fighting, the order for closure of the building was issued. In this case, if the necessary corrective actions are not done, the supermarket may be permanently closed. Breach of duties in report submission and other actions, business operation without license, or negligence of license renewal required by both central and local public sectors may result in decrease of income and profitability of Central Retail and may cause continuously, significantly negative effects on reputation, cash flow, operating performance, financial status, and business opportunity of Central Retail.

According to Vietnamese laws, the Foreign Invested Enterprise or FIE operating trading business is required to obtain licenses including trading license and retail store establishment license for each store. Nyugen Kim joint venture became the subsidiary of Central Retail in June 2019. However, it is uncertain whether (a) Nyugen Kim would be considered as Foreign Invested Enterprise and (b) Nyugen Kim would be responsible for complying with the conditions regarding the application for retail establishment license of the stores before it acquires the status of Foreign Invested Enterprise or not. As acknowledged by the Company, the standard judge of this case is still not clearly specified. However, if Nyugen Kim cannot comply with the conditions regarding the application for license as a Foreign Invested Enterprise (if necessary), it may be suspended from business operation or required for payment of fine or the profits gained from such business operation may be confiscated. On 31 December 2019, Nyugen Kim had 70 stores. Since Nyugen Kim became Central Retail's subsidiary until 31 December 2019, it has gained the revenue of 8,051 million baht which is considered as part of operating performance of Central Retail. The management has estimated if Central Retail had performed the acquisition of Nyugen Kim on 1 January 2019, until the date of actual acquisition Central Retail would have gained more profit of 7,032 million baht; the total revenue would have been 15,083 million baht or 7.72% of the Company's sales revenue for the year ended 31 December 2019.

## **29. Central Retail is under the supervision and the litigation to prevent the monopoly according to the Trade Competition Act.**

Central Retail is under the supervision of public sector according to the Trade Competition Act which also prescribes the prevention of the monopoly in the countries in which Central Retail operates its businesses. If there is any interpretation or complaint that business operations or business agreements done by Central Retail can be considered unlawful, the company may be investigated and prosecuted according to the Trade Competition Act. Though Central Retail's actions are not contrary to the Trade Competition Act, this might cause Central Retail to bear huge sum of defense expense, negatively affects Central Retail's reputation and the society's perspective towards Central Retail, and also cause an impact on the management's time and effort.

For the business in Thailand, Central Retail is under the supervisor done according to the Trade Competition Act 2017 aiming to support the free trade competition and prevent monopoly and unfair trade. The Trade Competition Act 2017 prescribes selection and appointment of the "Trade Competition Commission"

which is authorized to supervise the compliance with the Trade Competition Act and issue regulations or announcements in order to comply with the Act. In the end of 2018, the Trade Competition Commission issued the announcements regarding rules under the Trade Competition Act 2017 which include a rule on the merger causing monopoly or the market dominant business operator causing the merger with the characteristics specified in the Emergency Decree to acquire the approval of Committee of Trade Competition Comission before taking any action unless it is exempted as specified in the Trade Competition Act 2017 or other relevant announcement. The join venture also includes an acquisition of shares or other securities which might be able to transform into shares in the sum of or more than 25% of total voting rights in the Company which is subject to the Securities and Exchange Act and the law regarding acquisition of more than 50% of the total voting rights in the other Company. Since the aforementioned relevant announcement of the Trade Competition Act 2017 is recently enforced, Central Retail is unable to realize the enforcement methods of the Act, including supervisor and enforcement of the Trade Competition Act 2017, or the effects on future business operation done by Central Retail caused by the compliance with the Act and its relevant announcements. Moreover, future investment of Central Retail would be under consideration of the Committee of Trade Competition Comission, such as merger approval, which might determine any conditions for Central Retail to comply with. If Central Retail is not approved to perform the merger as planned in the future investment plan or is approved with conditions significantly causing obligation for Central Retail, there might be negative effects on business, financial status, operating performance, and business opportunity of Central Retail.

### **30. Insurance policy done by Central Retail might not cover or Central Retail might encounter delays in receipt of compensation for damages caused by the insurer.**

Central Retail has applied for various forms of insurances in order to cover damages which might be caused by Central Retail' s business operation. The insurances applied for include the Comprehensive Liability Insurance and the Disaster Insurances covering fire, earthquake, flood, riot, political violence, strike, terrorism or sabotage, business disruption, and public responsibility. However, Central Retail has not applied for the insurance covering some risks of which Central Retail believes that

the insurance is unnecessary according to the regulation of the operators in the same industry in Thailand and Vietnamese. For example, Central Retail has applied for the insurance covering liability for damage arising from unsafe goods for the business of Central Food Retail and the familymarts but this insurance is applied for other business units of Central Retail. Also, Central Retail has not applied for the insurance covering uninsurable risks or the insurable risks which are under the unacceptable trade conditions, and might not apply for the insurance covering some risks such as war risk or terrorism risk. All the insurance policy of Central Retail might technically have a protection limited conditions, thereby Central Retail might not be protected or receive the compensation, full or partial, for losses, damages, or liabilities occurred. Central Retail may also file a lawsuit against the insurer in the case that the insurer refuse to pay the compensation. For example, Central Retail receives the full compensation from the insurer after Central Retail filed a lawsuit against the insurer for damages occurred to one of Powerbuy branch due to the flood in 2011. Though the damages are covered by the insurance policy, there might be delays in payment of compensation done by the insurance which may cause significantly negative effects on business, cash flow, operating performance, financial status, and business opportunity of Central Retail.

Moreover, Central Retail may not be able to apply for the insurance for categories or levels of risk of which Central Retail considers necessary or sufficient or the insurance with insurance interest rate considered appropriate, especially in the case that insurance interest rate significantly increase when Central Retail renews the insurance policy.

### **31. Central Retail currently operates some of the businesses via investment in joint venture and may sign more joint venture contracts in the future.**

Central Retail currently operates some of the businesses via investment in joint venture and may sign more joint venture contracts in the future. While this investment is a form of business operation which is hugely profitable for every party in the appropriate situation, this business operation may be complicated and have conditions causing lack of liquidity and/or limiting operational control authority of Central Retail on such business. This business operation may not be the best choice when the situation changes. In this regard, Central Retail is unable to confirm whether the contract on investment in joint venture done by Central Retail will increase profit

and cash flow of Central Retail, and is unable to confirm that there would be no needs of additional capital or financial damages due to the occurrence of unexpected problems. Moreover, there might be conflict of interest between the investors and Central Retail which may cause conflicts of opinion in the joint venture operation. If the conflict with the investors is not resolved, it may result in significant reduction of profit expected from the joint venture or unprofitability of the joint venture which may cause significantly negative effects on benefits of which Central Retail may gain from the joint venture or overall joint venture business.

### **32. Exchange rate fluctuation may negatively affect Central Retail's operating performance.**

The currency shown in Central Retail's financial statement is Thai baht. For the year ended 31 December 2018 and 31 December 2019, 77.1% and 74.2 of total revenue of Central Retail is respectively from retail businesses in Thailand which are in Thai Baht. Also, most of the goods sold in Thailand are procured from source of supply in Thailand and the payment is done in the Baht. However, Central Retail procured some of the goods sold in Thailand from the foreign source of supply and the payment may be done in US dollar currency or by referring to US dollar or other currencies. Central Retail's businesses in Thailand may encounter foreign exchange risk due to transactions done in Thailand which are required for payment to be done in foreign currency. The depreciation of Thai baht, both temporary and permanent, may affect price determination on the goods procured from foreign countries being sold in Thailand and may significantly negatively effect Central Retail's business. The recession of Thailand's economy caused by Thai baht's depreciation may also increase operational cost in Thailand and decrease retail demand.

Moreover, sales and cost of sales of Central Retail's subsidiaries operated in foreign countries are in the local currencies, videlicet dong of Vietnam and euro of Italy. Since some of Central Retail's securities and liabilities are in euro and US dollar and Vietnam dong significantly fluctuated in the past and this may occur again in the future, Central Retail may encounter risks caused by foreign exchange fluctuation which will impact the securities and liabilities of Central Retail's subsidiaries in foreign countries and the operating performance report of such subsidiaries and their affiliated company shown in the financial statement when Central Retail convert values in the financial statement into Thai baht in order to issue the consolidated financial statement. Difference of the exchange would be included in the other comprehensive income items and the difference from financial statement value conversion. The operating performance report showed in financial statement may

be negatively affected when Central Retail convert the financial statement values and find that there are differences during the issuance of the consolidated financial statement.

At present, Central Retail does not apply any exchange risk prevention instrument. In the other hand, if Central Retail wants to apply any exchange risk prevention instrument, it may be unable to be done under the expectable conditions. The significant depreciation of Thai baht or the continuous depreciation of the aforementioned currencies may result in the cause of significantly negative effects on business, cash flow, operating performance, financial status, and business opportunity of Central Retail.

### **33. The majority of Central Retail's sales came from the stores in Bangkok and surrounding areas.**

As of 31 December 2019, Central Retail operated business in 51 provinces throughout Thailand, and also has operated the significant businesses in Vietnam and Italy. According to information from Central Retail, total sales of the shops in Bangkok and surrounding areas are 56.4%, 55.2%, and 54.4% of Central Retail's total sales for the years ended 31 December 2017, 2018, and 2019. For this reason, operating performance of Central Retail is mainly subject to the operation done in Bangkok and surrounding areas. If there is any disruptive situation, such as natural disaster and political unrest, or situation that decreases the demand for retail business occurs in Bangkok and surrounding areas, Central Retail's financial status and operating performance may be negatively affected.

### **34. Central Retail may be prosecuted or face legal action.**

Central Retail might be prosecuted or face legal action for the business operation or the offence relating to area used for Central Retail's business operation. For example, Central Retail is prosecuted for a mall renovation and brought against tax litigation by the Milan Provincial Tax Commission in Italy. Please find more details in "Legal Dispute" from the annual registration statement (Form 56-1) of the company showed in [www.sec.or.th](http://www.sec.or.th) or [www.centralretail.com](http://www.centralretail.com). However, the natures of prosecution and legal process are uncertain thereby Central Retail cannot correctly estimate the results of such processes. Being prosecuted or brought against legal action, or grabbing the negative headlines for such offences may have negative effects on reputation and sales of Central Retail. In the case where results of such processes are harmful to Central Retail, they may give Central Retail, the Central brand, and Central Retail's important retail brand

negative reputation, and have significantly negative effects on Central Retail's business, cash flow, operating performance, financial status, and business opportunity. Moreover, regardless of the result of trial, the conduct of such process may cause Central Retail to bear the enormous litigation costs and expenses, including important resources and times of the management.

**35. Since the Company operates its business by owning shares in other companies, the settlement of liabilities of the Company or the dividend payment to the shareholders may be done with the dividend received from the subsidiaries.**

Since the Company operates its business by owning shares in other companies, the Company's own business and operating assets, excluding equity in the subsidiaries, are limited. Therefore, the Company may settle liabilities including the payment of principal and interest, and/or the payment of dividend to the shareholders. Moreover, the calculation of dividend, if any, being paid to the Company by each subsidiary shall be done with consideration of its debt (if any), financial status, cash flow, investment plan, and future business opportunity. The Company will get dividend payout in proportion to its shareholding in each subsidiary.

**36. Agreements regarding Central Retail's liabilities may limit investment plan and financial agility of Central Retail.**

Agreements prohibiting any actions taken on credit and loan agreements done with the financial institutes would limit Central Retail's capability of performing the following actions unless otherwise exempted:

- Merger or acquisition of business, and separation or restructure of business
- Investment, share or interest acquisition from persons, or investment in other legal entity.
- Investment, acquisition of shares, securities, or other interests from co-investment, or provision of guarantee for duties in joint venture.
- Creation of contingent liabilities or consent on creation of excess liabilities over assets of Central Retail
- Distribution of group assets
- Being creditor for any financial liabilities or guaranteeing of others' liabilities or debts

Some of lease contracts done by Central Retail contain conditions stating that Central Retail shall maintain some financial ratios. The limitation and the agreement prohibiting such action may limit Central Retail's capability to grow as planned and the liquidity of planning or response to the change of business and industry in which Central Retail operates causing Central Retail to be sensitive in the increased economic and industrial recession. Some of the lease contracts also contain the conditions prescribing HCDS or the Chirathivat family to maintain their direct and indirect shareholding proportions at least 51% of the Company's shares and prescribing the Chirathivat family to maintain their direct and indirect shareholding proportions at 51% of HCDS' shares.

Moreover, Central Retail may be required to settle the lease liability in some situations and unable to provide a fund for settlement of the liability occurring under such lease contract. This may lead to due payment of some or all of the liability occurring under such lease contract which may cause significantly negative effects on business, cash flow, operating performance, financial status, and business opportunity of Central Retail. In the future, Central Retail may raise extra funds which may increase limitation for Central Retail's financial liquidity.

**37. Central Retail's businesses fluctuate according to each period of the year.**

Central Retail's income may fluctuate in some periods of the year. The periods in which Central Retail can gain most sales revenue are New Year, Christmas, and Chinese New Year. These festivals are the time of consumption. Central Retail usually does marketing campaign before these festivals. The sales revenues of Central Retail in December are 10.9%, 10.9%, 10.6%, and 10.2% of the total income in 2016, 2017, 2018 and 2019 respectively. Operational cost of Central Retail, including cost from advertising, increase of inventories, promotional campaigns, and increase of workforce, usually increase before these festivals since Central Retail estimate a huge increase of income during the festivals. If there is decrease in income or profitability ratio during the festivals, or working capitals during preparation before the festivals, or Central Retail misestimates the sales of such period, there may cause negative effects on business, cash flow, operating performance, and business opportunity of Central Retail.

### **38. The limitation of JD Central may cause lack of liquidity in Omni-channel retail business operation done by Central Retail.**

In September 2017, HSDS and JD.com, Inc. has established the JD Central Commerce Co., Ltd. ("JD Central") under the joint venture contract ("Joint Venture Contract") in order to operate online retail business in Thailand. Under the joint venture contract, HCDS has agreed to provide services supporting JD Central in procurement, logistics, and others ("Supporting Services") while JD.Com, Inc has agreed to provide JD Central other supports. Please find more details in "Nature of Business – JD Central Joint Venture" for more details.

The agreements for supporting service may allow JD Central to be able access the same procurement and logistic service as the Company. Moreover, the joint venture contract may have conditions prescribing HCDS to agree for limiting categories of its goods being sold online to be in compliance with the categories of goods in the specialized shops in such online channel. Moreover, for the department store, HCDS shall limit categories of the goods being sold online not to more than 1.5 times of the categories of the goods sold in shops. HCDS also shall not operate retail business of various goods via only one online channel in Thailand other than JD Central (excluding some of online shops which already exist before doing contract). ("Limitations Under the Joint Venture Contract")

Though, Central Retail is not the party to the joint venture contract, it is the subsidiary of HSDS which agreed to enforce its subsidiaries to comply with conditions in the joint venture contract and to make the best efforts possible under the legal limitations in encouraging its subsidiaries to provide supports. Moreover, HCDS must prescribe its subsidiaries to comply with limitations specified in the joint venture contract. While the Omni-channel platform of Central Retail has connected to store-network making the business of Central Retail not be subject to the limitations of the joint venture contract, the limitations specified in the joint venture contract may still limit the flexibility of Central Retail in operating Omni-channel retail business causing significantly negative effects on business opportunity, financial status, and operating performance.

Furthermore, the encouragement for Central Retail to comply with the joint venture contract done HCDS is under the limitations of laws and Central Retail's approvals and regulations. For example, HCDS may not be able to use its voting rights in the meeting of shareholders if HCDS is the stakeholder of the transaction requesting for approval. However, since HCDS is the controlling shareholder, it still has an influence on the operational management. This may cause the administrative and the management to decide for any operation by considering the duties of HCDS according to the joint venture contract.

## **2. Additional Risks Relating to Business Operation in Vietnam**

### **1. There are various risks in investment done in Vietnam including risks of political, economic, and legal conditions.**

Central Retail has operated its business in Vietnam and some of its securities are in Vietnam. The investment done in Vietnam may cause the shareholders to encounter the more risks than the investment done in the developed market. The developing market like Vietnam usually change fast and the information detailed in risk factors may quickly be out-of-date.

Vietnam's economy system is a mixed economy system in which most of the investments are done by government and the private investments are under comprehensive supervision of the government. The government of Vietnam plays an important role in directing various aspects of economy and the economic policy determined by government also significantly effect the private sector businesses including Central Retail. For this reason, operations or policies done by Vietnamese government may be important to business, business opportunity, financial status, and operating performance of Central Retail.

Central Retail's operations done by Vietnam depended on over-all economic conditions of the country, especially the Gross Domestic Product (GDP) which is the index identifying after-tax income of the consumers. Throughout these 20 years, Vietnam's economy has encountered extreme fluctuation. Though it is estimated that Vietnam's gross domestic product would strongly grow for the many following years, this growth depends on various risks and may not be as estimated. Moreover, Vietnam's economy may be affected by the external risks including the interest rates in United States of America and other countries, and by the exchange rate, which might effect the country's economy, being affected. Central Retail cannot estimate whether the current economic policy and operation would cause more fluctuations or economy problems in the future or not. These situations may cause significantly negative effects on business, financial status, operating performance, and business opportunity of Central Retail.

In comparison to legal system of the developed countries, Vietnam's legal system is still unstable, inestimable and also unable to provide the private sector business a protection in same level as the developed countries. Laws and legal instruments used for economy control are still in the beginning stage of development and its foundation is still not as strong as the developed markets. Vietnam's laws are still lack of development,

consistency, or clarity. Its legal system is not the system that bases on judgement (case law) or the instrument which helps interpreting the judgement as a basis. Thereby, change of policy or enforced law interpretation might cause an unexpected result. Also, the determination of pattern and conditions of the compliance with newly issued law and regulation may still not be done, or the interpretation or enforcement of law done by relevant organizations may not be consistent. Practically, since the public sectors are usually responsible for operations regarding laws and regulations and determination of the legal correctness and enforcement instead of the court, it is hard to estimate when Vietnam's legal system would be developed to be as clear and certain as the countries with developed legal system. Moreover, Vietnam's laws and regulations regarding suppression of bribery and corruption may not be as strict as the countries with more developed legal system.

Vietnam's regulations include the conditions on conformity with the plans regarding business such as meeting arrangement, related-party transaction approval, contract confirmation and confirmation done by notary public, currency used in the contract, and other issues relating to business organizations, business operations, and employment. However, some of Central Retail's companies established in Vietnam may not comply with the mentioned conditions causing the conditions in contract or some of transactions done by such company to be declared void or voidable. This may also cause the liability for payment of fine according to Vietnam's law. For example, some of the rental contracts done for 13 branches of BigC in Vietnam prescribe that the payment shall be done in US dollar currency. This may cause Central Retail to negotiate about this condition in the contract in order to change the currency in to Vietnamese dong and it cannot be confirmed whether the negotiation would be success or the new condition negotiated would be as expected or not. However, the non-compliance with such conditions usually occurs in the new market like Vietnam. Thereby, the non-compliance with such conditions done by the outsiders may cause the contract between Central Retail and the outsiders to be declared void or voidable according to Vietnam's law.

## **2. The investors may encounter obstacles in the execution of foreign court against Central Retail's businesses in Vietnam.**

Central Retail operate its businesses in Vietnam via the juristic person established according to Vietnam's laws. Most of the management teams of Central Retail's businesses in Vietnam reside in Vietnam. Also, most of the securities used in business operations including the managements' assets are also in Vietnam. Thereby, the investors may encounter obstacles in filing the lawsuit

against Central Retail's businesses or managements in Vietnam and the execution against Central Retail's businesses and managements in Vietnam according to the judgement of foreign court enforce by such country's law. Vietnam is a member of New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards and various bilateral treaties regarding acceptance and enforcement of a foreign court's judgement, the country is not the party-to-contract in other multilateral treaties regarding the aforementioned issues. Vietnam's civil procedure code prescribes that judgement or trial of civil case done by foreign court would be able to be executed in Vietnam only if there is the treaty regarding such cases done between Vietnam and the specific country or it is a bilateral acceptance. Moreover, Vietnam's civil procedure code specifies various exemptions authorizing the Vietnam's court to refuse to accept or enforce the judgement or trial of foreign court or the foreign arbitral award.

## **3. The process of collection of bankruptcy liability in Vietnam may be time consuming and cost huge expenses.**

While the new Bankruptcy Act of Vietnam enforced on 1 January 2015 is positively developed, its enforcement and interpretation are still very uncertain since there is no enforcement guideline and there still be political sensitivity in the country. The process of bankruptcy case may be complicated, uncertain, and time-consuming. After the court issues the bankruptcy order, the meeting of creditors may come to resolution to request for rehabilitation or liquidation under the condition prescribed by law. However, if the debtor or other attendees of the meeting does not agree with the meeting resolution, they would be able to ask the court to judge the consideration and the court might order debtor meeting if there is any reasonable cause. Request for rehabilitation or liquidation shall be approved by the court so the litigant can proceed the operations. For this reason, the process of bankruptcy case in Vietnam may take a long time until the debtor obtains remedies.

## **4. Central Retail may face the disputes relating to the rights over the land on which its stores in Vietnam are located.**

According to Vietnamese law, the private sectors may not possess ownership of the land. The government possesses ownership of all the land, and the person or juristic person would possess the permission of land usage. Rights in land would be protected and can be referred to attest to the outsiders unless the Vietnamese government revokes the rights when there is occurrence of the situation specified in the Vietnam's law. Generally,

Central Retail would comprehensively check rights in land before obtaining the rights in land. On the date of this document issuance, Central Retail has not been filed against any lawsuit by the outsiders who claims for ownership of the land registered on behalf of the assignor, who transfers the rights for land usage to Central Retail, or Central Retail. However, in order for the fast expansion of business in Vietnam, Central Retail may possess, operate, or develop the real assets without obtaining full of the mentioned rights. Though there is an registration stating Central Retail's joint venture as the superficiary in the certification of usage rights in the relevant lands and Central Retail believes that the rights dispute done by outsider caused by the non-fulfilment of rights obtention would hardly occur, Central Retail cannot confirm that this situation would not occur in the future. This may cause negative effects on Central Retail's business, operating performance, and business opportunity in Vietnam. For example, in Vietnam, there was the case that the outsider claimed for ownership of the land legally registered on behalf of other person, or showed the false certification of rights in land usage.

Since most of Central Retail's businesses in Vietnam are done on the rental space, not only Central Retail shall rightfully obtain the rights in land usage, it shall also use the rights in usage of land of the owner who rents out the land to Central Retail. The partners may also do the payment of shares in the joint venture by transferring the rights in land usage. The transfer, rental and/or payment of shares with rights in land usage or ownership of building in Vietnam may require registration and the file of various requests which may take a long time to be finished. For example, in case that the payment of shares in the joint venture is done with rights in land usage, the advance rental payment shall be done in order to use the rights in such land since many of Central Retail's stores in Vietnam are operated as joint venture. However, Central Retail cannot confirm whether partners in the joint venture has completely done the legal operations regarding transfer of rights in land usage. Thereby, the completion of rights in land usage of the land owner and partners of the joint venture would have risks and uncertainty. If the rights in land usage is defective, Central Retail may be unable to demand anything from the land owner or the partners of the joint venture.

Moreover, the rights in land usage may specified with specific land usage purposes. In case that there is the business operation conflict to the land usage purposes, Vietnam's law prescribes for demolition of extension done on the land in order to make it conform with the purposed specified. Thereby, Central Retail has a risk caused by non-compliant land usage which might result in demolition of the extension done on the land by Central Retail in order to make the land returns to its original state. Central Retail's rights in land usage or the business done on the land may be suspended and the land rental contract may be revoked if the purposes of land usage are not complied.

### 3. Additional Risks Relating to Business Operation in Italy

#### 1. Unfavorable economic conditions in Italy may affect the trust and consuming pattern of the consumers and may cause negative effects on Central Retail's businesses in Italy.

Future sales, profitability, cash flow, and growth of Central Retail's businesses in Italy are sensitive because of the negative effects from general economic conditions, consumers' trust, consuming pattern of the consumer, and disruption of European markets. Moreover, there may be negative effects caused by political or economy tendency or development actually occurred or estimated to occur in the local, regional, national, or international level. This would decrease consumability or consumption needs of the consumers. These tendencies and developments include unemployment ratio, inflation or deflation, after-tax income level, change of interest and/or VAT rate, offer of personal loan, family debt, consumers' trust, and instability of overall conditions of the future economy. Moreover, the change of market due to extreme or inconsistent weather, natural disasters, health hazards, or other important situations or the tendency of such situations may affect consumption level and trust of the consumers.

Central Retail's businesses and operating performance may be affected especially by economic conditions in Italy. For example, in the economic recession occurred in 2007, Italy had encountered decrease of gross domestic product (GDP) and increase of employment rate which negatively affected the trust of consumers and the consumption in family. Though the gross domestic product of Italy slightly increased afterwards, the European Commission estimated that the actual growth rate of Italy's annual gross domestic product is 0.2 percent in 2019 and would be 0.8 percent in 2020. Though Central Retail's businesses in Italy has continuously grown in the higher rate than the gross domestic product of Italy, Central Retail cannot confirm that Central Retail would continue to grow in the same rate or Central Retail would not be affected by economic conditions in Italy. Negative development of economic conditions in Italy or the regions in which Central Retail's stores are established may decrease the trust and negatively effect consumption pattern of the consumers especially the pattern of general consumption. Thereby, the tendencies aforementioned may cause negative effects on business, operating performance, financial status, and business operation of Central Retail.

**2. Instability of the current economic situations regarding future of the Eurozone and instability of market and political situation caused by the withdrawal of the United Kingdom from the European Union may negatively affect Central Retail's businesses in Italy.**

The eurozone economy has encountered instabilities relating to weakness of major financial institutes and European sovereign debt crisis, especially long-term instability of the European Monetary Union. In this regard, many of European Union countries have requested and received financial support from financial institutes in the European Union and the International Monetary Fund (IMF), and are proceeding the restructuring plan.

The United Kingdom held the Brexit referendum on 23 June 2016. The majority of voters voted for the withdrawal of the United Kingdom from the European Union (“Brexit”). There was negotiation between the United Kingdom and the European Union regarding their future relationship including but not limited to future trade agreement between the two parties. Effects of Brexit depends on the agreement conditions and the capability of UK to excess the EU market in the transitional period and afterwards. The Brexit may negative effect EU or global economic or market conditions and cause the instability of monetary market and currency market on a global level including the fluctuation of euro currency. Moreover, Brexit may cause uncertainty of law and differences or laws and regulations used in the United Kingdom since the country shall decide whether they would determine the law being used as replacement of the EU legislation or adapt the former EU legislation. Brexit might also cause other countries decide for withdrawal from the EU which may increase the uncertainty and negative effects on other economic conditions.

Central Retail cannot estimate effects of the weakness of financial institutes, the European sovereign debt crisis, the obstacles which Europe may encounter, and the future of Eurozone which might negatively affect Central Retail's business, operating performance, and financial status in Italy and other countries.

**3. The prosecution for the renovation and of historic buildings in Italy, which are the establishments of malls operated by the subsidiary, may cause negative effects on Central Retail's business in Italy.**

Many of Central Retail's shopping malls established in Italy located are in the renowned, historic buildings in the city centres or the preservation areas. Renovation, restoration, modification and expansion done in the historic areas or the preservation areas require the permit and approval obtained from the central or the local public sector. If a relevant public sector refuses, revokes, or revises such permit or an outsider opposes or counters with the administrative order in order to revoke or suspend such permit or administrative order, the plan for renovation, restoration, modification or expansion may be delayed or unable to be done and Central Retail may need to reduce or terminate the operation causing negative effects on the relationship between Central Retail and the local service providers, and/ or Central Retail's profits.

Central Retail's shopping mall in Via del Tritone, Rome (“**Tritone Branch**”) established in the historic building rented from Rina Estate Italia S.r.l. (“**REI**”), the Affiliate of Central Group, is in the middle of a controversy in Italy. This controversy is done over construction and modification of the building (“**Rebuilding and Reconversion Works**”) operated by REI (requested by the Company) after obtention of construction permit issued by the Municipality of Rome and the Heritage Office which are the local authorities (**the “Original Building Permits”**). In 2012, the owner of neighboring building (“**the Complainant**”) opposed that the original construction permit was unlawfully obtained. In January 2018, the Council of State issued the order 405/2018 voiding the original construction permit. Then, in February 2018, the complainant submitted a petition to the Council of State requesting for the order for demolition of construction and modification covering the space of 4,000 square meters in the buidling or 32.4% of the net commercial space of Tritone branch. Tritone branch made sales revenue of 4,758 million baht and 5,194 million baht or 2.2% and 2.3% of the total sales revenue of the Company for the years ended 31 December 2018 and 31 December 2019 respectively.

In April 2018, the Municipality of Rome issued the new building construction permit for the construction and modification in order to correct mistakes in the original construction permit according to the suggestion of the Heritage Office (**the “New Building Permits”**). The complainant filed the opposition against the suggestion of the Heritage Office and the issuance of the new construction permit to the Administrative Court of Rome requesting for the voiding of the new construction permit and the demolition of construction and modification or the fine of at least 40 million euros (or approximately 1,352 million baht) according to the valuation done by the complainant in case that the demolition is not done. The complainant also requested for approximately 5 million euros (or approximately 169 million baht) in damages and filed the complaint to the President of Italy regarding this claim of which judicial process is done with the case submitted to the Administrative Court of Rome. Afterwards, the Council of State issued the order 6580 on 2nd October 2019 declaring the new construction permit void (resulting in termination of the petition regarding the original construction permit submitted by the complainant in February 2018). For this reason, the complainant filed another petition to the Council of State requesting for the order for demolition of construction and modification covering the space of 4,000 square meters in the building, and the prohibition on mall entry and the commercial usage of the heritage building which is part of the mall (**“Palazzetto C”**); the special officials would be appointed to enforce these orders instead of the Municipality of Rome if the Municipality of Rome does not comply with the orders.

Under Italian laws, in the case that the construction permit is revoked and the new construction permit is not issued for a replacement of the revoked construction permit, the authorized sector (which is the Municipality of Rome) shall use an authority according to the Section 28 of President Decree 380 dated on 6 June 2001 in order to order for demolition of the building wrongfully constructed. If the demolition cannot be done (due to safety or technical reasons), the authorized sector might order payment of fine equals to market price of the building wrongfully constructed.

On 12 December 2019, the Municipality of Rome issued the revised construction permit (**the “Amnesty Building Permit”**) in order to correct mistakes in the original construction permit and the new construction permit. However, the complainant might oppose the revised construction permit. If the opposition against the revised construction permit or the controversy being in session is successful or if there is any fault found during the litigation for opposing the revised construction permit, the revised

construction permit may be declared void or voidable. In this case, it is possible that the Municipality of Rome or the specially authorized officials might proceed the following actions: (a) issuing the order for demolition of all or some of construction or modification (not over than approximately 4,000 square meters) or the prohibition on entry of the mall or Palazzetto C, or (b) issuing the order for payment of fine for construction and modification if the demolition cannot be done. The order for demolition may reduce net commercial space of the mall causing Central Retail to temporarily close the mall and causing the negative effects on Central Retail's operating performance in Italy. Moreover, this order may negatively effect the relationship between the brands allowed to use the impacted area or cause the file of claims against Central Retail for breach of relevant contract which might cause significantly negative effects on business, cash flow, operating performance, financial status, and business opportunity of Central Retail. By the way, as the building owner, REI shall be responsible for the payment of fine. If the REI does not perform its responsibility for payment of fine aforementioned, the situation mentioned below may occur.

La Rinascente S.p.a (subsidiary of the Company) may be responsible for payment of fine prescribed by Italian law if La Rinascente S.p.A. directly involved in planning and modification of the building with controversy.

In this case, La Rinascente S.p.A. still has rights to request the court for filing an opposition against the order and exercising a right to request for compensation for the paid fine from REI or the relevant administrative sector.

#### **4. Changes of Italian laws and regulations may cause a higher cost and have negative effects on operating performance of Central Retail.**

Central Retail shall conform to various Italian and European laws and regulations including the regulations on an application for retail approval and license, especially the retails of food, beverage, accessory, etc. This business operation is done under the national and local regulations regarding request of government approval and financial licenses which is detailedly prescribed, announcement of the stricter regulations regarding approvals and licenses request, maintenance, and renewal, and additional revision of other laws and regulations, including the regulations regarding leasing and taxation. These laws and regulations may cause Central Retail a higher cost leading to the investment needs or the elimination of some departments, or effect the general operational capacity of Central Retail.

Now the Parliament of Italy is considering a new law which may prescribe the stores and malls to close on Sundays and public holidays. However, it is not clear whether this new law would be approved by the Parliament, what exemption would be prescribed, and how the local authority would enforce this law. Central Retail is unable to confirm whether some or all of Central Retail's malls established in Italy would be exempt from conforming to this law, which may decrease the profits of those mall and has negative effects on business, financial status, operating performance, or business opportunity of Central Retail, or not.

**5. Central Retail operates business under the Italian law regarding corporate liabilities which may cause Central Retail to be liable and punished for any offences, including corruption, public frauds, corporate crimes, and investor exploitation, done by personnel of the subsidiary in Italy.**

Under Italian Legislative Decree 231/2001 dated on 8 June 2001, the subsidiary in Italy may be liable for any offences, including corruptions, public frauds, corporate crimes, market intervention related crimes, committed in Italy or other foreign countries for its own benefit or the benefit of people related to the subsidiary including director, employee, and representative who is an outsider or intermediary.

In such circumstance, Italian subsidiaries may have business and legal liabilities which may include (1) fine and seizure, (2) prohibition on doing the business affected by criminal offence, (3) suspension and termination of current or future license or concession, (4) prohibition on making agreement with public organizations, (5) exclusion from receiving subsidy, loan, or contribution or revocation of such money, and (6) prohibition on goods or service advertisement. Duration of the disqualification is at least 3 months but not over than 2 years. In case of severe offence, the permanent qualification shall be considered.

In 2006, La Rinascente S.p.A., Central Retail's subsidiary in Italy, has applied the organizational pattern and management complying to the Legislative Decree 231/2001 (the "231 Model") which is the principle of disclaimer of actions described in the Legislative Decree 231/2001. La Rinascente S.p.A. has made several revisions to the Pattern 231; the latest version has revised in January 2019. Also, the subsidiary has appointed the Committee to enforce the compliance and the revision of Pattern 231, together with applying the Code of Ethics. Since there was recently an additional revision of the Criminal Codes relating to bribery and environmental offences,

La Rinascente S.p.A. has to revise the 231 Model to comply with the Legislative Decree 231/2001. However, Central Retail has not applied the 231 Model with CRC Rinascente S.p.A., the main holding company in Italy and subsidiary of Central Retail, which is believed to have been operated in compliance with general regulations of the holding companies. Also, the application of the 231 Model done by La Rinascente S.p.A. is not an assurance that Central Retail would not be punished as prescribed in the Legislative Decree 231/2001. If any offence is committed and the judicial body considers that the Pattern 231 applied by Central Retail is not appropriate for the prevention of such offence, regardless whether it is caused by the non-revision of the 231 Model, the violation of environmental law currently revised, or other reasons considered that the enforcement is too weak or ineffective, Central Retail may be punished as prescribed by Legislative Decree 231/2001 causing negative effects on operating performance, financial status, and cash flow of Central Retail.

**6. Central Retail may face the risk causing by the concession agreement done with some suppliers in Italy being interpreted as a lease agreement which is strictly restricted by Italian laws.**

The majority of income of the businesses in Italy is from the concession sales. Central Retail is responsible for facilitating selling of the suppliers' goods to customers. The suppliers may be allowed to establish the "shop-in-shop" which is an area in Central Retail's shops for goods selling and the profit share (and fixed pay for facilitation services) would be paid to Central Retail as compensation. However, the Italian Civil Code, ICC, and other Italian laws do not specifically prescribe on concession agreement and there are no standardizing judgements or public sectors' diagnostic guidelines on legal status of the agreements. Though this agreement is a regular agreement in Italy and other European countries, the agreement done by Central Retail may be interpreted as a lease agreement according to Italian laws. This may lead to the following situations: (1) at the end of contract, Central Retail may be liable for the expense on the establishment of brands' shops, (2) the brands owners may have the right to rent at least 6 years and to renew the contract for 6 years according to the law, (3) the annual fee shall be limited to no more than 75% of the price index issued by the Italian National Institute of Statistics (ISTAT) for the contract exceeding 6 years and. Also, interpretation of the relevant contracts as "commercial lease agreement" may cause Central Retail to be prescribed by other regulations on the certification application or the business transfer done under ICC which may be enforced since the beginning

until the end of relationship with the brands. This also includes the regulation relating to the negotiation with labor union on commercial lease agreement and its expiry, the employee transfer resulted from legal consequence, the joint liability of the transferor and the recipient for debt of the transferor including employee-related debt which may be interpreted to be transferred together with the area to the shops even Central Retail has never been punished for the lawsuits relating to legal status of the agreement. Central Retail is unable to confirm that the concession agreement would be interpreted as a lease agreement. If there is any compliant judgment issued by Italian court, the aforementioned interpretation of some agreements done by the subsidiary in Italy may negatively effect performance, financial status, and cash flow of Central Retail.

## **7. Central Retail shall abide by various legislations and labors related regulations of Italy.**

On 30 December 2019, Central Retail has employed more than 1,500 employees in Italy. Central Retail has abided by various labor laws and regulations including the regulations relating to occupational health and safety. If Central Retail violates any regulation relating to labor laws and occupational health and safety regulations, it shall receive administrative punishment. Central Retail is required to conduct employment in compliance with the Act 66/1999 prescribing employment of persons with disabilities and protected class, such as orphans and widows. However, the employment has not complied with the regulation and the conditions on regulatory compliance are being negotiated with the relevant sectors. It is unable to confirm whether the negotiation would succeed or the public sectors would sue Central Retail for violation of the regulation or not. Moreover, the violation of regulations under this Act may cause Central Retail to be liable for the persons with disabilities, whom Central Retail should employ, on a daily basis (It may be 21 persons on 31 December 2019). This will erode reputation, operating performance, financial status, and cash flow of Central Retail.

# **4. Risks Relating to the ownership of the Company's shares**

## **1. Risk Factors Related to the Sales or Delivery of Shares Traded on the Stock Market**

Since, before conducting the public offering and this public offering done together with issuance of tender offer to purchase securities of ROBINS, the Company does not have any submarket for share trading, the offering price of newly-issued shares is set by the negotiation between the foreign initial purchaser and the underwriter in Thailand, resulting a significant difference of market price afterwards. The Company cannot confirm whether the shares traded in stock market would have liquidity or the current liquidity would remain or not.

The Company shall register for increase in paid-up capital according to sum of the shares issued in the public offering and the public offering done together with issuance of tender offer to purchase securities of ROBINS, and submit the list of shareholders' names to the Ministry of Commerce before delivering the shares. The registration and the shares delivery would take approximately 7 working-days after the Company is paid for the shares from the public offering and this public offering done together with issuance of tender offer to purchase securities of ROBINS which may not be done on the same day. Under Thai law, status of the investors investing in the Company's shares, from the purchase until the paid-up capital increase registration and the submission of shareholders' names list to the Ministry of Commerce, is uncertain. During this period, the investors are still not shareholders but unsecured creditors of the Company.

Though it is anticipated that the Company will be allowed to apply for listing with the Stock Exchange of Thailand soon after the Company is paid for the shares, SET has the right to consider an application-to-list for 7 days after the submission of all documents including an evidence of the registration done with the Ministry of Commerce. Thereby, the Company's shares are still not the listed securities after the period of 7 days expires. However, all the shares issued in the public offering or the public offering done together with issuance of tender offer to purchase securities of ROBINS still cannot be traded in the stock market until the SET approves the shares as listed securities. During this period, the shareholders are able to trade the shares only via trading channels outside the stock market.

## **2. Limitation on the proportion of shareholding by foreigner prescribed by Thai law and the Company's regulations may affect the Company's share liquidity and market price.**

The Company's regulations have limited the proportion of shares held by foreigners at 49% of the total paid-up capital, complying with the limitation on the proportion of shares held by foreigners prescribed by Thai law. Thereby, liquidity and market price of the offered shares may be negatively affected, especially when the limit is reached. This is because Thai shareholders cannot transfer the shares to foreigners. Moreover, the shareholders, and also the traders, who do not possess Thai nationality may not know beforehand whether the shares being traded are over than the limitation, it is possible to register the share buyer into the list of shareholders' names, or the registrar will reject the shares transferring record or not. However, before the first public offering of newly-issued shares and on the issue date of this document, the proportion of shares held as of 31 December 2019 by foreigners is 13% of the Company's total paid-up capital.

## **3. The Company anticipates significant fluctuation in the Company's share price. The investor may not be able to sell the shares with the offering price or higher.**

Share trading price tends to fluctuate over a wide range, resulting from various factors including but not limited to the following factors:

- Fluctuation of anticipated or actual operating performance;
- Issuance or revision of the securities analysis or the analyst recommendations related to the Company securities;
- Employment or loss of key personnel of Central Retail or the competitors;
- Announcement related to the development which promotes competitive advantage, the acquisition, or strategic alliance establishment occurred in the industry in which the Company operates;
- Strict regulations or restrictions issued by public sector which effect the industry in which the Company operates;

- Exchange rate fluctuations;
- Current or possible lawsuits and the investigations conducted by public sectors;
- Economic and market situations or other progresses effecting Central Retail or the industry in which the Company operates on a domestic, regional, and global level.

These and more factors may cause a significant fluctuation in share price which may limit or cause the investors not to be to immediately sell the shares and effect share liquidity.

## **4. Future sale of shares by the major shareholders, including HCDS and the Chirathivat family, and sale of huge sum of the shares held by the major shareholders, including HCDS and the Chirathivat family, done at the same time may have a negative effect on the offering price.**

After the public offering is conducted together with issuance of tender offer to purchase securities of ROBINS, the major shareholders, including HCDS and the members of the Chirathivat family, would directly and indirectly hold approximately 72% of the total paid-up capital, excluding the shares being provided to the Chirathivat family from the allocation of newly-issued ordinary shares and/or the acceptance of tender offer to purchase securities of ROBINS under the scenario where the full exercise of over-allotment option is not done, or 70% of the total paid-up capital, excluding the shares being provided to the Chirathivat family from the allocation of newly-issued ordinary shares and/or the acceptance of tender offer to purchase securities of ROBINS under the scenario where the full exercise of over-allotment option is done.

Moreover, the Stock Exchange of Thailand has issued regulations prohibiting the sale of 55% of the paid-up capital totaled after the public offering ("Lock-up Share") for one year since the first day of trading under the condition that 25% of the locked up shares can be sold after 6 months from the first day of trading and the other 75 % of the locked up shares can be sold after 12 months from the first day of trading.

The sale of shares in a significant sum by the major shareholders, including HCDS and the Chirathivat family, or the anticipation of sale of shares in a significant sum may have a negative effect on the offering price. The Company cannot anticipate how the future sale or the sum of shares being sold will impact the market price at the specific period. If the shares are sold on the stock market in a significant sum after this public offering or such sale is anticipated, the market price of shares traded on the stock market may be negatively affected. Additionally, the aforementioned sale of shares may cause the Company to face an obstacle to raising funds through the stock market with the price and time considered appropriate.

##### **5. HCDS who is the controlling shareholder may receive different interests than other shareholders.**

After the public offering, the HCDS, who is the controlling shareholder, shall hold 35.1% of the total paid-up capital, under the scenario where the full exercise of over-allotment option is not done, or 34.1% of the total paid-up capital, under the scenario where the full exercise of over-allotment option is done. Nevertheless, the Company cannot confirm that HCDS would continue holding the aforementioned sum of shares. HCDS is not responsible for financially supporting the Company or exercising the shareholder's rights for the best of the Company or other shareholders. Moreover, HCDS may possess the business management controlling authority, especially the authority to nominate candidates for membership of the Board of Directors and for executive position being appointed by the Board of Directors. As of 31 December 2019, there were 9 members of the Board appointed from the nomination by HCDS.

77 Members of the Chirathivat family hold all the shares of HCDS, which is the company established under Thai law. After this public offering, the major shareholders, including HCDS and the members of the Chirathivat family, would directly and indirectly hold approximately 72% of the total paid-up capital, excluding the shares being provided to the Chirathivat family from the allocation of newly-issued ordinary shares and/or the acceptance of tender offer to purchase securities of ROBINS under the scenario where the full exercise of over-allotment option is not done, or 70% of the total paid-up capital, excluding the shares being provided to the Chirathivat family from the allocation of newly-issued ordinary shares and/or the acceptance of tender offer to purchase securities of ROBINS under the scenario where the full exercise of over-allotment option is done.

##### **6. The net asset value of the offered shares is significantly lower than the offering price, causing immediate decrease of the net asset value per share of the shares being received by the investor.**

Since the offering price is expected to be substantially higher than the net asset value per share after the improvement done by calculating approximate net income earned from the public offering and referring to the paid-in capital after public offering, the net asset value per share of the shares being received by the investor will be immediately, significantly decreased while the net asset value per share of the shares held by the current shareholders will be greatly increased.

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# **MANAGEMENT DISCUSSION AND ANALYSIS**

# MANAGEMENT DISCUSSION AND ANALYSIS

## Overview of the operating result for the year ended 31 December 2019

The company's total revenue for the year ended 31 December 2019 was THB 222,737 million, increased by THB 16,117 million from the same period last year. The company's profit from continuing operations was THB 12,359 million, increased by THB 1,254 million from the same period last year, and the profit margin for the year ended 31 December 2019 was 5.5% which increased from 5.4% for the same period last year. The main reasons for the increase in profit from continuing operations were mainly due to an increased income from our consolidation with Nguyen Kim since June 2019, Insurance compensation from Fire incident at Zen Department store, and the growth of Hardline segment, Food in Vietnam and Fashion in Thailand.

### Financial Summary for the year ended 31 December 2019 and 31 December 2018

	Year Ended 31 December 2019		Year Ended 31 December 2018		Increase (Decrease)	
	THB millions	%	THB millions	%	THB millions	%
Revenue from sales	195,355	87.7	180,614	87.4	14,741	8.2
• Revenue from sales from fashion segment	64,280	28.9	62,766	30.4	1,514	2.4
• Revenue from sales from hardline segment	50,583	22.7	39,550	19.1	11,033	27.9
• Revenue from sales from food segment	80,492	36.1	78,299	37.9	2,193	2.8
Revenue from rental services	6,979	3.1	6,415	3.1	565	8.8
Revenue from rendering of services	1,674	0.8	1,413	0.7	262	18.5
Investment income	251	0.1	739	0.4	(487)	(66.0)
Gain on disposal of assets	-	-	1,915	0.9	(1,915)	(100.0)
Gain on disposal of entities under common control	-	-	496	0.2	(496)	(100.0)
Insurance compensation	3,283	1.5	-	-	3,283	n.m.
Other income <sup>(1)</sup>	15,194	6.8	15,028	7.3	166	1.1
<b>Total revenue</b>	<b>222,737</b>	<b>100.0</b>	<b>206,620</b>	<b>100.0</b>	<b>16,117</b>	<b>7.8</b>
Cost of sales of goods	142,352	63.9	129,937	62.9	12,415	9.6
<b>Gross profit from sales <sup>(2)</sup></b>	<b>53,004</b>	<b>27.1</b>	<b>50,678</b>	<b>28.1</b>	<b>2,326</b>	<b>4.6</b>
Cost of rental and rendering of services	2,184	1.0	1,931	0.9	253	13.1
<b>Gross profit from rental and rendering of services <sup>(3)</sup></b>	<b>6,469</b>	<b>74.8</b>	<b>5,897</b>	<b>75.3</b>	<b>573</b>	<b>9.7</b>
<b>Gross profit <sup>(4)</sup></b>	<b>59,473</b>	<b>29.2</b>	<b>56,574</b>	<b>30.0</b>	<b>2,899</b>	<b>5.1</b>
Selling expense	46,185	20.7	44,613	21.6	1,572	3.5
Administrative expense	16,467	7.4	15,547	7.5	919	5.9
Share of profit of associates and joint ventures	391	0.2	287	0.1	103	35.9
<b>Profit from continuing operations before finance costs and tax expense</b>	<b>15,940</b>	<b>7.2</b>	<b>14,879</b>	<b>7.2</b>	<b>1,061</b>	<b>7.1</b>

### Remarks:

<sup>(1)</sup> Other income comprises revenue earned primarily from promotional, advertising income and logistics and distribution income, income earned from one-off events, etc.

<sup>(2)</sup> Percentage margin is calculated by dividing Gross profit from sales by Revenue from sales

<sup>(3)</sup> Percentage margin is calculated by dividing Gross profit from rental and rendering of services by Revenue from rental and rendering of services

<sup>(4)</sup> Percentage margin is calculated by dividing Gross profit from sales and rental and rendering of services by Revenue from sales and rental and rendering of services

	Year Ended 31 December 2019		Year Ended 31 December 2018		Increase (Decrease)	
	THB millions	%	THB millions	%	THB millions	%
Finance costs	1,085	0.5	1,186	0.6	(101)	(8.5)
<b>Profit from continuing operations before tax expense</b>	<b>14,855</b>	<b>6.7</b>	<b>13,693</b>	<b>6.6</b>	<b>1,162</b>	<b>8.5</b>
Tax expense	2,495	1.1	2,588	1.3	(93)	(3.6)
<b>Profit from continuing operations</b>	<b>12,359</b>	<b>5.5</b>	<b>11,105</b>	<b>5.4</b>	<b>1,254</b>	<b>11.3</b>
Loss for the period from discontinued operations, net of tax <sup>(5)</sup>	-	-	(1,073)	(0.5)	1,073	(100.0)
<b>Profit for the period</b>	<b>12,359</b>	<b>5.5</b>	<b>10,033</b>	<b>4.9</b>	<b>2,327</b>	<b>23.2</b>
<b>Profit (loss) attributable to Owners of the parent</b>	<b>10,633</b>	<b>4.8</b>	<b>10,931</b>	<b>5.3</b>	<b>(298)</b>	<b>(2.7)</b>
<b>Operating information</b>						
EBITDA	25,814	11.6	25,123	12.2	691	2.7
Normalized EBITDA <sup>(6)</sup>	22,455	10.1	22,052	10.7	403	1.8
Normalized Net Income <sup>(6)(7)</sup>	9,016	4.0	8,648	4.2	368	4.3

**Remarks:**

<sup>(5)</sup> We sold certain of our subsidiaries in 2017 and 2018 in connection with the Restructuring, including subsidiaries in five foreign countries and subsidiaries engaged in businesses such as hotels and property management. We present the result of operation for such subsidiaries as discontinued operations for the years prior to the year in which these subsidiaries were sold.

<sup>(6)</sup> Adjustment to earnings are Net gain (loss) on foreign exchange, Impairment gain (loss), Gain (loss) on disposal of assets, Gain (loss) on disposal of entities under common control, Gain on disposal of investment, and Employee benefits

<sup>(7)</sup> Adjustments to earnings, net of tax

## The operating result for the year ended 31 December 2019

The company's profit from continuing operations for the year ended 31 December 2019 was THB 12,359 million, or equivalent to a net profit margin of 5.5%, increased by THB 1,254 million from the same period last year. Profit from continuing operations of THB 11,105 million, or equivalent to a net profit margin of 5.4%. The main reasons for the increase are as follows:

**I. Revenue from sales of goods** was THB 195,355 million, increased by THB 14,741 million, or 8.2% over the same period last year. Revenue from sales can be categorized as follows:

**I. Revenue from sales from fashion segment** was THB 64,280 million, increased by THB 1,514 million or 2.4% over the same period last year, which was driven by store expansions in our Thailand department stores category and Thailand specialty retail category and SSSG of 2.3% in our Italian department stores category, partially offset by a slight decrease in sales of goods our Italian department store category, attributable to the

closure of one store and depreciation of the Euro against the Thai Baht during the period, and decrease in SSSG in our Thailand department store category.

**II. Revenue from sales from hardline segment** was THB 50,583 million, increased by THB 11,033 million or 27.9% over the same period last year, which was driven by increases in net selling space under our hardline retailing in Thailand category as well as the consolidation of our Nguyen Kim business in Vietnam. Overall SSSG in hardline segment decreased, primarily due to declines in overall customer spending in Thailand, particularly product in categories liked home entertainment, where Power Buy is traditionally strong, and where sales were unusually strong in the prior period in connection with the World Cup Soccer tournament, and due to seasonally heavy rains and floods in the northeast depressing demand for DIY home improvement categories where Thai Watsadu is traditionally strong.

- III. Revenue from sales from food segment** was THB 80,492 million, increased by THB 2,193 million or 2.8% over the same period last year, which was driven by SSSG of 8.3% compared to 6.1% in the prior period in our food retailing in Vietnam category. We attribute growth in SSSG in our food retailing in Vietnam category to our ongoing Turnaround efforts with respect to Big C, which have resulted in improved quality and freshness of goods. Also, we attribute our growth in Thailand to improve merchandise mix and increases in our average net selling space per location.
- 2. Revenue from rental services** was THB 6,979 million, increased by THB 565 million or 8.8% over the same period last year. Revenue from rental services increased in all segments, led by our fashion segment, and followed by our food segment and our hardline segment respectively. The increase is primarily due to the opening of three Robinson Lifestyle Center at Chaiyaphum, Chonburi and Ladkrabang and one new large-format Central Department Store location in Phuket under our Thailand department store category, and the higher average rental rates as compared to the prior period.
- 3. Revenue from rendering of services** was THB 1,674 million, increased by THB 262 million or 18.5% over the same period last year, primarily due to increased income from Robinson Public Company Limited and the consolidation of our Nguyen Kim business.
- 4. Gross profit** was THB 59,473 million, increased by THB 2,899 million over the same period last year of THB 56,754 million, a gross profit margin of 29.2% which slightly decreased from 30.0% in the prior year, which was driven by (1) the increase in contribution from hardline segment, which have lower gross margins than others (2) sales discounts was given to the customers in connection with promotion (3) the increase in proportion of luxury products sold, which have lower gross margins in Italian department store (4) the decrease in the gross profit margin from rental and rendering services.
- 5. Selling expense** was THB 46,185 million, increased by THB 1,572 million or 3.5% over the same period last year, which was driven by consolidation of Nguyen Kim business and increases in employee benefit expense, rental and service expense, and marketing and promotion expenses. Increased in rental and services expenses were primarily attributable to new rental costs paid for properties which we divested in connection with the restructuring, but which we still occupy as tenant.
- 6. Administrative expense** was THB 16,467 million, increased by THB 919 million or 5.9%, which was driven by an increase in employee benefit expenses was attributable to an increase in headcount in connection with the restructuring, including senior positions moving from other Central Group businesses, and an increase in severance pay obligations pursuant to the provisions of a new Labor Protection Act which came into effect in 2019. The increase was partially offset by a decrease in provisions of shrinkage and obsolescence and bad debt by THB 109 million and THB 310 million, respectively, which we attribute to improve inventory management.
- 7. Finance costs** were THB 1,085 million for the year ended 31 December 2019 decreased by THB 101 million or 8.5% compare to the prior year, driven by the repayment of loans to financial institutions and related parties, pursuant to the winding down of the Restructuring.
- 8. Share of profit of associates and joint ventures** was THB 391 million, an increase of THB 103 million or 35.9% over the same period last year which was due primarily to an increase in profits from Gucci Joint venture and other Joint ventures and associates and the disposal of Joint venture which have operating loss since restructuring.
- 9. Tax expense** was THB 2,495 million, decreased by THB 93 million or 3.6% over the same period last year, due to the recognition of gain from disposal of assets was offset with the recognition of previously unrecognized tax of one subsidiary. The Effective tax rate was 16.8% for the year ended 31 December 2019 decreased from 18.9% of prior year which was driven by tax exemption of insurance compensation.
- 10. Total adjustment to earnings, pre-tax** was THB 3,359 million for the year ended 31 December 2019, attributable to total adjustment to income of THB 3,825 million which was due to Insurance compensation and attributable to total adjustment to expense of THB 466 million which was mainly due to Employee benefit obligation.

## Financial Position

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- 1. Total assets** as of 31 December 2019 and 31 December 2018 were THB 187,022 million and THB 177,357 million, respectively, which is equivalent to an increase by 5.4%, primarily due to the consolidation of our Nguyen Kim business.
- 2. Total liabilities** as of 31 December 2019 and 31 December 2018 were THB 146,063 million and THB 110,030 million, respectively, which is equivalent to an increase by 32.7%, primarily due to bank overdrafts and short-term loans from financial institutions for dividend payment.
- 3. Total equity** as of 31 December 2019 and 31 December 2018 was THB 40,959 million and THB 67,327 million, respectively, which is equivalent to a decrease by 39.2% mainly due to dividend payment.

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# SECURITIES AND SHAREHOLDER INFORMATION

# SECURITIES AND SHAREHOLDER INFORMATION

## Registered and Paid-up Capital

As of 31 December 2019, the Company's registered capital is THB 6,320,000,000 with paid-up capital at THB 4,700,000,000. Then, on 14 February 2020, the Company registered the capital increase to THB 6,031,000,000 with par value at THB 1 per share.

## Shareholders of the Company and the Subsidiaries Operating Core Businesses

### List of Major Shareholders of the Company

Major shareholders of the Company as of 31 December 2019

List of Shareholders	Number of Shares	Proportion of Shares (%)
1. HCDS	2,114,284,890	45.0
2. Hawthorn Resources Limited <sup>(1)</sup>	611,714,300	13.0
3. Group of Mr. Narongrit and Mrs. Wantanee	97,264,980	2.1
• Mr. Narongrit Chirathivat	68,989,680	1.5
• Mrs. Wantanee Chirathivat	28,275,300	0.6
4. Mr. Suthidetch Chirathivat	52,894,790	1.1
5. Mr. Watt Chirathivat	49,331,570	1.0
6. Ms. Netanong Chirathivat	45,979,500	1.0
7. Others in the Chirathivats <sup>(2)</sup>	1,395,438,230	29.7
8. Directors and/or Executives	333,091,740	7.1
• Group of Mr. Prin Chirathivat	68,401,450	1.5
- Mr. Prin Chirathivat	20,521,450	0.4
- Ms. Pawan Chirathivat	15,960,000	0.3
- Ms. Papin Chirathivat	15,960,000	0.3
- Mr. Praj Chirathivat	15,960,000	0.3
• Mr. Pichai Chirathivat	49,331,600	1.0
• Mr. Sudhisak Chirathivat	46,005,370	1.0
• Other Directors and/or Executives	169,353,320	3.6
<b>Total</b>	<b>4,700,000,000</b>	<b>100.0</b>

#### Remarks:

<sup>(1)</sup> Hawthorn Resources Limited is a Company established under the laws of the Hong Kong Special Administrative Region of the People's Republic of China, which is a holding company wholly owned by OAL Holding Limited, a company established under the laws of the British Virgin Islands, which is a holding company having 78 people in the Chirathivats as the beneficiary owners.

<sup>(2)</sup> 65 people in the Chirathivats are not directors, executives, or people related to directors and/or executives of the Company.

Shareholders of HCDS, a major shareholder of the Company, as of 31 December 2019

List of Shareholders	Number of Shares	Proportion of Shares (%)
1. Group of Mr. Narongrit and Mrs. Wantanee	16,740,510	4.9
• Mr. Narongrit Chirathivat	11,873,980	3.5
• Mrs. Wantanee Chirathivat	4,866,530	1.4
2. Mr. Prin Chirathivat	11,772,740	3.5
3. Mr. Tos Chirathivat	11,772,740	3.5
4. Mr. Pichai Chirathivat	9,415,295	2.8
5. Mr. Suthidech Chirathivat	9,103,850	2.7
6. Mr. Sudhisak Chirathivat	7,918,096	2.3
7. Ms. Netanong Chirathivat	7,913,639	2.3
8. Group of Mr. Suthichart and Mrs. Mary-Ann	7,808,608	2.3
• Mrs. Mary-Ann Chirathivat	5,205,738	1.5
• Mr. Suthichart Chirathivat	2,602,870	0.8
9. Mr. Watt Chirathivat	7,565,861	2.2
10. Mrs. Natira Boonsri	7,317,755	2.2
11. Mrs. Tapida Norpanlob	7,317,755	2.2
12. Others in The Chirathivats <sup>(1)</sup>	235,103,146	30.0
<b>Total</b>	<b>339,749,995</b>	<b>100.0</b>

Remark:

<sup>(1)</sup> There are 64 others in the Chirathivats.



## List of the Major Shareholders in the Subsidiaries Operating Core Business

List of the Major Shareholders in the 21 Subsidiaries Operating the Company's Core Business as of 31 December 2019

Name of Shareholder	CDS		ROBINS		TWT		SPS		PWB		CFR		CFM	
	No. of Shares	Propotion (%)	No. of Shares	Propotion (%)	No. of Shares	Propotion (%)	No. of Shares	Propotion (%)	No. of Shares	Propotion (%)	No. of Shares	Propotion (%)	No. of Shares	Propotion (%)
1. Central Retail Corporation Public Company Limited	333,499,979	100.0	308,162,660	27.7										
2. Mr. Suthichai Chirathivat	3	0.0							1	0.0	1	0.0		
3. Mr. Suthikiat Chirathivat	3	0.0							1	0.0				
4. Mr. Suthichart Chirathivat	3	0.0					1	0.0	1	0.0	1	0.0		
5. Mr. Sudhitham Chirathivat	3	0.0					1	0.0						
6. Mr. Sudhisak Chirathivat	3	0.0												
7. Mr. Prin Chirathivat	3	0.0					1	0.0	1	0.0	1	0.0		
8. Mr. Tos Chirathivat	3	0.0					1	0.0			1	0.0		
9. CRG-S <sup>(1)</sup>		289,645,488	26.1											
10. Thai NVDR Company Limited		78,078,513	7.0											
11. Social Security Office		52,037,600	4.7											
12. EFG Bank AG, Hong Kong Branch		25,160,296	2.3											
13. South East Asia UK (Type C) Nominees Limited		16,611,968	1.5											
14. DBS Bank Ltd.		15,570,500	1.4											
15. Credit Suisse AG, Singapore Branch		14,888,565	1.3											
16. Viella Assets Ltd.		14,578,677	1.3											
17. State Street Europe Limited		12,844,881	1.2											
18. CDS			1,020,000	51.0							15,289,994	100.0		
19. Watts Co., Ltd <sup>(2)</sup>			979,998	49.0										
20. Mr. Fumio Hiraoka			1	0.0										
21. Mr. Toshiyuki Inada			1	0.0							1	0.0		
22. Mr. Suthilaksh Chirathivat					1	0.0			1	0.0	1	0.0		
23. SSHD <sup>(3)</sup>					22,199,992	60.0								
24. ROBINS					14,800,000	40.0	22,400,000	40.0				40,900	0.3	
25. Mr. Suthisarn Chirathivat					1	0.0								
26. Ms. Wallaya Chirathivat					1	0.0					1	0.0		
27. Mr. Pong Skuntanaga					1	0.0								
28. PBHD <sup>(3)</sup>							33,599,993	60.0						
29. Mr. Narongrit Chirathivat							1	0.0						
30. Mrs. Nidsinee Chirathivat							1	0.0						
31. SFMH <sup>(3)</sup>												5,951,600	50.7	
32. FamilyMart Co., Ltd. <sup>(4)</sup>												5,757,500	49.0	
33. CFR														
34. Matsumotokiyoshi Holdings Co., Ltd. <sup>(5)</sup>														
35. CMG <sup>(6)</sup>														
36. Cetrec <sup>(7)</sup>														
37. Ms. Sukulaya Uahwatanasakul														
38. Mr. Worawoot Ounjai														
39. Mr. Pandit Mongkolkul														
40. CNGI														
41. Mrs. Yuwadee Chirathivat														
42. CRC Rina <sup>(8)</sup>														
43. Mr. Vittorio Radice														
44. NKM <sup>(9)</sup>														
45. Lanchi (LCP) <sup>(10)</sup>														
46. Other		283,081,985	25.5											
<b>Total Shares</b>	<b>333,500,000</b>	<b>100.0</b>	<b>1,110,661,133</b>	<b>100.0</b>	<b>2,000,000</b>	<b>100.0</b>	<b>37,000,000</b>	<b>100.0</b>	<b>56,000,000</b>	<b>100.0</b>	<b>15,290,000</b>	<b>100.0</b>	<b>11,750,000</b>	<b>100.0</b>

**Remarks:**

(1) The major shareholder, by circumstances, who has significant influence on policy forming, managing, or handling of operations of ROBINS, such as CRG-S, a subsidiary wholly owned directly and indirectly by the Company; the members in the Chirathivat totally hold 62 percent of the shares in ROBINS.

(2) A retail company established under Japanese law and listed on the Tokyo Stock Exchange

(3) A subsidiary wholly owned by the Company

(4) A holding company established under Japanese law, which wholly owned by FamilyMart UNY Holdings Co., Ltd., a company listed on the Tokyo Stock Exchange and the Nagoya Stock Exchange

(5) A holding company established under Japanese law and listed on the Tokyo Stock Exchange

(6) CMG's shareholders are (1) the Company (187,599,998 shares), (2) Mr. Pichai Chirathivat (1 share), and (3) Mr. Prin Chirathivat (1 share).

(7) Cetrec is wholly owned by CMG

(8) A subsidiary wholly owned by the Company

(9) NKM is wholly owned by NKT. NKT's shareholders are (1) PWB (76,860,745 shares), (2) PBL (1,000 shares), and (3) 3PLUS (1,000 shares). NKT has 80,000,000 shares of issued and paid-up share capital, and bought 3,137,255 shares of treasury stock or 3.9 percent of issued and paid-up share capital.

(10) The shareholders of Lanchi (LCP) are (1) CFR (8,554,559 shares), (2) Ms. Nguyen Thi Lan (8,219,090 shares), and (3) NK Trading (5 shares).

Name of Shareholder	CDS		ROBINS		TWT		SPS		PWB		CFR		CFM		
	No. of Shares	Propotion (%)	No. of Shares	Propotion (%)	No. of Shares	Propotion (%)	No. of Shares	Propotion (%)	No. of Shares	Propotion (%)	No. of Shares	Propotion (%)	No. of Shares	Propotion (%)	
1. Central Retail Corporation Public Company Limited											542,925,000	100.0	4,999,997	100.0	
2. Mr. Suthichai Chirathivat											12,500	0.0			
3. Mr. Suthikiat Chirathivat															
4. Mr. Suthichart Chirathivat															
5. Mr. Sudhitham Chirathivat											12,500	0.0			
6. Mr. Sudhisak Chirathivat															
7. Mr. Prin Chirathivat	1	0.0									12,500	0.0			
8. Mr. Tos Chirathivat											12,500	0.0			
9. CRG-S <sup>(1)</sup>															
10. Thai NVDR Company Limited															
11. Social Security Office															
12. EFG Bank AG, Hong Kong Branch															
13. South East Asia UK (Type C) Nominees Limited															
14. DBS Bank Ltd.															
15. Credit Suisse AG, Singapore Branch															
16. Viella Assets Ltd.															
17. State Street Europe Limited															
18. CDS															
19. Watts Co., Ltd <sup>(2)</sup>															
20. Mr. Fumio Hiraoka															
21. Mr. Toshiyuki Inada															
22. Mr. Suthilaksh Chirathivat											12,500	0.0			
23. SSHD <sup>(3)</sup>															
24. ROBINS															
25. Mr. Suthisarn Chirathivat											12,499	0.0			
26. Ms. Wallaya Chirathivat															
27. Mr. Pong Skuntanaga															
28. PBHD <sup>(3)</sup>															
29. Mr. Narongrit Chirathivat															
30. Mrs. Nidsinee Chirathivat															
31. SFMH <sup>(3)</sup>															
32. FamilyMart Co., Ltd. <sup>(4)</sup>															
33. CFR	509,999	51.0													
34. Matsumotokiyoshi Holdings Co., Ltd. <sup>(5)</sup>	490,000	49.0													
35. CMG <sup>(6)</sup>			187,600,000	100.0	187,600,000	100.0									
36. Cetrec <sup>(7)</sup>							187,600,000	100.0	187,600,000	100.0					
37. Ms. Sukulaya Uahwatanasakul											1	0.0	1	0.0	
38. Mr. Worawoot Ounjai													1	0.0	
39. Mr. Pandit Mongkolkul														1	0.0
40. CNGI															
41. Mrs. Yuwadee Chirathivat															
42. CRC Rina <sup>(8)</sup>															
43. Mr. Vittorio Radice															
44. NKM <sup>(9)</sup>															
45. Lanchi (LCP) <sup>(10)</sup>															
46. Other															
<b>Total Shares</b>	<b>1,000,000</b>	<b>100.0</b>	<b>187,600,000</b>	<b>100.0</b>	<b>187,600,000</b>	<b>100.0</b>	<b>187,600,000</b>	<b>100.0</b>	<b>187,600,000</b>	<b>100.0</b>	<b>543,000,000</b>	<b>100.0</b>	<b>5,000,000</b>	<b>100.0</b>	

**Remarks:**

- (1) The major shareholder, by circumstances, who has significant influence on policy forming, managing, or handling of operations of ROBINS, such as CRG-S, a subsidiary wholly owned directly and indirectly by the Company; the members in the Chirathivats totally hold 62 percent of the shares in ROBINS.
- (2) A retail company established under Japanese law and listed on the Tokyo Stock Exchange
- (3) A subsidiary wholly owned by the Company
- (4) A holding company established under Japanese law, which wholly owned by FamilyMart UNY Holdings Co., Ltd., a company listed on the Tokyo Stock Exchange and the Nagoya Stock Exchange

(5) A holding company established under Japanese law and listed on the Tokyo Stock Exchange

(6) CMG's shareholders are (1) the Company (187,599,998 shares), (2) Mr. Pichai Chirathivat (1 share), and (3) Mr. Prin Chirathivat (1 share).

(7) Cetrec is wholly owned by CMG

(8) A subsidiary wholly owned by the Company

(9) NKM is wholly owned by NKT. NKT's shareholders are (1) PWB (76,860,745 shares), (2) PBL (1,000 shares), and (3) 3PLUS (1,000 shares). NKT has 80,000,0000 shares of issued and paid-up share capital, and bought 3,137,255 shares of treasury stock or 3.9 percent of issued and paid-up share capital.

(10) The shareholders of Lanchi (LCP) are (1) CFR (8,554,559 shares), (2) Ms. Nguyen Thi Lan (8,219,090 shares), and (3) NK Trading (5 shares).

Name of Shareholder	CDS		ROBINS		TWT		SPS		PWB		CFR		CFM	
	No. of Shares	Propotion (%)												
1. Central Retail Corporation Public Company Limited	15,299,994	51.0											1,379,999,998	100.0
2. Mr. Suthichai Chirathivat														
3. Mr. Suthikiat Chirathivat														
4. Mr. Suthichan Chirathivat														
5. Mr. Sudhitham Chirathivat														
6. Mr. Sudhisak Chirathivat														
7. Mr. Prin Chirathivat													1	0.0
8. Mr. Tos Chirathivat														
9. CRG-S <sup>(1)</sup>														
10. Thai NVDR Company Limited														
11. Social Security Office														
12. EFG Bank AG, Hong Kong Branch														
13. South East Asia UK (Type C) Nominees Limited														
14. DBS Bank Ltd.														
15. Credit Suisse AG, Singapore Branch														
16. Viella Assets Ltd.														
17. State Street Europe Limited														
18. CDS														
19. Watts Co., Ltd <sup>(2)</sup>														
20. Mr. Fumio Hiraoka														
21. Mr. Toshiyuki Inada														
22. Mr. Suthilaksh Chirathivat														
23. SSHD <sup>(3)</sup>														
24. ROBINS														
25. Mr. Suthisarn Chirathivat														
26. Ms. Wallaya Chirathivat														
27. Mr. Pong Skuntanaga														
28. PBHD <sup>(4)</sup>														
29. Mr. Narongrit Chirathivat	3	0.0												
30. Mrs. Nidsinee Chirathivat														
31. SFMH <sup>(5)</sup>														
22. FamilyMart Co., Ltd. <sup>(4)</sup>														
33. CFR														
34. Matsumotokiyoshi Holdings Co., Ltd. <sup>(5)</sup>														
35. CMG <sup>(6)</sup>														
36. Cetrec <sup>(7)</sup>														
37. Ms. Sukulaya Uahwatanasakul													1	0.0
38. Mr. Worawoot Ounjai	3	0.0												
39. Mr. Pandit Mongkolkul														
40. CNGI	14,699,997	49.0												
41. Mrs. Yuwadee Chirathivat	3	0.0												
42. CRC Rina <sup>(8)</sup>			5,049,496	98.7										
43. Mr. Vittorio Radice			66,500	1.3										
44. NKM <sup>(9)</sup>					76,862,745	100.0								
45. Lanchi (LCP) <sup>(10)</sup>							16,773,654	100.0	16,773,654	100.0	16,773,654	100.0		
46. Other														
Total Shares	30,000,000	100.0	5,115,996	100.0	76,862,745	100.0	16,773,654	100.0	16,773,654	100.0	16,773,654	100.0	1,380,000,000	100.0

**Remarks:**

(1) The major shareholder, by circumstances, who has significant influence on policy forming, managing, or handling of operations of ROBINS, such as CRG-S, a subsidiary wholly owned directly and indirectly by the Company; the members in the Chirathivats totally hold 62 percent of the shares in ROBINS.

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(6) CMG's shareholders are (1) the Company (187,599,998 shares), (2) Mr. Pichai Chirathivat (1 share), and (3) Mr. Prin Chirathivat (1 share).

(7) Cetrec is wholly owned by CMG

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(9) NKM is wholly owned by NKT. NKT's shareholders are (1) PWB (76,860,745 shares), (2) PBL (1,000 shares), and (3) 3PLUS (1,000 shares). NKT has 80,000,0000 shares of issued and paid-up share capital, and bought 3,137,255 shares of treasury stock or 3.9 percent of issued and paid-up share capital.

(10) The shareholders of Lanchi (LCP) are (1) CFR (8,554,559 shares), (2) Ms. Nguyen Thi Lan (8,219,090 shares), and (3) NK Trading (5 shares).

# **Dividend Payment Policy**

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## **Dividend Payment Policy of the Company**

The Company has a policy to pay dividends to shareholders at the rate of not less than 40% of the net profit from the consolidated financial statements after tax deduction, the allocation of all various funds required by laws and the Company in each year, and the obligations under the financial contract (if any). The dividend payment must not exceed the retained earnings from the separate financial statements of the Company.

The said dividend payment rate may be changed from the specified depending on the results of operations, cash flow, financial liquidity, financial status, investment plan, reserving funds to be working capital within the company, reserving funds for future investment, reserving funds to repay loans, conditions and limitations as specified in the financial contract, economic conditions, including legal requirements and other necessities.

However, the annual dividend payment must be approved in the shareholders' meeting, except the interim dividend payment which the Board of Directors may occasionally approve when it deems that the Company is profitable enough to do so.

## **Dividend Payment Policy of Subsidiaries**

The subsidiary company will pay dividends from the net profit according to the separate financial statements after tax deduction, the allocation of all various funds required by laws and the company in each year, and the obligations under the financial contract (if any). However, the rate of dividends will be considered from the results of operations, cash flow, financial liquidity, financial status, investment plan, reserving funds to be working capital, reserving funds for future investment, reserving funds to repay loans, conditions and limitations as specified in the financial contract, economic conditions, including legal requirements and other necessities.

The Board of Directors of the subsidiary company has the power to approve the payment of interim dividends and to report to the shareholders' meeting of subsidiary company at the next meeting.

In consideration to approve annual dividends and interim dividends of subsidiaries, the subsidiary company must ask for approval in the meeting of the Board of Directors of the Company before proceeding unless the subsidiary company pays dividends in the total amount not less than the amount specified in the annual budget of each subsidiary or do it according to the dividend payment policy of the subsidiary company which has already been approved by the Board of Directors of the Company.

## **Other Important Information**

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### **Important Laws relating to the Business Operations of Central Retail**

Central Retail's retail business operations are subject to a range of laws in Thailand, Italy and Vietnam. The details of important laws relating to the business operations of the company group can be found in the annual registration statement (Form 56-1) of the company showed in [www.sec.or.th](http://www.sec.or.th) or [www.centralretail.com](http://www.centralretail.com).

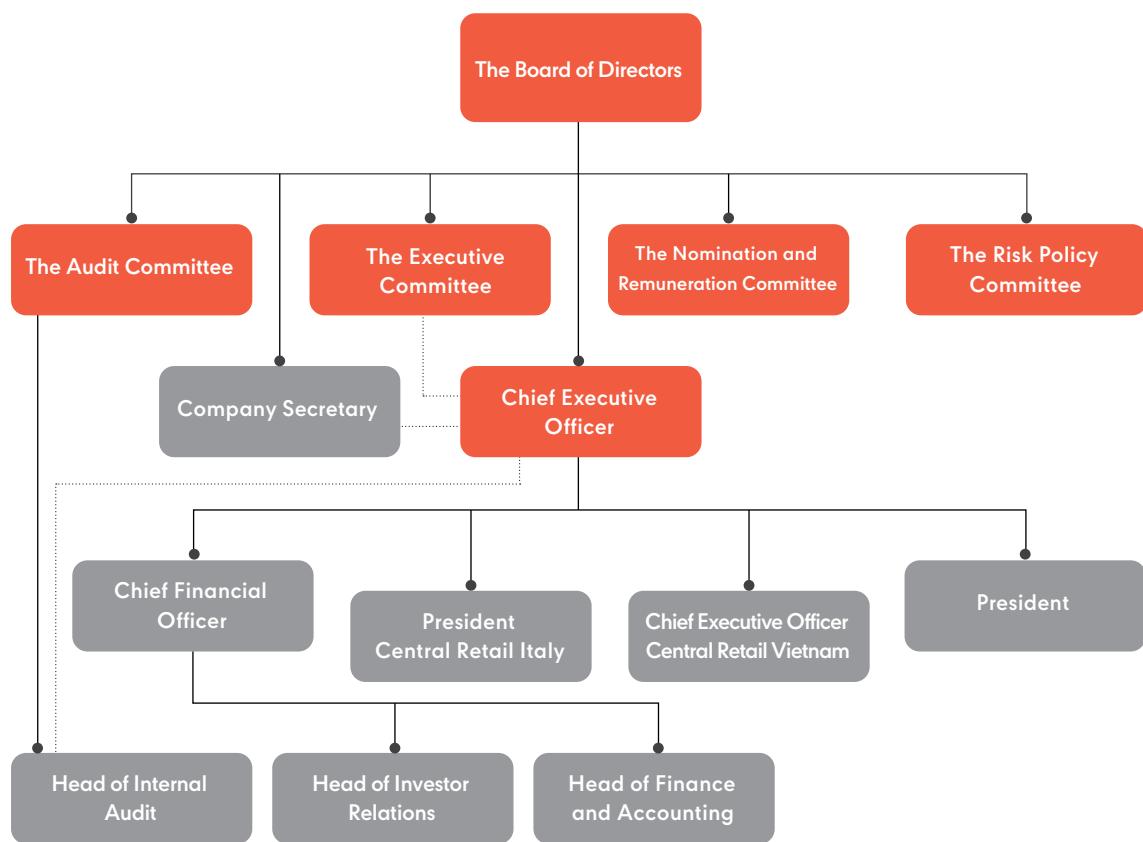
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## **MANAGEMENT STRUCTURE**

# MANAGEMENT STRUCTURE

## Central Retail Corporation Public Company Limited

Management Structure as of 31 December 2019 is as follows:



## The Board of Directors and Sub-Committees

### The Board of Directors

The Board of Directors comprises of 15 directors and the 2019 board meeting attendance is as follows:

Name	Position	Meeting Attendance/ Total Meeting (Times)
1. Dr. Prasarn Trairatvorakul <sup>(1)</sup>	Chairman	11/11
2. Mr. Suthichai Chirathivat <sup>(1)</sup>	Vice Chairman	11/11
3. Mr. Suthikiati Chirathivat <sup>(1)</sup>	Vice Chairman	11/11
4. Mrs. Pratana Mongkolkul <sup>(1)</sup>	Independent Director and Chairman of the Audit Committee	11/11
5. Mrs. Patareeya Benjapolchai <sup>(1)</sup>	Independent Director and Member of the Audit Committee	9/11
6. Dr. Atchaka Sibunruang <sup>(1)</sup>	Independent Director	9/11
7. Mr. Sompong Tantapart <sup>(1)</sup>	Independent Director and Member of the Audit Committee	9/11
8. Mr. Kanchit Bunajinda <sup>(1)</sup>	Independent Director	10/11
9. Mr. Sudhisak Chirathivat <sup>(1)</sup>	Director	11/11
10. Mrs. Yuwadee Chirathivat <sup>(2)</sup>	Director and Member of the Executive Committee	11/13
11. Mr. Suthilaksh Chirathivat	Director	9/13
12. Mr. Prin Chirathivat	Director	11/13
13. Mr. Tos Chirathivat	Director and Chairman of the Executive Committee	10/13
14. Mr. Pichai Chirathivat <sup>(2)</sup>	Director	12/13
15. Mr. Yol Phokasub <sup>(2)</sup>	Director and Member of the Executive Committee	13/13

**Remarks:**

<sup>(1)</sup> The person was appointed as the Company's director on 15 March 2019.

<sup>(2)</sup> The person was appointed as the Company's director on 21 May 2019.

### The Audit Committee

The Audit Committee comprises of 3 independent directors with the qualifications as required in the Audit Committee Charter and in accordance with criteria of the Capital Market Supervisory Board. The 2019 audit committee board meeting attendance is as follows:

Name	Position	Meeting Attendance/ Total Meeting (Times)
1. Mrs. Pratana Mongkolkul	Chairman of the Audit Committee	10/10
2. Mrs. Patareeya Benjapolchai	Member of the Audit Committee	10/10
3. Mr. Sompong Tantapart	Member of the Audit Committee	9/10

Mr. Phisoot Suksangtip, Head of Internal Audit, is a secretary to the Audit Committee.

### The Executive Committee

The Executive Committee comprises of 5 executive committee members as follows:

Name	Position
1. Mr. Tos Chirathivat	Chairman of the Executive Committee
2. Mrs. Yuwadee Chirathivat	Member of the Executive Committee
3. Mr. Yol Phokasub	Member of the Executive Committee
4. Mr. Nicolo Galante	Member of the Executive Committee
5. Mr. Piya Nguikaramahawongse	Member of the Executive Committee

## The Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of 4 nomination and remuneration committee members as follows:

Name	Position
1. Dr. Atchaka Sibunruang	Chairman of the Nomination and Remuneration Committee
2. Mr. Sompong Tantapart	Member of the Nomination and Remuneration Committee
3. Mr. Sudhisak Chirathivat	Member of the Nomination and Remuneration Committee
4. Mr. Tos Chirathivat	Member of the Nomination and Remuneration Committee

Miss. Rangsirach Pornsutee is a secretary to the Nomination and Remuneration Committee.

## The Risk Policy Committee

The Risk Policy Committee comprises of 4 risk policy committee members as follows:

Name	Position
1. Mrs. Patareeya Benjapolchai	Chairman of the Risk Policy Committee
2. Mr. Kanchit Bunajinda	Member of the Risk Policy Committee
3. Mr. Prin Chirathivat	Member of the Risk Policy Committee
4. Mr. Yol Phokasub	Member of the Risk Policy Committee

Miss. Pacchanya Chutimawong is a secretary to the Risk Policy Committee.

## Management

The Company comprises of 6 managements as follows:

Name	Position
1. Mr. Yol Phokasub	CEO
2. Mr. Nicolo Galante	President
3. Mr. Piya Nguikaramahawongse	CFO
4. Mr. Philippe Jean Broianigo	Chief Executive Officer – Central Retail Vietnam
5. Mr. Pierluigi Cocchini	President – Central Retail Italy
6. Mr. Yingyai Eumkhrong	Head of Finance and Accounting

## Company Secretary

To comply with Section 89/15 of the Securities and Exchange Act, the Board of Directors' meeting of the Company No. 6/2019 on 13 May 2019 had a resolution to appoint Mrs. Ngamchit Kiattanavith as the company secretary of the Company effective from 21 May 2019 onwards.

## Person in charge of Accounting Supervision

Mr. Yingyai Eumkhrong is the Head of finance and accounting who is directly responsible for accounting supervision of the Company.

## The Subsidiaries Operating the Core Business

The Company conducts business through the Subsidiaries Operating the Core Business which are located in Thailand, Vietnam, Italy, and Malaysia consisting of the Central Subsidiary and the Non-Central Subsidiaries, totally 21 companies from 3 main retail groups.

## The Board of Directors of the Subsidiaries Operating the Core Business

List of the Board of Directors' members of the 21 Subsidiaries Operating the Core Business as of 31 December 2019 as follows:

Subsidiaries	CDS	ROBINS	TWT	SPS	PWB	CFR	CFM	CMK	C Trading	Trextral Textile	John Master	Kiko Garment	CTD	CNGI	CGO	LR	NK Trading	LC Investment	LC Ha Nam	LC Trading	Cap C	
Name of the Board of Directors' members																						
Mr. Suthichai Chirathivat	●			●	●	●			●	●												
Mr. Suthikiat Chirathivat	●			●	●	●																
Mr. Suthichart Chirathivat	●			●	●	●																
Mr. Sudhitham Chirathivat		①			●	●																
Mr. Sudhisak Chirathivat		★																★	★			
Mr. Suthilaksh Chirathivat	●		●	●	●	●	●	●													●	
Mr. Suthisarn Chirathivat			●	●																		
Mrs. Yuwadee Chirathivat	●	②																				
Mr. Prin Chirathivat	●	③																				
Mr. Tos Chirathivat	●																					
Mr. Pichai Chirathivat																						
Mr. Kriengsakdi Chirathivat	●																					
Mr. Watt Chirathivat	●																					
Mr. Narongrit Chirathivat	●			●	●	●																
Mrs. Sirikate Chirakiti	●																					
Mrs. Sukanya Promphan	●			●	●	●	●															
Ms. Jariya Chirathivat	●		●	●	●	●	●															
Ms. Sukulaya Uahwatanasakul	●		●	●	●	●	●															
Mrs. Nidsinee Chirathivat	●																					
Ms. Wallaya Chirathivat			●																			
Mrs. Supatra Chirathivat																						
Mrs. Jintana Bunyarat																						
Mr. Pong Skuntanaga																						
Mr. Yol Phokasab																						
Mr. Piya Nguikaramahawongse		④																				
Mr. Wuttiphat Techamongklapiwat		⑤																				
Mr. Somchai Apiwattanapron		⑥																				
Mr. Yodhin Anavil		⑦																				
Mr. Charan Mongkolchan		⑧																				
Mr. Vithaya Chavanananand		⑨																				
Mr. Nath Vongphanich																						
Mr. Worawoot Ounjai																						
Mr. Kowin Kulruchakorn																						
Mr. Panet Mahankurak																						
Mr. Parivat Sopasit																						
Mr. Alistair Charles Taylor																						
Mr. Stephane Coum																						
Mr. Fumio Hiraoka			●																			
Mr. Toshiyuki Inada			●																			
Mr. Masahiro Hirata			●																			
Mr. Fuminobu Oda																						
Mr. Yoshifumi Kiriyama																						
Mr. Junichi Yamashita												★										
Mr. Kosaki Taro																						
Mr. Takashi Matsumoto																						
Mrs. Suzana Binti Husin																						
Mrs. Triprang U-nontakarn																						
Mr. Vittorio Radice																						
Mr. Pierluigi Cochini																						
Mr. Philippe Jean Broianigo																						
Mr. Hidetoshi Sugimoto																						

★ = Chairman of the Board of Directors  
● = Director

Remarks: The Board of Directors of ROBINS

- ① Vice Chairman of the Board of Directors, Chairman of the Executive Committee, and Member of the Nomination and Remuneration Committee
- ② Director, Member of the Executive Committee, and Member of the Nomination and Remuneration Committee
- ③ Director and Member of the Executive Committee
- ④ Director, Member of the Executive Committee, and Member of the Corporate Governance Committee.
- ⑤ Director, Member of the Executive Committee, Member of the Risk Management Committee, and President
- ⑥ Independent Director, Chairman of the Audit Committee, and Chairman of the Nomination and Remuneration Committee
- ⑦ Independent Director, Chairman of the Corporate Governance Committee, and Member of the Audit Committee
- ⑧ Independent, Chairman of the Risk Management Committee, and Member of the Audit Committee
- ⑨ Independent Director, Member of the Audit Committee, Member of the Risk Management Committee, Member of the Nomination and Remuneration Committee

## Executive of the Subsidiaries Operating the Core Business

List of Executives of the 21 Subsidiaries Operating the Core Business as of 31 December 2019 as follows:

<b>CDS</b>	<b>List of Executives</b>	<b>Position</b>
	1. Mrs. Natira Boonsri	President
	2. Ms. Tapida Norpanlop	Head of Omni-channel Merchandising
	3. Ms. Piyawan Leelasompop	Head of Omni-channel Marketing
	4. Mrs. Helene Bejeux	Head of Online
	5. Dr. Piyapong Thanyasrisung	Chief Operating Officer
	6. Mr. Kitcha Chalavanish	Head of Store Design
	7. Ms. Nanteera Witwutisak	Financial Controller
	8. Mr. Tanakorn Sirigun	Head of HR Department Stores
<b>ROBINS</b>	<b>List of Executives</b>	<b>Position</b>
	1. Mr. Wuttikiat Techamongklapiwat	President
	2. Mr. Ekachai Nitasanajarukul	Chief Financial Officer
	3. Mrs. Orawan Tipsuwanporn	Chief of Merchandising
	4. Mr. Stefano Pizzuti	Head of Strategy & Business Development
	5. Mr. Anan Tantipanyakun	Chief of Operating Officer
	6. Mr. Bounthay Kaewchot	Head of Omni-channel & Online
	7. Mr. Anuchit Sapa-Asa	Chief Marketing Officer
	8. Mr. Tanakorn Sirigun	Head of HR Department Stores
	9. Mr. Stephane Joel Dominique Jubert	Head of Beauty and Category Management
<b>TWT</b>	<b>List of Executives</b>	<b>Position</b>
	1. Mr. Toshiyuki Inada	Managing Director
	2. Ms. Supanat Summagasipong	Financial Controller
	3. Ms. Tuddow Limsombatcharoen	Head of Merchandising Komonoya
	4. Mr. Masafumi Oura	Senior Division Manager – Operation Komonoya
	5. Mr. Tanakorn Sirigun	Head of HR Department Stores
<b>SPS</b>	<b>List of Executives</b>	<b>Position</b>
	1. Mr. Anthony John Peter Morton	President
	2. Mr. Andrew Fairall	Director of Vietnam
	3. Mr. Laurent Jerome Henri Joniot	Director of International Brand
	4. Mr. Raphael Paul Maurice Gaillot	Director of Online
	5. Mrs. Erlinda Petpisit	Director of Omni-channel Customer
	6. Ms. Kanjana Prommasakul	Director of Merchandise
	7. Mr. Tosapon Agadmeck	Omni-channel Operation Director
	8. Ms. Supawan Sumonwiriya	Financial Controller
	9. Mr. Saraphong Tuwapalangkul	Head of Human Resources

**Remark:** The position of Head of Business Planning & IT is unfilled.

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## C Trading

### List of Executives

1. Mr. Edwin Hawson
2. Mr. Maciej Ryszard Koprowski
3. Mrs. Triprang U-nontakarn
4. Ms. Sarah Jean Westwood
5. Mr. Rowan Nicholls
6. Mr. Viroj Sukpitak
7. Ms. Pittaya Jearkittimasak
8. Ms. Jitrudee Panitpon
9. Mr. Saraphong Tuwapalangkul

### Position

- |                                     |
|-------------------------------------|
| President                           |
| Head of Marketing Corporate Office  |
| Chief Financial Officer             |
| Head of Omni-channel & E-commerce   |
| Head of Licensed & Own Brands Group |
| Head of Watch & Hardline Group      |
| Head of Beauty Group                |
| Head of Import Fashion Group        |
| Head of Human Resources             |

## Textral Textile

### List of Executives

1. Mr. Edwin Hawson
2. Mr. Maciej Ryszard Koprowski
3. Mrs. Triprang U-nontakarn
4. Ms. Sarah Jean Westwood
5. Mr. Rowan Nicholls
6. Mr. Viroj Sukpitak
7. Ms. Pittaya Jearkittimasak
8. Ms. Jitrudee Panitpon
9. Mr. Saraphong Tuwapalangku

### Position

- |                                     |
|-------------------------------------|
| President                           |
| Head of Marketing Corporate Office  |
| Chief Financial Officer             |
| Head of Omni-channel & ecommerce    |
| Head of Licensed & Own Brands Group |
| Head of Watch & Hardline Group      |
| Head of Beauty Group                |
| Head of Import Fashion Group        |
| Head of Human Resources             |

## John Master

### List of Executives

1. Mr. Brandon Wong (Mr. Chee Hing Wong)
2. Ms. Alison Toh (Ms. Kai Ling Toh)
3. Ms. Melissa Liu (Ms. Mei Chen Liu)
4. Mr. Sean Heng (Mr. Kok Wee Heng)
5. Ms. Jennifer Chong (Ms. Tze Leng Chong)

### Position

- |                               |
|-------------------------------|
| Acting Country Head, Malaysia |
| Head of Sales Operations      |
| Head of Supply Chain          |
| Head of Finance               |
| Head of Human Resources       |

## Kiko Garment

### List of Executives

1. Mr. Brandon Wong (Mr. Chee Hing Wong)
2. Ms. Alison Toh (Ms. Kai Ling Toh)
3. Ms. Melissa Liu (Ms. Mei Chen Liu)
4. Mr. Sean Heng (Mr. Kok Wee Heng)
5. Ms. Jennifer Chong (Ms. Tze Leng Chong)

### Position

- |                               |
|-------------------------------|
| Acting Country Head, Malaysia |
| Head of Sales Operations      |
| Head of Supply Chain          |
| Head of Finance               |
| Head of Human Resources       |

CTD	<b>List of Executives</b> <hr/> 1. Mr. Suthisarn Chirathivat 2. Mrs. Priyavadee Prachuabmoh 3. Mr. Thanawat Jirangkapat 4. Mr. Ruangwej Vitavaskarnwej 5. Mr. Kamchai Louiyapong 6. Mr. Petch Wanichwit	<b>Position</b> <hr/> Chief Executive Officer Head of Supply Chain and Home Services Chief Operating Officer Head of Human Resources Head of Business Development Head of Finance
<b>Remark:</b> The position of Head of Omni-Channel is unfilled.		
CNGI	<b>List of Executives</b> <hr/> 1. Mr. Axel Winter 2. Mr. Richards Clarke Gilbert 3. Mr. Manchi Leung 4. Ms. Chonnikan Siripattananukulchai 5. Ms. Sawraya Senlee 6. Mr. Terence Dorflinger 7. Mr. Kowin Kulruchakorn 8. Mr. Thanasak Chaiyakul 9. Mr. Paul Marius Neufels 10. Ms. Dhanyanan Nathaphatraphaisan	<b>Position</b> <hr/> Chief Technology Officer Chief Product Officer Head of Engineering Head of Product group 1 Head of Product group 2 Head of Product group 3 Head of Retail Innovation Head of Application Support Head of CTO Office Head of Finance
CGO	<b>List of Executives</b> <hr/> 1. Mr. Victor Henry Forster 2. Mr. Scott Eric Minteer 3. Mr. James Lamrock 4. Ms. Saipin Pakjamsai 5. Mr. Pranav Kumar Jha 6. Mr. Hotesh Sham Dodani 7. Mr. Pierre Loubignac	<b>Position</b> <hr/> Head of Omni-channel Head of Performance Marketing Head of Omni-channel Operations Head of Financial Controller Head of Campaign Management Head of Marketplace Head of Customer Experience
LR	<b>List of Executives</b> <hr/> 1. Mr. Pierluigi Cocchini 2. Mr. Adriano Baffi 3. Mrs. Giulia Pizzato 4. Mrs. Maria Elia 5. Mr. Salvatore Garro 6. Mr. Paolo Ciceri 7. Mrs. Monica Ferreri 8. Mrs. Rossana Chiappo 9. Mr. Alessandro Cavalchini	<b>Position</b> <hr/> Chief Executive Officer Sales Director Buying & Merchandising Director Chief Financial Officer Human Resources Director IT Director Marketing & Communication Director Store Design & Technical Director General Counsel

**NK  
Trading**

**List of Executives**

1. Mr. Philippe Jean Broianigo
2. Mr. Leu Hong Dong
3. Mrs. Thi Khanh Linh Le
4. Mrs. Thi Xuan Mai Tran
5. Mrs. Thai Hoang Yen Nguyen

**Position**

- |                          |
|--------------------------|
| Acting CEO               |
| Merchandise Director     |
| Human Resources Director |
| Finance Controlling      |
| Head of Accounting       |

**Remark :** The position of COO and IT Director is unfilled.

**Lanchi**  
—  
LC Investment  
•  
LC Ha Nam  
•  
LC Trading

**List of Executives**

1. Mr. Taehyun Kim
2. Mrs. Lan Chi Phan
3. Mrs. Thi Thu Huong Le
4. Mrs. Thi Nhan Dao
5. Mrs. Thi Hong Ha Nguyen
6. Mr. Anh Duc Le
7. Mrs. Thi Bich Lien Pham

**Position**

- |                              |
|------------------------------|
| Chief Executive Officer      |
| Chief Operation Officer      |
| Senior Distribution Director |
| Merchandise Director         |
| HR & Admin Director          |
| Financial Controller         |
| Chief of Accountant          |

**Cap C**

**List of Executives**

1. Mr. Philippe Jean Broianigo
2. Mr. Pierre Jacques Marie Bertholat
3. Ms. Kanyarat Krisnathevin
4. Mr. Claude Denis Rety
5. Mrs. Thi Phuong Nhuyen
6. Ms. Cuc Anh Nguyen
7. Mr. Huy Nguyen Trong Phan
8. Mr. Lai Saye Chuan
9. Mrs. Thi Hong Nhan Tran

**Position**

- |  |
|--|
| Vietnam CEO  |
| CEO of Food Retail                                 |
| CFO  |
| Homeline Development Director                      |
| Head of Corporate Relations & Property Acquisition |
| Head of Fashion & Beauty                           |
| Group Financial Controller                         |
| Head of Property Development                       |
| Head of FAST Vietnam                               |

**Remark:** The position of Group Omnichannel Director is unfilled.

# Remuneration of Directors and Managements

## Remuneration of Directors and Managements of the Company

The Company determines remuneration of directors and managements through consideration in accordance with main objectives and goals of organization and long-term benefits of business, including suitability of salary and remuneration which relates to performance and scale of business and responsibilities of such person while comparing to remuneration of other listed companies with the same and similar business as per suggestions of the nomination and remuneration committee. Remuneration will be in the form of monthly or quarterly allowances, meeting allowances, and bonuses.

### Remuneration of Directors

#### 1. Monetary Remuneration

The 2019 Annual General Meeting of Shareholders of the Company on 30 April 2019 had a resolution for remuneration of directors and Sub-committees in 2019 with description as follows:

Type of Remunerations	Amount (THB)
1. Quarterly Allowances <ul style="list-style-type: none"><li>• Chairman of the Board of Directors</li><li>• Chairman of the Audit Committee</li><li>• Member of the Audit Committee</li><li>• Director</li></ul>	225,000 133,000 103,000 85,000
2. The Board Meeting Allowance (THB/times) <ul style="list-style-type: none"><li>• Chairman of the Board of Directors</li><li>• Director</li></ul>	85,000 42,000
3. The Audit Committee Meeting Allowance (THB/times) <ul style="list-style-type: none"><li>• Chairman of the Audit Committee</li><li>• Member of the Audit Committee</li></ul>	65,000 50,000
4. The Executive Committee Meeting Allowance (THB/times) <ul style="list-style-type: none"><li>• Chairman of the Executive Committee</li><li>• Member of the Executive Committee</li></ul>	None None
5. The Nomination and Remuneration Committee Meeting Allowance (THB/Times) <ul style="list-style-type: none"><li>• Chairman of the Nomination and Remuneration Committee</li><li>• Member of the Nomination and Remuneration Committee and Consultant (If any)</li></ul>	35,000 30,000
6. The Risk Policy Committee Meeting Allowance (THB/Times) <ul style="list-style-type: none"><li>• Chairman of the Risk Policy Committee</li><li>• Member of the Risk Policy Committee</li></ul>	35,000 30,000

Members of the Executive Committee and employees of the Company shall not receive quarterly or meeting allowances in any Sub-Committees. Also, members of the audit committee shall not receive quarterly allowances in the position of directors.

The Company may pay bonuses to directors under consideration of the Board of Directors. As of year ended 31 December 2019, directors shall receive bonuses in accordance with their performance and participation in meetings. However, members of the Executive Committee and employees of the Company shall not receive director bonuses.

#### 2. Other Remuneration

The Company shall allocate newly-issued ordinary shares in this offering to directors of the Company not more than 1,266,400 shares which amount to THB 50.7–54.5 million with THB 40–43 per share. These shares include managements who are directors.

## Remuneration of Directors in 2019

From 1 January 2019 to 31 December 2019, the Company has paid remuneration to directors in a total of THB 16,450,876 with description as follows:

Name	Remuneration of Directors <sup>(1)</sup> (THB)							Total	
	Quarterly Allowance (THB)	Bonuses <sup>(3)</sup>	Committee Meeting Allowance						
			Board of Directors	The Audit Committee	The Executive Committee	The Nomination and Remuneration Committee	The Risk Policy Committee		
1. Dr. Prasarn Trairatvorakul	715,000	287,500	935,000	-	-	-	-	1,937,500	
2. Mr. Suthichai Chirathivat	270,111	250,000	462,000	-	-	-	-	982,111	
3. Mr. Suthikiat Chirathivat	270,111	250,000	462,000	-	-	-	-	982,111	
4. Mrs. Patareya Benjapolchai	327,311	250,000	378,000	500,000	-	-	70,000	1,525,311	
5. Dr. Atchaka Sibunruang	270,111	250,000	378,000	-	-	-	-	898,111	
6. Mr. Sompong Tantapart	327,311	250,000	378,000	450,000	-	-	-	1,405,311	
7. Mrs. Pratana Mongkolkul	422,644	275,000	462,000	650,000	-	-	-	1,809,644	
8. Mr. Kanchit Bunajinda	270,111	250,000	420,000	-	-	-	60,000	1,000,111	
9. Mr. Sudhisak Chirathivat <sup>(2)</sup>	270,111	250,000	462,000	-	-	-	-	982,111	
10. Mrs. Yuwadee Chirathivat <sup>(2)</sup>	270,111	250,000	378,000	-	-	-	-	898,111	
11. Mr. Suthilaksh Chirathivat	270,111	250,000	294,000	-	-	-	-	814,111	
12. Mr. Prian Chirathivat <sup>(2)</sup>	270,111	250,000	378,000	-	-	-	60,000	858,111	
13. Mr. Tos Chirathivat	270,111	250,000	336,000	-	-	-	-	856,111	
14. Mr. Pichai Chirathivat	270,111	250,000	420,000	-	-	-	-	940,111	
15. Mr. Yol Phokasub	-	-	462,000	-	-	-	-	462,000	
							Total	16,450,876	

### Remarks:

(1) The Company pays meeting allowances to directors based on the number of meeting attendances as well as quarterly allowances on the designated rate. Directors who are management and employees of the Company shall not receive quarterly or meeting allowances in the position any Sub-Committee of the Company.

(2) Such directors receive remuneration of directors in ROBINS.

(3) Directors' bonuses for the year 2019 which paid to the Directors in Q1/2020

## Remuneration of Managements

### 1. Monetary Remuneration

As of 31 December 2019, the Company paid remuneration to 6 managements of the Company in the form of salaries and annual bonuses, amounted to approximately THB 124 million.

### 2. Other Remuneration

In the fiscal year ended 31 December 2019, the Company paid other compensation to 6 managements in the form of provident funds and social security, travel expenses, fuel and telephone bills, etc.

## Remuneration for directors and managements of the Subsidiaries Operating the Core businesses.

Remuneration of directors and executives of 21 Subsidiaries Operating the Core Business as of 31 December 2019 is as follows:

## Remuneration for directors and managements of 20 Subsidiaries Operating the Core Business (except ROBINS)

### Remuneration of Directors

CDS, TWT, SPS, PWB, CFR, CFM, CMK, C Trading, Textral Textile, John Master, Kiko Garment, CTD, CNGI, CGO, NK Trading, LC Investment, LC Ha Nam, LC Trading and Cap C borne no expense in the last year.

LR paid 2 directors with remuneration worth around 253,000 euros under the Directorship Agreement and other compensation in the form of accommodation, travel and health insurance.

## Remuneration of Management

The remuneration for the managements of subsidiaries:

Company	Type of Remunerations	Number of Executives	Amount (THB million)	Remarks
CDS	Salaries/bonuses	8	54	<ul style="list-style-type: none"> <li>Mrs. Helene Bejeux received remuneration less than 12 months since the tenure was not a full term.</li> <li>This excluded Mr. Tanakorn Sirigun who received remuneration regarding executive positions at the ROBINS.</li> </ul>
TWT	Salaries/bonuses	5	15	<ul style="list-style-type: none"> <li>Mr. Masafumi Oura received remuneration less than 12 months since the tenure was not a full term.</li> <li>This excluded Mr. Tanakorn Sirigun who received remuneration regarding executive positions at the ROBINS.</li> </ul>
SPS	Salaries/bonuses	9	42	<ul style="list-style-type: none"> <li>Mr. Tosapon Agadmeck and Mrs. Erlinda Petpisit received remuneration less than 12 months since the tenure was not a full term.</li> <li>Mr. Saraphong Tuwapalangkul who reported remuneration from holding the position of management in the C Trading.</li> </ul>
PWB	Salaries/bonuses	10	57	<ul style="list-style-type: none"> <li>Mr. Varawut Pongchinpak and Mrs. Justine Bystrzejewski received remuneration less than 12 months since the tenure was not a full term.</li> </ul>
CFR	Salaries/bonuses	9	61	<ul style="list-style-type: none"> <li>Mr. Stephane Coum and Mr. Yotin Thavikulwat received remuneration less than 12 months since the tenure was not a full term.</li> </ul>
CFM	Salaries/bonuses	5	25	<ul style="list-style-type: none"> <li>Mrs. Naddawadee Suwannagindra received remuneration less than 12 months since the tenure was not a full term.</li> </ul>
CMK	Salaries	4	4	<ul style="list-style-type: none"> <li>Mr. Stephane Coum reported remuneration from holding the position of management in CFR.</li> </ul>
C Trading and Textral Textile	Salaries/bonuses	9	70	<ul style="list-style-type: none"> <li>Management members who are management at affiliates under the CMG in Thailand such as C Trading and Textral Textile. They get remuneration for every above-mentioned affiliate.</li> <li>Ms. Sarah Jean Westwood, Mr. Rowarn Nicholls and Mr. Saraphong Tuwapalangkul received remuneration less than 12 months since the tenure was not a full term.</li> </ul>
John Master and Kiko Garment	Salaries	5	15	<ul style="list-style-type: none"> <li>Management members of many subsidiaries in Malaysia under CMG, including John Master and Kiko Garment. They get remuneration for every above-mentioned affiliate</li> </ul>
CTD	Salaries/bonuses	6	42	-
CNGI	Salaries/bonuses	10	48	<ul style="list-style-type: none"> <li>Mr. Richards Clarke Gilbert, Mr. Manchi Leung, Mr. Terence Dorflinger, Mr. Thanasak Chaiyakul, Mr. Paul Marius Neufels and Mrs. Dhyananan Nathaphatraphaisan received remuneration less than 12 months since the tenure was not a full term.</li> </ul>
CGO	Salaries/bonuses	7	37	<ul style="list-style-type: none"> <li>Mr. Pranav Kumar Jha, Mr. Hotesh Sham Dodani and Mr. Pierre Loubignac received remuneration less than 12 months since the tenure was not a full term.</li> </ul>
LR	Salaries/bonuses	9	77	-
NK Trading	Salaries/bonuses	5	45	<ul style="list-style-type: none"> <li>Mr. Leu Hong Duong received remuneration less than 12 months since the tenure was not a full term.</li> </ul>
LC Investment, LC Ha Nam and LC Trading	Salaries	7	20	<ul style="list-style-type: none"> <li>Management of the Lanchi such as LC Investment, LC Ha Nam and LC Trading. They get remuneration for every above-mentioned affiliate.</li> </ul>
Cap C	Salaries/bonuses	10	58	<ul style="list-style-type: none"> <li>The remuneration is all from managing subsidiaries of Big C Vietnam such as Cap C</li> </ul>

Moreover, the management receives other remuneration in the form of provident funds, social security fund, health insurance, travel expenses, fuel and telephone bills, etc.

## Remuneration for directors and managements of ROBINS

### Remuneration of Directors

#### 1. Monetary Remuneration

In 2019, the Board of Directors' meeting No. 2/2019 on 22 February 2019, approved the principles of quarterly remuneration and meeting allowance for 2019. The 2019 Annual General Meeting of Shareholders of ROBINS on 25 April 2019 has resolved to agree on the director's and sub-committees' remuneration for 2019 (excluding the remuneration of Mr. Wuttikiat Techamongklapiwat, the President) at the same rate as in 2018.

Type of Remunerations	Value (THB)
1. Quarterly Allowances <ul style="list-style-type: none"><li>• Chairman of the Board of Directors</li><li>• Chairman of the Audit Committee</li><li>• Director</li></ul>	115,500 84,000 73,500
2. The Board of Directors' Meeting Allowance (THB/times) <ul style="list-style-type: none"><li>• Chairman of the Board of Directors</li><li>• Director</li></ul>	40,000 34,000
3. The Audit Committee Meeting Allowance (THB/times) <ul style="list-style-type: none"><li>• Chairman of the Audit Committee</li><li>• Member of the Audit Committee</li></ul>	47,500 34,000
4. The Executive Committee Meeting Allowance (THB/times) <ul style="list-style-type: none"><li>• Chairman of the Executive Committee</li><li>• Member of the Executive Committee</li></ul>	40,000 34,000
5. The Nomination and Remuneration Committee Meeting Allowance (THB/Times) <ul style="list-style-type: none"><li>• Chairman of the Nomination and Remuneration Committee</li><li>• Member of the Nomination and Remuneration Committee and Consultant (If any)</li></ul>	30,000 26,500
6. The Risk Management Committee Meeting Allowance (THB/times) <ul style="list-style-type: none"><li>• Chairman of the Risk Management Committee</li><li>• Member of the Risk Management Committee</li></ul>	30,000 26,500
7. The Corporate Governance Committee Meeting Allowance (THB/times) <ul style="list-style-type: none"><li>• Chairman of the Corporate Governance Committee</li><li>• Member of the Corporate Governance Committee including those with advisory roles</li></ul>	30,000 26,500

Director who also an executive of ROBINS or employees do not receive quarterly remuneration or meeting allowances for any sub-committee positions.

#### 2. Other Remuneration

No other remuneration during the past year.

## Remuneration of Directors in 2019

From 1 January 2019 and 31 December 2019, ROBINS has paid the total remuneration to the directors totalling approximately THB 7,043,500, as listed in the figure below:

Names	Remuneration of Directors <sup>(1)</sup> (THB)							Total	
	Quarterly remuneration	meeting allowance							
		Company Directors	The Audit Committees	The Executive Committees	The Executive Committee	The Nomination and Remuneration Committee	The Corporate Governance Committees		
1.Mr. Sudhisak Chirathivat	462,000	240,000	-	-	-	-	-	702,000	
2.Mr. Sudhitham Chirathivat	294,000	170,000	-	200,000	26,500	-	-	690,500	
3.Mr. Somchai Apiwattanapron	336,000	238,000	190,000	-	30,000	-	-	794,000	
4.Mr. Yodhin Anavil	294,000	238,000	136,000	-	-	-	30,000	698,000	
5.Mr. Charan Mongkolchan	294,000	238,000	136,000	-	-	120,000	-	788,000	
6.Mr. Vithaya Chavanananand	294,000	238,000	136,000	-	26,500	106,000	-	800,500	
7.Mr. Prin Chirathivat	294,000	204,000 <sup>(3)</sup>	-	170,000	-	-	-	668,000	
8.Mrs. Yuwadee Chirathivat	294,000	204,000 <sup>(3)</sup>	-	170,000	26,500	-	-	694,500	
9.Mr. Piya Nguiakaramahawongse	294,000	204,000	-	136,000	-	-	26,500	660,500	
10.Mr. Pandit Mongkolkul <sup>(2)</sup>	147,000	68,000	-	68,000	-	-	26,500	309,500	
11.Mr. Wuttikiat Techamongklapiwat	-	238,000	-	-	-	-	-	238,000	
							Total	7,043,500	

### Remarks:

(1) ROBINS paid meeting allowance to the directors as per the number of meeting attendance and is paid quarterly at a fixed rate. However, the directors, managements or employees of ROBINS will not receive quarterly remuneration or meeting allowance concerning the position of various sub-committees of ROBINS.

(2) Mr. Pandit Mongkolkul resigned from directorship effective from 26 July 2019 onwards.

(3) As for the director meeting no. 4/2019, Mrs. Yuwadee Chirathivat and Mr. Prin Chirathivat, as directors, attended the session with interests to the agenda. So, they refused to voice an opinion over the agenda and receive meeting allowance.

## Remuneration of Managements

As per the fiscal year ended 31 December 2019, ROBINS provided 9 managements with salary, bonus and other remunerations worth in total around THB 51 million (Mr. Anuchit Sapa-Asa, Mr. Stephane Joel Dominique Jubert and Mr. Tanakorn Sirigun received compensation less than 12 months since the tenure was not a full term).

## Personnel

### Number of Employees

As of 31 December 2019, Central Retail had 58,425 full-time employees, consists of 42,000 employees in Thailand, 15,000 employees in Vietnam, and 1,200 employees in Italy which make Central Retail is one of the biggest private employers in Thailand. In addition, Central Retail has 35,000 employees from suppliers and external service providers working in its stores. Central Retail also hires temporary and part-time employees during busy periods. In 2019, Central Retail has hired temporary and part-time employees for a total of approximately 5,000 persons in Thailand, 1,300 persons in Vietnam, and 200 persons in Italy. Central Retail hires seasonal employees mostly in December for Thailand and February for Vietnam.

Central Retail has neither significantly changed in number of employees nor encountered any labor dispute for the last 3 years.

## **Remuneration of Employees and Benefit**

As of 31 December 2018 and 2019, the Company paid remuneration to employees for a total of THB 17,911 million and THB 19,510 million respectively in the form of salaries, bonuses, shift salaries, overtime pay, and other remuneration including gratuities and provident funds for employees in Thailand, counterpart funds amounted to 25% of Vietnamese employee salaries which are sent into the social security fund in Vietnam as per the country's laws for building up retirement funds of the employees, and provident and pension funds for employees in Italy as per the country's laws.

In 2001, the Company established provident funds with employees as per the Provident Fund Act B.E. 2530 (amendment included). Siam Commercial Bank Asset Management Co. Ltd. is responsible for fund management under the name of "CRC Group Provident Fund"

## **Personnel Development Policy**

The Company has established a policy to develop skills and thinking processes of employees in order to continuously leverage performance efficiency in each aspect of employees in every level and improve creativity, and increase innovation values of the Company. The Company has established the policy and guideline as follows:

1. The Company shall provide opportunities for personnel to develop expertise from actual working experience under guidance of supervisors of each line of work.
2. The Company shall promote and hold seminars and training, both external and internal, regularly for personnel in each level of the Company.
3. The Company shall conduct assessment on needs and necessity of personnel development need in each level of the Company as well as establishing human resource development plans in accordance with the company development plan.
4. The Company shall hold activities to facilitate intimacy, familiarity, and healthy relationships among management and employees in every position.

## **Occupational Safety, Health, and Environment Policy**

The Company holds many activities to foster good relationship between employees and take care of their health, for example, a health check-up program for employees which the Company holds annually. The Company also supports sports and exercise activities by promoting sports events in each branch of the Company which provide an opportunity for employees to exercise together while building up good health and realizing the importance of exercise more. The Company has implemented an occupational safety, health, and environment policy with detail as follows:

1. Occupational safety, health, and environment of employees are the responsibilities of the Company which need to be supervised and protected as the first priority.
2. The Company supports improvement on working conditions and environment to create safety and promote healthy work of employees.
3. The Company supports and promotes many safety activities to raise awareness of employees, for example, safety trainings, public relations, and contest.
4. The Company holds corporate social responsibility activities for benefits of safety, hygiene, and environment.
5. Heads in every level shall be a good role model while rigorously controlling and supervising subordinates to participate in safety trainings and comply with the policy which the Company has provided and implemented.
6. All employees shall consider safety of themselves, colleagues, and assets of the Company during operation.
7. All employees shall manage cleanliness and tidiness of operating areas.
8. All employees shall cooperate in occupational safety and health of the Company and be able to provide opinions on improvement of working environment and methods for the optimal safety.

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# CORPORATE GOVERNANCE

# CORPORATE GOVERNANCE

## Corporate Governance Policy

During the course of business, the Board of Directors complied with the laws, regulations, its objectives and the shareholders' resolutions, and adhered to the Principles of Good Corporate Governance of Listed Companies according to the Stock Exchange of Thailand's principles and the Corporate Governance Code for Listed Companies 2017 according to the Securities and Exchange Commission (SEC)'s principles. The Company has adopted the Corporate Governance Code to be a guideline for the Company's operations to achieve operational efficiency and transparency to investors, leading to outsiders' trust in the Company's operation. In 2019, the Board of Directors reviewed the practice of the Principles of Good Corporate Governance of Listed Companies 2017 to apply to the Company's business context and took note of the principles unapplied and the reasons as a part of the Board's resolution.

The Company's Good Corporate Governance Policy covers 5 categories of principles as follows:

### Section 1: Rights of Shareholders

The Company recognizes and gives importance to the basic rights of shareholders as investors and company owners such as the rights to purchase, sell, and transfer their own shares; the right to receive the Company's profit; the right to receive clear and accurate information; the right to attend shareholders' meetings and vote on director appointment or dismissal, the right to appoint auditors, and the right to approve significant transactions affecting the Company's business operational directions such as the approval of dividend payment, the amendment of the Company's Memorandum of Association and Articles of Association, the approval of capital increase, capital decrease and special transaction.

The Company has the obligations in supporting and facilitating the shareholder's rights as follows:

- (1) Support and promote all shareholders to be granted basic rights, including:
  - (a) the right to purchase, sell, and transfer shares and to receive part of the profit.
  - (b) the right to receive adequate and proper information to make decision that effect the Company and the shareholders.

- (c) the right to attend shareholders' meetings and vote on significant transactions to make decisions on the Company's fundamental changes according to laws or policies by facilitating and encouraging shareholders and institutional investors to attend the meetings.
  - (d) any other rights the shareholders deserve as specified by laws.
- (2) For the shareholders' meeting, the Company uses the record date so that shareholders have sufficient time to consider the meeting document and information prior to the meeting date.
  - (3) Provide details about date, time, place and meeting agenda, together with the descriptions and reasons for each respective agenda or supporting the resolutions requested in the ordinary and extraordinary general meeting of shareholders invitations or in the meeting agenda attachments. Refrain from any action that may limit the shareholder's rights of access to the Company's information, by delivering the documents to shareholders and registrar not less than 7 or 14 days (depending on the case) prior to the meeting date and advertising the meeting appointment in the newspapers for 3 consecutive days prior to the meeting date. The Company will comply with principles and conditions of the laws or the related announcement and try its best to make the shareholders informed before the meeting date as soon as possible.
  - (4) The Company facilitates the shareholders to exercise their rights in proper meeting attendance and voting and refrain from any action that may limit the shareholder's rights of meeting attendance. For example, the Company will hold the meeting in an easily-accessible venue, attach the map showing the meeting venue in the meeting invitation, choose appropriate date and time, and allocate adequate time for the meetings.
  - (5) Prior to the meeting date, the Company will provide the shareholders opportunities to submit opinions, suggestions or questions in advance with clearly defined rules and inform the shareholders of the rules in the meeting invitation. The Company will also publish the rules on its website.

- (6) Encourage the shareholders to use the proxy in the form that allows the shareholders to control their votes and to suggest at least 1 independent director as a choice in appointing their proxies.
- (7) Provide the opinions of the Board of Director in each agenda item and attach the annual report and a proxy form with detail descriptions of the documents needed in granting proxy as supporting documents of the meeting invitation.
- (8) Before considering the agenda items, shareholders are informed about the voting and vote-counting procedures and shareholders' representatives are requested to witness the vote-counting.
- (9) During the shareholders' meeting, the Chairman will allocate proper time for shareholders to have chances in expressing their opinions, suggestions or asking questions in each related agenda freely before voting on resolutions in any agenda.
- (10) Encourage all directors to attend the shareholders' meeting to answer questions in the meeting.
- (11) Prepare the vote casting in the shareholders' meeting for each item in case that there are many items in the agenda, such as the director appointment agenda.
- (12) The Company encourages the use of ballots for casting votes in every agenda for transparency and accountability in vote counting.
- (13) The Company assigns an independent party to jointly examine the vote counting in each agenda for transparency of the shareholders' meeting.
- (14) After the shareholders' meeting, the Company will prepare a complete and comprehensive minutes of the meeting which includes details of the important queries, opinions and suggestions for shareholders to later reviewed. Furthermore, the Company will publish the voting results of each agenda item and the minutes of the meeting on its website and the SET's channels.

## **Section 2: Equitable Treatment of Shareholders**

The Company observes the principle of affording equitable treatment to all shareholders without discrimination, whether major or minor ones, executive or non-executive, Thai national or foreign. Details are as follows:

- (1) Shareholders will be treated fairly and receive necessary information in timely manners from the Company.
- (2) Shareholders have rights to vote proportionally to the shares they own and have equal access to the information related to the Company.

- (3) Announce the shareholders' meeting, together with the agendas and director's opinions through SET, and publish the schedule in the Company's website. The Company will also prepare and distribute the shareholder's meeting invitation in Thai and English and publish on its website.
- (4) Establish the principle that allows minor shareholders to propose qualified persons for selection as directors prior to shareholders' meetings, with details regarding their qualifications and consent of those who are proposed.
- (5) Establish the principle that allows minor shareholders to propose additional agendas prior to shareholders' meetings for the fair and transparent consideration whether the proposed agenda will be added or not.
- (6) Executive shareholders should not unnecessary add agendas without prior notice, especially the important ones that require shareholders to take time in consideration before making any decisions.
- (7) In every shareholders' meeting, the Company provide all shareholders equal opportunity. Before the meeting commences, the Chairman will inform shareholders about the meeting rules, voting procedures for each securities type and vote-counting procedures of each agenda item.
- (8) Regarding the appointment of directors, the Company will encourage an individual election, in which one shareholder has 1 vote per share.
- (9) Directors have to report their interest in any agenda item at least before such agenda item is considered in the Board of Directors' meeting and must not take part in the decision-making process of such agenda item. The directors' interest should be recorded in the minutes of the meeting.
- (10) Set written guidelines for the use or misuse of inside information and announce the guidelines to everyone in the organization. All directors and executives are required to regularly report their securities possession to the Company Secretary according to the laws and the information will also be disclosed in the Company's annual report.

## **Section 3: The Role of Interested Persons**

The Company values the rights of all stakeholders, whether internal – the Company's shareholders and employees – or external – suppliers and customers. It acknowledges that supports and opinions from all stakeholders will benefit its business operation and development. Therefore, it will comply with the laws and related regulations, treat each group of stakeholders with consideration of the stakeholders' rights according to laws or agreements with the Company, and not violate those stakeholders' rights.

Furthermore, the Company takes the rights of all stakeholders into consideration, as detailed below:

## **1. Shareholders**

The Company will conduct the business based on corporate governance, transparency and effectiveness, aiming to achieve good operating results and stable growth for the Company's sustainable and stable financial position, maximally benefiting its shareholders in the long term. It will also disclose the information transparently and trustworthy to the shareholders on its website and through investor relations officers.

## **2. Employees**

The Company equally and fairly treats its employees, respects the rights of every employee and gives appropriate compensation, welfare and benefits not less than the legal requirement and comparable to other companies in the same industry. Furthermore, the Company focuses on the development of skills, knowledge, capabilities and potential of employees on a regular basis. For instance, the Company widely arranges trainings and seminars for employees and retains high caliber with the Company. The Company also sets the anti-corruption guideline and fosters all staff to comply with the laws and related regulations.

## **3. Suppliers**

The Company establishes its own procedure for business partner selection by having the partners compete with equal information and selecting the partner fairly according to its business partner evaluation and selection principles. Also, the Company uses the proper form of agreement to offer fairness to all suppliers and ensures that all conditions of the agreement are met and the corruption and misconduct are prevented in every selection process. The Company strictly adhere to all terms of any agreement and keep the suppliers' information confidential without using such information for inappropriate benefit.

## **4. Competitors**

Conducting business with fairness and transparency, competing fairly, refraining from taking commercial advantages over the competitors and refraining from seeking confidential information in illegal ways, and refraining from defaming its competitors with wrong accusations.

## **5. Customer**

The Company is responsible toward its customer in maintaining the quality and standard of its products and services, as well as fulfilling the customers' needs completely or as much as possible, to satisfy customers in the long term. In addition, it cares for the health and hygiene of the consumers of its products, providing correct and complete information regarding the products and services. The Company also provides channels for customers to report the inappropriate products and services, so it can prevent and solve the problems quickly. The customer's confidential information will be protected and not illegally used for personal benefits or that of the related parties.

## **6. Creditors**

The Company will strictly stick to the conditions and requirements of the contracts and financial obligations, as well as pay the principal, interests and collaterals in the related contracts. It will not dishonestly conceal the information or facts that may damage the creditors. In case that it cannot follow any of the conditions, it will notify the creditors immediately to agree on solutions.

## **7. Government**

Conducting business by giving importance to the government, strictly adhering to laws and related regulations, as well as responding to the government's policy as it deemed necessary and appropriate, in consistent with its business operation method.

## **8. Communities, societies and environment**

The Company pays attention to and takes importance on the safety and security of the communities, societies, environment and quality of life of those related to its business operation, encourages our employees to be in good conscience and have responsibility towards environment and society and requires them to strictly follow the laws and related regulations. Additionally, the Company makes efforts to participate in activities that help creating and preserving environment, society and supporting the local cultures where its business is operating.

Moreover, stakeholders can inquire, make complaints, inform any illegal conduct and report on the inaccuracy of financial reports, deficient internal controls or any misconduct of the Company via the Company's independent directors or audit committee members. The complaints and whistleblowing information will be kept confidential. The independent directors or audit committee members will investigate, find solutions (if any) and further report to the Board of Directors.

## **Section 4: Disclosure and Transparency**

The Company is committed to correct, complete, timely and transparent disclosure of information, whether financial or non-financial, according to the principles of SEC and SET, as well as other information which may influence the Company's securities prices and then decisions of the investors and stakeholders. The Company will carry out as follows:

- (1) Set mechanism to ensure that the disclosed information is correct, not misleading and adequate for the investors' decision.
- (2) Appoint Investor Relations officers to communicate with investors or shareholders. The Company will publish its information, financial and general information to shareholders, securities analysts, credit rating agencies and related departments through various channels, namely SEC, SET and the Company's website. Moreover, it places importance on updating information disclosure

- in Thai and English for the shareholders to receive information via the Company's website. It will frequently update the information available in the website, including its vision, mission, financial statements, public relations, annual report, corporate structure and executives, as well as shareholding structure and major shareholders and meeting invitation letter.
- (3) The Company will not disclose any non-public information to any unauthorized employees, group of persons or person (including investors, mass media and analysts) until such information is made public. In the event that information has to be released to the auditor, underwriter, bank, legal counsel or other advisors, the Company ensures that such persons utilize it with due care in order to protect its privacy. If any undisclosed information is leaked, the Company will promptly unveil such information in accordance with SET's regulation on information disclosure and other rules. If necessary, the Company will notify SET to temporarily suspend the trading of the Company's securities.
  - (4) The Company will disclose its financial statements, audited by skilled and qualified independent auditors. It has the policy to change the auditors who review, examine and report on its financial statements for 7 fiscal years, whether it is consecutive or not, in order for the true independency of the auditor's report. The Company will be able to reassign the auditors once again at least after 5 consecutive fiscal years, unless stated otherwise by law. It will publish the financial statements according to the specified principles and via SET's channels for the benefits for shareholders and investors. Furthermore, the Board of Directors requires the Audit Committee to review the reliability and accuracy of the Company's financial report to ensure the trustworthiness.
  - (5) Prepare management discussion and analysis (MD&A) to support financial statements disclosure in every quarter, in order for investors to be better informed and understand the changes to the Company's financial position and operating results in each quarter, apart from figures in the financial statements only.
  - (6) Disclose the information regarding duties and responsibilities of the Board of Directors and sub-committees, a number of meetings and meeting attendance in the previous year, opinions and suggestions, continuous educations and occupational trainings, disclosure of remuneration policy for directors and senior executives, as well as types or methods of remuneration. However, the disclosed remuneration should include the one that each director received from being the director of subsidiaries.
  - (7) Disclose the audit expenses and other expenses relating to audit's services. Apart from disclosing information in the Annual Registration Statement (Form 56-1) and the annual report according to the SET's principles and channels, the Board will consider disclosing and regularly updating information in both Thai and English language via other channels such as the Company's website.

## Section 5: Responsibilities of the Board of Directors

### 1. Structure of the Board of Directors and Sub-committees

The Company's Board of Directors consists of members with various qualifications in terms of knowledge, capabilities and experiences beneficial to the Company. The Board of Directors plays a significant role in defining policy and organization overview as well as overseeing, reviewing and evaluating the Company's business operation to ensure it is carried out as planned.

The Board of Directors consists of at least 5 people, from which independent directors are at least one third (1/3) of all Company's director and at least 3 persons to maintain the balance in proper consideration and voting. All independent directors should be qualified according to the announcements of Thai Capital Market Supervisory Board, SET's principles and regulations, rules and other related laws.

Each term of directorship is limited to 3 years as prescribed by the relevant law. Directors may be re-elected if the Board of Directors views appropriate and necessary. Furthermore, the Company's directors and executives can take up position as directors of other companies within and outside the Group on the condition that it is in accordance with the regulations of SEC, the Capital Market Supervisory Board and SET as well as other relevant regulations, rules and laws. Such positions held outside the Company have to be reported to the Board of Directors. Each director may hold the director position at no more than 5 listed companies. Independent director can be in office for not more than 9 consecutive years, except the Board of Directors is of the opinion that it is necessary and proper to extend the term of such independent director.

Moreover, the Board of Directors has appointed sub-committees to assist in the Company's governance as follows:

- (1) **Executives** consists of at least 3 executive directors to support the Board of Directors in managing the Company's operations in accordance with the policies, plans, requirements, as well as the targets within the scope set by the Board of Directors.

- (2) **Audit Committee** consists of at least 3 independent directors to support the Board of Directors in governing and auditing the management, internal control and compliance, as well as preparation of the financial reports in order to ensure transparency and trustworthy of the Company's operation and disclosure. At least 1 Audit Committee should have knowledge or experience in accounting and finance to review the reliability of the financial statements.
- (3) **Nomination and Remuneration Committee** consists of at least 3 nomination and remuneration committee members to nominate qualified persons to take up the positions of directors, members of the sub-committees, Chief Executive Officer and senior executives (as per the definition of "executives" in the announcement of the Securities and Exchange Commission at KorChor. 17/2551 regarding the determination of definitions in notifications relating to issuance and offer for sale of securities); to consider the methods and principles in paying remunerations to committees, sub-committees, Chief Executive Officer and senior executives for submitting suggestions for approval of the Board of Directors and/or in the Shareholder's Meeting (as the case may be); as well as to consider the development plans for the Company's Chief Executive Officer and senior executives.
- (4) **Risk Policy Committee** consists of at least 3 risk policy committee members to support the Board of Directors in stipulating the proper, adequate, effective and efficient risk management policy and providing a system or procedure to manage and limit overall risks to the acceptable level.

Furthermore, the Company has appointed the corporate secretary to carry out the Board of Directors' and the shareholders' meetings, support the work of the Board of Directors in respect to laws and regulations as well as coordinate to ensure compliance with resolutions of the Board of Directors' and the shareholders' meetings.

## **2. The Board of Director's Duties and Responsibilities**

The Board of Directors is accountable to the shareholders in conducting the Company's business operation. It has duty to define the Company's policy and direction as well as to ensure the business operation is carried out in accordance with the business goal, objective, vision, strategy and direction for the long-term benefit of shareholders within the legal framework and the Company's guidelines while considering the benefit of all stakeholders. Details of the role, duties and responsibilities of the Board of Directors are prescribed in its Charter. Additionally, the Board of Directors is responsible for the following matters:

### **(1) Good Corporate Governance Policy**

The Company sets the Good Corporate Governance Policy in writing, with the purposes to serve as a guideline for the directors, executives and employees. The policy will be reviewed annually.

### **(2) Code of Conduct**

The Company has the intention to carry out the business transparently, honestly, and with responsibility to the stakeholders, societies and environments. With approval of the Board of Directors, it has set up its Code of Conduct for its employees to adhere as follows:

Section 1 Guidelines for business conduct

Section 2 Guidelines for dealing with customers, suppliers, creditors and competitors

Section 3 Guidelines on conducting towards the Company

Section 4 Guidelines on social responsibility

Section 5 Guidelines on violation or non-compliance to the Company's Code of conduct

The Company has announced its practices for acknowledgement and compliance by all employees via its intranet.

### **(3) Conflict of Interests**

The Company manages the conflict of interest carefully, honestly, reasonably and independently under the good ethical framework mainly for the benefit of the Company. Person who has a conflict of interest and/or connected person and person who has interest in any matter have to disclose information to the Company and must not take part in considering and approving such matter.

The Company also sets a policy related to the Related Party Transactions (RPT) and Conflict of Interest Transactions related to laws, regulations of the Office of SEC, SEC, the Thai Capital Market Supervisory Board and SET. The transactions will be disclosed in the Annual Report and the Annual Registration Statement (Form 56-1).

### **(4) Internal Audit**

The Company has set up the efficient internal control system in both management and operation levels. The Company's Internal Audit Department is responsible for assessing the adequacy of the internal control system and report to the Audit Committee according to its plan.

### **(5) Risk Management**

The Company has defined proper risk management system and procedures to appropriately reduce the impact towards the Company's business. Its Risk Policy Committee will set the comprehensive internal and external risk management policy, consistent to the business' strategies and directions and submit for approval to the Board of Directors.

## **(6) The Committee's Report**

The Audit Committee has the duty in reviewing the financial statements with the Accounting Department and the auditor and then proposes to the Board of Directors on a quarterly basis. The Board of Directors is accountable for the financial statements of the Company and its subsidiaries and the financial information disclosed in the annual report.

## **3. The Board of Directors' Guideline**

**Guideline 1:** Recognize the duties and responsibilities of the Board of Directors as the organizational leader who creates sustainable values to the business, understand the roles and recognize the responsibilities of the leader to ensure the good corporate management and govern the business to create values sustainably.

**Guideline 2:** Set and manage the main objectives and goals for sustainability, which are consistent with the value creation for the corporation, customers, stakeholders and the whole society.

**Guideline 3:** Be responsible in setting and reviewing the structure of the Board of Directors regarding the size, proportion of proper independent directors necessary in leading the organization to achieve the objectives and goals, as well as ensuring the transparency and clear director selection and nomination for qualified and efficient Board members.

**Guideline 4:** The Board of Directors should ensure that the Company has effective human resources management and development programs to guarantee that the Company has ample staffs with proper knowledge, skills, experiences and motivation. Also, the Board of Directors should make sure that the succession plan for the CEO and senior executives, the appropriate remuneration structure and the performance evaluation are in place.

**Guideline 5:** The Board of Directors should focus and promote innovation that creates value for the Company while benefiting clients, other stakeholders, society and the environment. Furthermore, the Board of Directors should ensure that management allocates and manages resources efficiently and effectively throughout all aspects to enable the Company to sustainable achieve its objectives and main goals.

**Guideline 6:** Ensure that the Company has effective and appropriate risk management system and internal control to achieve the corporate objectives effectively and compliance with related laws and standards.

Moreover, the Board of Directors will manage the conflict of interest between the Company, the management, the Board members or shareholders that may arise, and prevent the misuse of the Company's properties, information and opportunities, and transactions with related parties in inappropriate manners.

**Guideline 7:** In order to ensure the disclosure and financial integrity, the Board of Directors should make sure that the financial reporting system and major information disclosure are conducted accurately, sufficiently, in a timely manner and consistent with applicable regulations, standards and guidelines.

Furthermore, the Board of Directors should monitor the Company's financial liquidity and solvency and arrange mitigation plan for the event that the Company faces or tend to have financial difficulties.

**Guideline 8:** To support the engagement and communication with shareholders, the Board of Directors will ensure that the shareholders are given opportunity to participate in the Company's important decisions.

## **4. The Board Meeting and Self-Evaluation**

The Board of Directors shall meet at least quarterly or more frequently as it deems necessary. The meeting agendas are clearly set in advance and the agenda to follow-up the business operation is regularly fixed. The Company sends notice of the meeting along with agenda items and relevant documents to all directors no less than 7 days prior to the meeting date, except in urgent cases. Minutes of meetings are recorded, certified, kept for reference and made available for examination. In every meeting, executives and responsible staffs are invited to attend the meeting to present information to the Board of Directors for making accurate and prompt decisions.

The meeting resolution must be passed by a majority vote of the Board members attending the meeting. Each director has 1 vote. In the event that any director has a conflict of interest in any matter, he/she must not take part in the decision-making process of such matter. In case there are equal votes, the Chairman of the meeting has a casting vote.

The Board of Directors conducts a self-assessment at least once a year so as to improve its performance. Assessment aspects have been clearly identified in advance. The result of the Board of Directors' assessment is reported to the Board of Directors' meeting and will be disclosed in the annual report along with the assessment guideline and process starting from the year 2020.

## **5. Remunerations**

The remuneration of the directors should be comparable to the standard practice in the industry, with consideration of the experience, duties and roles, scope of accountability and responsibility and the expected usefulness of each director. Those who are assigned more duties and responsibilities, such as being a member of sub-committees, should receive suitable additional compensations.

The Company has established the Nomination and Remuneration Committee to consider and submit the remuneration methods and principles of director for approval in the Shareholders' Meeting.

## **6. Director and Executive Development**

The Board of Directors' policy is to support and facilitate trainings and educating sessions for the parties related to the Company's governance, such as directors, Audit Committee, executives and company secretary, in order for continuous operation improvement. The trainings and educating sessions may be held internally or by the outside institutions.

In case of any director replacement or new directors, the management will prepare documents with information useful to the operation of the new directors and orient them to the Company's business nature and business operation guideline.

The Board of Directors will rotate the assignments according to the expertise of the executives and employees, mainly with consideration of the appropriateness of the work and time. The CEO will decide the time period and review the operating results to draw up the work development and succession plan in order to improve the knowledge and skills of the executives and employees, enabling them to work on behalf of each other.

## **The Board of Directors' Structure**

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The Board of Directors' structure consists of the Board of Directors and 4 sub-committees: the Audit Committee, the Executive Committee, the Nomination and Remuneration Committee and the Risk Policy Committee; with authorities, duties and responsibilities as follows:

### **1. The Board's Authorities, Duties and Responsibilities**

In the Board of Directors' meeting No. 3/2019 on 25 March 2019, No. 4/2019 on 3 April 2019, No. 9/2019 on 25 July 2019 and No. 2/2019 on 14 November 2019 the Board of Directors' authorities, duties and responsibilities were determined as follows:

- (1) Perform duties and oversee the Company's business in consistent with laws, the Company's objective, articles of association, resolution of the Board of Directors' and the shareholders' meetings with responsibility, honesty and due care for the interest of the Company and all shareholders.

- (2) Define vision, strategy, business direction, objective, policy, target, business plan, budget and management structure as well as delegate authority of the Company and its subsidiaries as proposed by the management. Oversee the business operation and the performance of the management or any assigned persons. Support the use of technology to effectively and efficiently increase the business opportunity and the operating result in accordance with the set vision, strategy, business direction, objective, policy, target, business plan and budget in order to create the highest value to the Company and shareholders. The Company's strategy, business direction, plan and budget are reviewed at least once a year so as to be able to adapt to any changes in economy, market and competition.
- (3) Continuously and regularly monitor and assess the performance of duties of the management and sub-committees to ensure that they are in line with the strategy, business plan and budget.
- (4) Ensure that the remuneration framework, policy and structure are properly set. Such remuneration policy should be able to incentivize the directors, sub-committees, executives and employees at every level to perform their duties in accordance with the organization's objective and main goal and for the long-term benefit of the organization. Also, consider the appropriate proportion of remuneration among salary and remuneration that is linked to the organization's short-term and long-term performance, business size and individual responsibility. Ensure that the remuneration paid, which is proposed by the Nomination and Remuneration Committee, is comparable with that of other listed companies which have equal size in the same industry.
- (5) Establish the succession plan to prepare candidates for the positions of CEO and senior executives and oversee the personnel development so that the Company has enough calibers with proper motivation. The progress of the succession plan is periodically reported to the Board of Directors by the CEO at least once a year.
- (6) Ensure that the Company and its subsidiaries have appropriate and efficient accounting system and credible financial reporting and auditing, which is in line with the general certified accounting standards of the country where the Company operates the business. Make certain that the Company has sufficient and proper internal control and internal audit systems, the documents are kept for later inspection and technology is used to disclose information.

- (7) Continuously monitor the performance of the Company and its subsidiaries to ensure it is in line with the Company's plan and budget.
  - (8) Oversee the safeguard of information, define the data privacy policy, the management of sensitive information that may affect the Company's share price, the silent period for trading the Company's share prior to the disclosure of information that may affect the Company's share price, and ensure that employees and related persons abide by the applicable policies.
  - (9) Acknowledge the reports of the Audit Committee as well as other sub-committees and ensure that the Company has the whistleblowing channels and procedures to deal with such reporting.
  - (10) Approve the acquisition and or disposal of assets (in case the transaction size does not require the shareholders' approval), new business investment and any other operations in accordance with laws, notifications and applicable regulations.
  - (11) Approve the connected transaction (in case the transaction size does not require the shareholders' approval) in accordance with laws, notifications and applicable regulations as well as the principle for the trading agreement with general trading condition for the transactions entered into by the Company or its subsidiaries with the directors, executives or related persons in order to be the framework for the management to conduct the transactions under the scope of laws and applicable regulations.
  - (12) Approve the interim dividend payment (if any) for the Company's shareholders and report such payment to the next shareholders' meeting.
  - (13) Review the risk management policy and process and conduct the performance review.
  - (14) Ensure there is no conflict issue between the Company's stakeholders and its subsidiaries. In the event that any director has an interest in any matter or any change in the shareholding in the Company and/or its subsidiaries, such director has to promptly inform the Company.
  - (15) Define the good corporate governance policy, the social responsibility policy as well as the anti-corruption policy and ensure efficient compliance.
  - (16) Consider and propose the directors' remuneration (both financial and non-financial) along with other benefits, as recommended by the Nomination and Remuneration Committee, to the shareholders' meeting for approval.
  - (17) Establish the sub-committees, such as the Audit Committee and/or other sub-committees, to assist and support the Board of Directors as deemed appropriate as well as appoint the CEO.
  - (18) Appoint the corporate secretary in accordance with the law on securities and exchange to assist the Board of Directors in performing its duties in operating the Company's business in accordance with laws, notifications and applicable regulations.
  - (19) Request additional information from various units of the Company and its subsidiaries for making decision.
  - (20) Seek further professional opinion from external consultants, if necessary, for making proper decision.
  - (21) Prepare the annual report and take responsible for preparing and disclosing the financial statements, which reflect the Company's financial position and performance in the previous year and have been audited by the Company's auditor prior to proposing to the shareholders' meeting.
  - (22) Conduct the Board self-assessment both as a whole and as an individual in order to review the performance, problems and difficulties in each year and utilize the assessment result to develop and improve the performance in various aspects.
  - (23) Arrange the annual general meeting of shareholders within 4 months from the end of the Company's accounting period.
  - (24) Approve any matters by considering the benefit of the Company's shareholders and all stakeholders with fairness.
  - (25) Authorize any director or a group of director or others to perform any act on behalf of the Board of Directors.
- The delegation of authority, duty and responsibility of the Board of Directors shall not have any characteristics that enable the authorized person to approve the connected transaction of himself/herself or related person (as defined in the notifications of the Securities and Exchange Commission and/or the Capital Market Supervisory Board) or the transaction which may have a conflict of interest with the Company or its subsidiaries, except the transactions that are in line with the policy or guideline approved by the shareholders' meeting or the Board of Directors.
- (26) Review the charter of the Board of Directors at least once a year.

## **2. The Audit Committee's Authorities, Duties and Responsibilities**

In the Board of Directors' Meeting No. 3/2019 on 25 March 2019 No. 4/2019 on 3 April 2019 and No. 2/2019 on 14 November 2019, the Audit Committee' authorities, duties and responsibilities were determined as follows:

- (1) Review the financial reports for accuracy, completeness, credibility, and timely information disclosure by coordinating with the external auditor and executives responsible for preparing quarterly and annual financial reports.
- (2) Review the significant non-ordinary transactions (if any) by considering the transactions' reasonableness and the impact to the financial position and performance of the Company as well as the complete disclosure.
- (3) Review the Company's internal control and internal audit systems to ensure they are suitable and effective.
- (4) Consider the internal audit unit's independence as well as approve the appointment, transfer and dismissal of the Head of the Internal Audit Department or any other unit in charge of internal audit.
- (5) Consider and give consent on the annual budget, headcount and resources necessary for the Internal Audit Department, approve the annual audit plan and its significant revision, ensure the performance of the Internal Audit Department is in accordance with the approved annual audit plan and the international professional auditing standards, conduct the annual evaluation of the internal audit work and engage the external independent agency to assess the internal audit work every 5 years. Moreover, the Audit Committee shall meet with the Head of the Internal Audit Department, without the presence of management, at least once a year to discuss on significant matters.
- (6) Ensure the Company's compliance to the laws on securities and exchange, regulations and announcements of the stock exchange and the related laws applicable to the Company and/or its businesses. Regularly acknowledge the progress of the important issues regarding to the compliance of the relate regulations and laws.
- (7) Consider, nominate, and propose the independent person as the Company's external auditor, suggest the compensation of the auditors and attend meetings with auditors without the management at least once a year.
- (8) Review the Related Party Transactions or items with possible conflict of interests to be consistent with the laws regarding securities and stock exchange, regulations and announcements of the stock exchange and the related laws applicable to the Company and/or its businesses to ensure the reasonableness of the transactions and the best benefits of the Company.
- (9) Prepare the Audit Committee report to present to the Board of Directors, which will be included in its annual reports, signed by the Chairman of the Audit Committee and consists of at least the following information:
  - (a) opinions on the accuracy, completeness and reliability of the Company's financial reports;
  - (b) opinions on the adequacy of the Company's internal control system;
  - (c) opinions on the compliance of the laws regarding securities and stock exchange, regulations and announcements of the stock exchange and the related laws applicable to the Company and/or its businesses;
  - (d) opinions on the suitability of the auditors;
  - (e) opinions on the transactions with possible conflict of interests;
  - (f) number of Audit Committee meetings and the attendance rate of each Audit Committee members;
  - (g) overall opinions or suggestions from Audit Committee on its duties in accordance with its charter;
  - (h) other transactions which, according to the Audit Committee's opinion, should be known to shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's Board of Directors.
- (10) Inspect or question any relevant personnel and hire or bring in specialists to assist with the auditing process with the expense borne by the Company.
- (11) Report to the Board of Directors in order that remedial action can be taken within the timeframe which the Audit Committee deems appropriate in case the Audit Committee finds or suspects any misconducts as follows:
  - (a) any transaction which causes a conflict of interest
  - (b) any fraud, irregularity or significant defect in an internal control system; or

- (c) any violation of the law on securities and exchange, the Stock Exchange of Thailand's rules and notifications and laws applicable for the Company and/or its business.
- If the Board of Directors fails to rectify the matter within the period specified by the Audit Committee, the Audit Committee shall disclose such transaction or act to the Securities and Exchange Commission or the Stock Exchange of Thailand.
- (12) Review and give consent on the policy and report on the good corporate governance, the social responsibility and the anti-corruption.
  - (13) Consider commenting the exercise of rights or denial the rights regarding the investment opportunities in the domestic and international retail businesses similar to the Company's business and may be competing against the Company's business, including the partial investment in such business opportunities with Flagship Company Letter of Undertakings between the Company and Harng Central Department Store Limited, the Company's major shareholder. The suitability of the investment should be subject to consideration of related factors, such as risks, return on investment and rationale of the transactions, before proposing for approval to the Board of Directors.
  - (14) Request additional information from various units of the Company and its subsidiaries for considerations.
  - (15) Review and suggest the Board of Directors to consider revising the Audit Committee Charter to the current situations or at least once a year.
  - (16) Assess and review the performance in the previous year in the performance report and submit the Board at least once a year.
  - (17) Conduct other duties assigned by the Board of Directors, with the agreement of the Audit Committee.

### **3. The Executive Committee's Authorities, Duties and Responsibilities**

In the Board of Directors' Meeting No. 3/2019 on 25 March 2019 and No. 9/2019 on 25 July 2019, the Executive Committee's authorities, duties and responsibilities were determined as follows:

- (1) Define the Company's and its subsidiaries' vision, strategy, business direction, policy, target, business plan, budget, management structure and delegation of authority, as proposed by the management, and propose to the Board of Directors for approval. Conduct the Business as approved by the Board of Directors, review and monitor the operation to ensure the efficiency and effectiveness.
- (2) Manage and oversee the Company's normal business operation and general management.
- (3) Approve the entering into any agreement and/or transaction relevant to the Company's normal business operation (e.g. trading, investment or joint venture with others for the Company's normal transaction which enables the Company to achieve its objective) within the budget as specified in the delegation of authority or as approved by the Board of Directors.
- (4) Approve any request for loan from financial institutions, lending, pledge, mortgage or credit guarantee of the Company and its subsidiaries within the budget as specified in the delegation of authority or as approved by the Board of Directors.
- (5) Approve the appointment of advisors in various fields as deems necessary for the Company's business under the annual budget framework approved by the Board of Directors.
- (6) Invite the management, executives or any persons of the Company to join the meeting to give information as deems necessary.
- (7) Request additional information from various units of the Company and its subsidiaries for making decision.
- (8) Regularly report the significant performance of the Executive Committee to the Board of Directors for acknowledgement.
- (9) Conduct the overall performance assessment and self-assessment of the Executive Committee and annually present to the Board of Directors.
- (10) Review and propose to the Board of Directors the revision of the Executive Committee Charter to be in line with current situation.
- (11) Perform any other act as assigned by the Board of Directors or as specified in any policies approved by the Board of Directors.
- (12) Authorize any person or a group of person to perform in any matter on behalf of the Executive Committee. The delegation of authority, duty and responsibility of the Executive Committee shall not have any characteristics that enable the authorized person to approve the connected transaction of himself/herself or related person (as defined in the notifications of the Securities and Exchange Commission and/or the Capital Market Supervisory Board and/or the Stock Exchange of Thailand and/or relevant agencies) or the transaction which may have a conflict of interest with the Company or its subsidiaries, except the transactions that are in line with the policy or guideline approved by the Board of Directors.

## **4. The Nomination and Remuneration Committee's Authorities, Duties and Responsibilities**

In the Board of Directors' Meeting No. 8/2019 on 19 July 2019, the Nomination and Remuneration Committee's authorities, duties and responsibilities were determined as follows:

- (1) Consider the appropriate structure, composition of the Board of Directors and sub-committees to suit the business size, type and complexity.
  - (2) Define the qualifications and criteria for recruiting the Company's directors, sub-committee members, Chief Executive Officer and senior executives (as defined as "Executives" in the Announcement of the Securities and Exchange Commission at KorChor. 17/2551 regarding the determination of definitions in notifications relating to issuance and offer for sale of securities) and select qualified candidates with proper knowledge, experience and expertise in order to propose to the Board of Directors and/or shareholders' meeting (case by case) for appointment.
  - (3) Consider the independency of each independent director to ensure the person is qualified.
  - (4) Consider the development methods and procedures for directors, members of the sub-committees, Chief Executive Officer and top management consistent with the Company's business and the current situations.
  - (5) Prepare and review the development plans for Chief Executive Officer and top management to prepare them for the succession plan, in case that the Chief Executive Officer and top management in the specific positions are retired or unable to perform the duties, in order for the Company's management to continue without interruption.
  - (6) Consider the structure, method and standard of (monetary and non-monetary) remuneration and other benefits for directors, members of the sub-committees, Chief Executive Officer and top management, including fixed compensation (such as regular salaries and meeting allowances) and compensation based on the Company performance (such as bonuses, premiums and rewards) so that they are equitable and appropriately corresponds to the related laws, as well as determine the wage rates, compensation, premiums and rewards, bonuses, and salary increment for directors, members of the sub-committees, Chief Executive Officer and top management to be proposed in the Board of Directors meeting and/or Shareholders' Meetings for approval (as the case may be).
- (7) Consider the remuneration for directors, corresponding to the Company's strategies and long-term goals, experiences, duties, accountabilities and responsibilities, as well as advantages expected from each director. However, the director's compensations should be comparable to those of other companies within the similar industry as the Company, and also take into consideration the remuneration guideline for the Chief Executive Officer and top management to match the Company's main objectives and goals, as well as its interests in the long term.
  - (8) Consider the evaluation principles for the Chief Executive Officer and top management and submit for the Board of Directors approval.
  - (9) Review and suggest the Board to consider revising the Nomination and Remuneration Committee Charter to the current situations or at least once a year.
  - (10) Assess and report the performance results of the Nomination and Remuneration Committee to the Board of Directors and prepare the Nomination and Remuneration Committee's report.
  - (11) Request professional opinions from any independent experts if necessary and as appropriate at the Company's expenses.
  - (12) Request additional information from various units of the Company and its subsidiaries for considerations.
  - (13) Conduct other duties assigned by the Board or according to policy set by the Board of Directors.

## **5. The Risk Policy Committee's Authorities, Duties and Responsibilities**

In the Board of Directors' Meeting No. 10/2019 on 14 August 2019, the Risk Policy Committee's authorities, duties and responsibilities were determined as follows:

- (1) Consider and review the Enterprise Risk Management Policy, which will be used as the risk management framework for employees in every level, to make sure it is in line with the Company's objective, main goal, strategy and risk appetite.

- (2) Ensure that the Company has identified risks by considering both external and internal factors that may cause the Company to be unable to achieve its specified objective. These include strategic risk, operational risk, financial risk and compliance risk.
- (3) Ensure that the Company has identify the impact and possibility of the identified risks in order to prioritize and have proper risk management measures in place to cope with such risks, either accepting, minimizing, controlling, avoiding or transferring such risks, in place.
- (4) Ensure that there is responsible person for compliance with the Risk Management Policy, consider structure and appointing of the Risk Management Committee to define the risk management strategy and guidelines which are in line with the Risk Management Policy and encourage the collaboration in risk management at every level.
- (5) Regularly monitor and evaluate the Risk Management Policy as well as review the appropriateness and adequacy of the Risk Management Policy, strategy and guidelines to assure that such policy, strategy and guidelines are in accordance with the business strategy and direction and can control the risk level within the risk appetite.
- (6) Suggest and support the Board of Directors on the organizational risk management policy as well as encourage the continuous and regular development on the risk management system.
- (7) Communicate with the Audit Committee on significant risks in order to consider the adequacy of the Company's and its subsidiaries' internal control system.
- (8) Review and propose the revision on the charter of the Risk Policy Committee to the Board of Directors for consideration at least once a year to ensure it is in line with the circumstances.
- (9) Seek further professional opinion from external consultant, if necessary, with expense borne by the Company.
- (10) Perform any other act as assigned by the Board of Directors or as specified in any policies approved by the Board of Directors.

## 6. Chief Executive Officer's Authorities, Duties and Responsibilities

In the Board of Directors' Meeting No. 3/2019 on 25 March 2019 and No. 7/2019 on 24 June 2019, Chief Executive Officer's authorities, duties and responsibilities were determined as follows:

- (1) Determine visions, strategies, business directions, objectives, policies, business plans, budgets, management structure and delegation of authority of the Company and its subsidiaries to submit to the Executive Committee and/or the Board of Directors for approval.
- (2) Monitor, manage, operate and conduct the regular business-related duties for the Company's interests, according to its visions.
- (3) Determine the business directions, policies, strategies, objectives, business plans and annual budget plans approved by the Executive Committee and/or the Board of Directors, and/or as assigned by the Executive Committee and/or the Board of Directors.
- (4) Coordinate with the Executive Committee for the business actions and risk management to be consistent with the Company's objectives and requirements, together with the resolutions of the Executive Committee and/or the Board of Directors, and/or the Shareholders' Meetings.
- (5) Approve any agreements and/or transactions related to its general business operation (such as trading, investing or co-investing with other parties for its general transactions for the advantages of the operational objectives) under the conditions and within the financial amount set by the Delegation of Authority or the Board and/or the Executive Committee and/or the Board of Directors and/or the related laws and regulations and/or the Company's principles.
- (6) Approve any loans and business loan applications from the financial institutions, as well as lending, pledging, mortgaging or the Company and its subsidiaries standing sureties for loans within the financial amount set by the Delegation of Authority and/or the Executive Committee and/or the Board of Directors.
- (7) Follow up, review and control the performances of the Company, its subsidiaries and/or associated companies to ensure the good performances as the goals set; report to the Executive Committee and the Board quarterly; and seek opportunities to improve and develop for the better operating results.

- (8) Develop the organization's good performance and operating results, with consistent improvement for the sustainable growths.
- (9) Conduct appropriate and thorough technical and financial studies on investment opportunities in good new projects to assist decision-making.
- (10) Appoint consultants in the fields necessary to the Company's operation within the budget and financial amount set by the Delegation of Authority and/or the Board the Executive Committee and/or the Board of Directors.
- (11) Establish regulations, rules, practices and requirements for the organizational structure of the positions lower than top management (as defined as "Executive" in the Announcement of the Securities and Exchange Commission at KorChor. 17/2551 regarding the determination of definitions in notifications relating to issuance and offer for sale of securities), as well as hiring, appointment, transferring, removal and dismissal of employees in the positions lower than top management.
- (12) Determine the remuneration structure, wage rates, compensation, premiums and rewards, bonuses, and salary increment for executives and employees in the positions lower than top management within the scope and policy set by the Board of Directors and/or the Executive Committee
- (13) Issue internal orders, announcements and memorandums for the Company's operation to be in line with the policy and for the Company's interests; maintain the internal disciplines, authorize and/or sub-authorize one or many persons to take actions on behalf of the Chief Executive Officer within the scope of authority specified in the Company's Power of Attorney and/or rules, regulations or resolutions of the Board. Such authorizations of the Chief Executive Officer will not be of the authorizations or sub-authorizations enabling the Chief Executive Officer or its attorneys to approve their or the related parties' items with actual or possible conflict of interests (as defined in the Announcement of SEC and/or the Thai Capital Market Supervisory Board), interests or benefits in any form or possible conflict of interests with the Company or its subsidiaries, unless it is the item approval in line with the policies and principles approved by the Board of Directors.
- (14) Conduct other duties assigned by the Executive Committee and/or the Board of Directors and have authority to take actions necessary for the duties.

## Nomination and Appointment of the Directors and Top Executives

In the nomination of the Company's directors and top executives, the Nomination and Remuneration Committee's duty is to nominate the qualified persons to take up the positions of directors, members of the sub-committees, Chief Executive Officer and consider the remuneration structure, wage rates, compensation, premiums and rewards, bonuses, and salary increment for directors, members of the sub-committees, Chief Executive Officer to suggest to the Board of Directors and/or propose for approval in the Shareholders' Meetings.

### 1. The Board of Directors

#### Composition

- (1) The Board members do not have to be the Company's shareholder.
- (2) The number of Board members is set by the shareholders' meeting. However, it has to be comprised of no less than 5 directors and no less than half must have a domicile in Thailand.
- (3) The ratio of independent directors to the total number of directors on the Board should be at least 1:3 with no fewer than 3 independent directors.

The Board of Directors shall select one director to be the Chairman of the Board. If it deems appropriate, the Board of Directors may select another director or several directors to be the Deputy Chairman of the Board.

#### Qualifications

- (1) Directors should be individuals and
  - (a) have come of legal age;
  - (b) are not bankrupt, incompetent persons, or quasi-incompetent person;
  - (c) have never been sentenced with final judgment to imprisonment for an offence relating to corruption;
  - (d) have never been dismissed or removed from government service, government organizations or agencies for malfeasance.
- (2) Be well-informed and capable, be honest and ethical in the conduct of business, and have adequate time to dedicate knowledge and skills in order to perform duties to the Company.

- (3) Be fully qualified and not be under any of the prohibitions described in the Public Limited Company Act, the Securities and Exchange Act and other related laws. In addition, directors must not possess any untrustworthy characteristics unsuitable for the Company's management position according to the SEC's announcement.
- (4) Not conduct businesses in the similar conditions which are considered competition against the Company's business, or be a partner of any ordinary partnership, to be a general partner of a limited partnership, or be director of any private companies or other companies conducting the similar businesses to those of the Company, whether for their own or other's interests, unless such information is announced in the Shareholders' Meetings before the appointment resolution is reached.
- (5) Independent directors should possess the qualifications of independence as set by the Company and subject to the guideline in the announcement of Thai Capital Market Supervisory Board and the principles set by SEC and SET. They shall be able to ensure equal benefits for all shareholders to avoid conflict of interests. Additionally, they shall participate in the Board of Directors' Meeting to give their opinions freely.
- (6) Directors of the Company may serve as directors of other companies, but such service must not impeded their responsibilities to the Company. A director should not serve in more than 5 listed companies.
- (7) Independent directors should possess the additional qualifications as follows:
  - (a) Not holding more than 1 percent of the total outstanding voting shares of the Company, its parent company, subsidiary or associated company, major shareholders or controlling person including shares held by related persons of the independent director.
  - (b) Neither being nor having been an executive director, officer, employee, advisor who receives a salary of the Company or controlling person of the company, its parent company, subsidiary, associated company, a same-level subsidiary, major shareholder or controlling person; unless the foregoing status ended not less than 2 years prior to the date of appointment. Such disqualified characteristics exclude the case that the independent director has been a government officer or consultant of government agency which is a major shareholder or controlling person of the company.
- (c) Not being a person related by blood or registration under law, such as a father, mother, spouse, sibling, or child, including spouses of children of directors, executives, major shareholders, controlling persons, or persons to be nominated as directors, executives or controlling persons of the company or its subsidiaries.
- (d) Not having nor having had a business relationship with the Company, its parent company, subsidiary, associated company, major shareholder or controlling person, in a manner which may interfere with his or her independent judgment, and neither being nor having been a substantial shareholder or controlling person of any entity having business relationship with the company, its parent company, subsidiary, associated company, major shareholder or controlling person; unless the foregoing status ended not less than 2 years prior to the date of appointment.
- (e) The term 'business relationship' under the above paragraph includes any normal business transaction, rental, or lease of immovable properties, transaction relating to assets or services, or grant or receipt of financial support through receiving or extending loans, guarantee, providing assets as collateral, including any other similar action of which value more than 3% of the net tangible assets or exceeds THB 20 million, whichever is lower. The value of each transaction is based on the calculation method for the values of related party transactions under the Announcement of the Thai Capital Market Supervisory Board regarding the related party transactions. Under the regulation, all transactions occurring within 1 year of preceding transactions must be included in such calculation.
- (f) Neither being nor having been an auditor of the Company, its parent company, subsidiary, associated company, major shareholder or controlling person nor being a substantial shareholder, controlling person or supplier of an audit firm which employs auditors of the Company, its parent company, subsidiary, associated company, major shareholder or controlling person; unless the foregoing relationship ended not less than 2 years from the date of appointment.

- (g) Neither being nor having been any kind of professional advisor including a legal advisor or financial advisor who receives an annual service fee exceeding THB 2 million from the Company, its parent company, subsidiary, associated company, major shareholder or controlling person, and neither being nor having been a substantial shareholder, controlling person or supplier of the professional advisor; unless the foregoing relationship ended not less than 2 years from the date of appointment.
- (h) Not being a director who has been appointed as representative of the Company's directors, major shareholders, or shareholders who are related to the major shareholders.
- (i) Not conducting any businesses which have the same nature as or are in competition with the Company's or its subsidiaries or neither being a significant partner in a partnership, executive director, employee, officer or consultant who receives regular salary, shareholder holding more than 1 percent of the voting shares of businesses which have the same nature as or are in competition with the Company or its subsidiaries.
- (j) Not having any characteristics that could prevent him/her from giving independent opinions concerning the Company's operation.

#### **Term of Office and Selection of the Board of Directors**

- (1) The Nomination and Remuneration Committee will select and nominate those persons qualified for the position of directors and further submit to the Board of Directors' and/or Shareholders' Meetings (as the case may be) for appointment as directors.
- (2) Directors are to be elected in the Shareholders' Meeting and the candidates should receive the majority votes of the attending and voting shareholders. If more than one candidate receives equal votes, the chairperson of the meeting casts his/her deciding vote. In case of a vacant position due to causes other than term completion, the Board of Directors must appoint qualified candidates as replacement directors. Each replacement serves in such position only for his/her predecessor's remaining term.
- (3) At every Annual General Meeting of Shareholders, one-third of the directors must retire. If the total number is not a multiple of three, the number closest to one-third must be used. The names of the directors to retire during the first year and second year after the Company was registered are to be drawn by lots. For subsequent years, directors who have served the longest terms must retire. If the number of retired directors does not reach one-third, the directors to retire, who have served the longest terms, are to be drawn by lots. Retired directors may be re-elected.

Independent directors may hold office for up to 9 years in total, unless the Board extends independent directors' terms as seen necessary and fit.

Other than for completion of terms, a director may retire for the following reasons:

- (a) death
  - (b) resignation
  - (c) lacking qualifications or having any prohibited characteristics prescribed by law or possessing any distrustful characteristics unsuitable for the Company's management position according to the law regarding securities and stock exchange.
  - (d) Removal resolution in the Shareholders' Meetings
  - (e) court order
- (4) Directors who wish to resign must submit their resignation letters to the Company. The resignation takes effect on the day the resignation letter is received by the Company.

## **2. The Audit Committee**

The Audit Committee is a sub-committee established to support the Board of Directors in governance and screening of management, internal control and the related law compliance, as well as preparation of financial reports for the transparency and accountability of the Company's information disclosure.

#### **Composition**

- (1) The Audit Committee consists of at least 3 independent directors and at least 1 of the Audit Committee members should have adequate knowledge and experience in accounting or finance to review the reliability of financial statements.
- (2) The Audit Committee shall appoint a secretary to the Audit Committee to assist the operation of the Audit Committee regarding meeting appointments, meeting agenda preparation, meeting supporting document submission and minute taking.

#### **Qualifications**

- (1) The Company's directors who are fully qualified as independent directors according to principles and conditions set by SEC, Thai Capital Market Supervisory Board and SET.
- (2) Not being a director to whom the Board grants authority to decide in the operation of the Company, its parent company, subsidiary, associated company, a same-level subsidiary, major shareholder or controlling person.
- (3) Not being a director of the registered parent company, subsidiary or a same-level subsidiary.

- (4) Having adequate knowledge and experience in duties as a member of the Audit Committee. At least 1 Audit Committee member should have knowledge or experience in accounting and finance to review the reliability of the financial statement. Constantly gain knowledge regarding the Company's operation to improve the effectiveness of the Audit Committee.

#### **Term of Office and Selection of the Audit Committee**

- (1) The Board of Directors appoints the Company's independent directors as members of the Audit Committee, with the same term of office as that of the directors. The Audit Committee members who are expired from their terms may be reappointed. Members who wish to resign before the end of their terms must inform and submit their resignation letters to the Company within a proper time prior.
- (2) In case the term of any Audit Committee members expires or a member is unable to hold the positions until the end of their terms, resulting in the Company having less than 3 members of the Audit Committee; the Board of Directors should propose a resolution to appoint a new Audit Committee member in order to complete the Committee immediately or no later than 3 months from the date of incompleteness to ensure continuity in operation.

### **3. The Executive Committee**

The Company's Executive Committee is established to support the Board of Directors in governance according to any policy, operation plan, requirements, instructions and goals set within the scope assigned by the Board of Directors.

#### **Compositions**

- (1) The Executive Committee consists of at least 3 members, who is not required to be the Company's directors.
- (2) The Executive Committee may consider the appointment of the secretary to the Executive Committee to assist the operation of the Executive Committee regarding meeting appointments, meeting agenda preparation, meeting supporting document submission and minute taking.

#### **Qualifications**

- (1) Be knowledgeable, honest, ethical and capable of performing duties by dedicating sufficient time to the Company.
- (2) Be fully qualified and not be under any of the prohibitions proscribed in the related laws.

#### **Term of Office and Selection of the Executive Committee**

- (1) The Board of Directors appoints qualified persons to take up the positions of members of the Executive Committee, with 3 years term of office, subject to that of the directors (in case the Executive Committee members are also directors). Also, the Executive Committee members whose terms are expired may be reappointed.
- (2) In case that any Executive Committee members whose terms are expired or are unable to hold the positions until the end of their terms, resulting in the Company having less than 3 members of the Executive Committee; the Board of Directors should propose a resolution to appoint a new Executive Committee member in order to complete the Committee immediately or no later than 3 months from the date of incompleteness to ensure continuity in operation.

### **4. The Nomination and Remuneration Committee**

The Nomination and Remuneration Committee is established to nominate qualified persons to serve the positions of directors, members of the sub-committees, Chief Executive Officer and top management (as per the definition of "executives" in the announcement of the Securities and Exchange Commission at KorChor. 17/2551 regarding the determination of Definitions in Notifications relating to Issuance and Offer for Sale of Securities), consider and submit the remuneration methods and principles of director, members of the sub-committees, Chief Executive Officer and top management; together with suggestions to the Board of Directors and/or propose for approval in the Shareholders' Meeting.

#### **Compositions**

- (1) The Nomination and Remuneration Committee consists of at least 3 members.
- (2) The Nomination and Remuneration Committee may consider the appointment of the Nomination and Remuneration Committee Secretary to assist the operation of the Nomination and Remuneration Committee regarding meeting appointments, meeting agenda preparation, meeting supporting document submission and minute taking.

#### **Qualifications**

- (1) Be the Company's director.
- (2) Be knowledgeable, honest, experienced in the fields useful to the duties, ethical and capable of performing duties by dedicating sufficient time to the Company.
- (3) Be fully qualified and not be under any of the prohibitions proscribed in the related laws.

## **Term of Office and Selection of the Nomination and Remuneration Committee**

- (1) The Board of Directors appoints the Nomination and Remuneration Committee members, with 3 years term of office, subject to that of the directors. Also, the Nomination and Remuneration Committee members who are expired from their terms may be reappointed.
- (2) In case that any Nomination and Remuneration Committee members are expired from their terms or unable to hold the positions until the end of their terms, resulting in the Company having less than 3 members of the Nomination and Remuneration Committee; the Board of Directors should propose a resolution to appoint a new Nomination and Remuneration Committee member in order to complete the Committee immediately or no later than 3 months from the date of incompleteness to ensure continuity in operation.

## **5. The Risk Policy Committee**

The Risk Policy Committee is established to support the Board of Directors in governance to ensure adequate, proper risk management systems are in place for the Company's effective and efficient objective achievement and compliance to the related laws and standards, limiting overall risks to the acceptable level.

### **Compositions**

- (1) The Risk Policy Committee consists of at least 3 members, including independent director(s) and managing director(s), which should be appointed by the resolution in the Board of Directors' Meeting.
- (2) The Risk Policy Committee may consider the appointment of the secretary to the Risk Policy Committee to assist the operation of the Risk Policy Committee regarding meeting appointments, meeting agenda preparation, meeting supporting document submission and minute taking.

### **Qualifications**

- (1) Be knowledgeable, honest, ethical and capable of performing duties by dedicating sufficient time to the Company.
- (2) Be fully qualified and not be under any of the prohibitions prescribed in the related laws.

## **Term of Office and Selection of the Risk Policy Committee**

- (1) The Risk Policy Committee's term of office is 3 years, subject to that of the directors. Also, the Risk Policy Committee members who are expired from their terms may be reappointed.

- (2) In case that any Risk Policy Committee members are expired from their terms or unable to hold the positions until the end of their terms, resulting in the Company having less than 3 members of the Risk Policy Committee; the Board of Directors should propose a resolution to appoint a new Risk Policy Committee member in order to complete the Committee immediately or no later than 3 months from the date of incompleteness to ensure continuity in operation.

## **6. Chief Executive Officer**

The Nomination and Remuneration Committee nominates qualified persons with knowledge, experiences and expertise to take up the position of Chief Executive Officer; determines the wage rates, premiums and rewards, bonuses, and salary increment for the Chief Executive Officer in consistent with the Company's main objectives and goals and long-term benefits of the organization; and gives suggestions to the Board of Directors for approval.

## **7. Delegation of Authority in Important Transactions**

The Board of Directors has authority to determine the Company's delegation of authority: the Executive Committee is granted authority to approve any transaction such as establishment and termination of a subsidiary or joint venture, investment in any businesses or properties, agreements and memorandums and legal proceedings not exceeding THB 2,000 million; as well as any investment of the value not exceeding 15% of the budget approved by the Executive Committee.

The Chief Executive Officer has authority to any transaction not exceeding THB 200 million and any investment of the value not exceeding 15% of the budget approachable by the Chief Executive Officer. However, large or important transactions, including the items within the scope of asset acquisition or disposal or related party transactions, must be approved by the Board of Directors and/or in the Shareholders' Meetings according to the related laws and announcements.

## **8. Scope of Company Secretary's Duties and Responsibilities**

The Company Secretary's scope of duties and responsibilities are as follows:

- (1) Prepare and maintain all documents relating to the Company's statutory register of directors, the Board of Directors' meeting invitations, meeting minutes and supporting documents, Annual Reports, shareholders' meeting invitation, meeting minutes and supporting documents.

- (2) Send conflict of interest reports prepared by directors and executives as per Section 89/14 of the Securities and Exchange Act to the Chairman of the Board of Directors and the Chairman of the Audit Committee within 7 days of the receipt of each report and maintain and keep a record of conflict of interests as reported by directors and executives.
- (3) Provide initial advices regarding to regulations, laws and rules which the Board of Directors and executives must be aware of and ensure compliance. As well as report the significant changes in regulations and/or laws to the Board of Directors and executives.
- (4) Overseeing and coordinating for the Company to comply with laws, regulations, rules, the Board of Directors' resolutions and shareholders' meeting resolutions and the good corporate governance policy.
- (5) Organize the Board of Directors meetings and shareholders' meeting according to applicable laws, Company's rules and practices.
- (6) Ensure that appropriate information disclosure and information reports are submitted to the related regulators as required.
- (7) Ensure that Board of Directors activities and any actions are in line with the laws and or the regulations of the Thai Capital Market Supervisory Board or as assigned by the Board of Directors.

## **Supervision and Governance of Subsidiaries and Associates**

### **Definitions for this Section**

“Company” and “Parent Company” refers to Central Retail Corporation Public Company Limited.

“Company Operating the Core Business” refers to a Central Subsidiary, an Independent Subsidiary Operating the Core Business, all Subsidiaries and Associates operating the Core Business, and subject to the Notification of the Capital Market Supervisory Board No. TorJor. 39/2559 Re: Application for Approval and Granting of Approval for Offering of Newly Issued Shares (as amended), unless stated otherwise in this document.

“Central Subsidiary” refers to a Subsidiary that functions as the governance center of each business group of the Parent Company by supervising and governing the business operations of the Subsidiaries and Associates under it.

“Subsidiary or Associate under Central Subsidiary” refers to a Subsidiary or an Associate which operates the Core Business under the governance of a Central Subsidiary.

“Independent Subsidiary Operating the Core Business” refers to a Subsidiary operating the Core Business which is under the direct supervision of the Parent Company.

“Subsidiary under the Direct Supervision of the Company” refers to the Central Subsidiaries and the Independent Subsidiaries Operating the Core Business.

“Subsidiary” and “Associate” refer to a subsidiary and an associate as defined in the Notification of the Securities and Exchange Commission No. KorChor. 17/2551 Re: Determination of Definitions in Notifications relating to Issuance and Offer for Sale of Securities (as amended).

The Board of Directors' Meeting No. 2/2019, held on 14 November 2019, determined the policy on the supervision and governance of Subsidiaries and Associates operating the Core Business as a mechanism for the Company to supervise and govern its Subsidiaries and Associates, be held accountable for their operations, and maintain certain measures for monitoring the management of its Subsidiaries and Associates operating the Core Business, its Central Subsidiaries, its Subsidiaries under Central Subsidiaries, and its Subsidiaries under the Direct Supervision of the Company, as if these entities were its departments, including overseeing that such Subsidiaries and Associates comply with the policies and long-term goals of the Company and the Civil and Commercial Code, the Public Limited Companies Act B.E. 2535 (as amended), the Securities and Exchange Act B.E. 2535 (as amended), as well as the relevant notifications, regulations, and rules of the Stock Exchange of Thailand and the Office of the Securities Exchange Commission, the details of which are mentioned below. In addition, the Audit Committee's Meeting No. 9/2019, held on 4 December 2019, considered and concluded that the governance of the management and operation of the Subsidiaries under Central Subsidiary were adequate and proper.

Any other terms not mentioned in this document are subject to the securities and stock exchange laws, including other laws applicable or related to the Company's operation. Nevertheless, this policy is applicable so long as it is not in contrast with or contradictory to the laws, rules or regulations of other jurisdictions that are enforceable against the Subsidiary and the Associate or so long as they do not result in such Subsidiary and Associate losing any benefit to which they are entitled under the laws of such jurisdictions.

## **1. Operation of the Company Operating the Core Business**

The Board of Directors of the Company Operating the Core Business (excluding Associate) must ensure that a transaction or an undertaking in relation to the following matters are approved at the meeting of the Board of Directors and/or general meeting of shareholders of the Parent Company before the Company Operating the Core Business may enter into the transaction only in the event that the size of such proposed transaction of the Company Operating the Core Business in comparison to the size of the Parent Company pursuant to the relevant notifications on acquisitions or disposals of assets and/or connected transactions (as the case may be) of the Capital Market Supervisory Board and the Board of Governors of the Stock Exchange of Thailand requires approval at the meeting of the Board of Directors and/or general meeting of shareholders of the Parent Company:

- (a) The entry into any transaction with a related person of the company or the Parent Company, or any transaction concerning an acquisition or a disposal of assets by the company.
- (b) The transfer or waiver of any rights or interests, including waiver of any claim against any person who causes damage to the company.
- (c) The sale or transfer of the whole or any substantial part of the company's business to any other person.
- (d) The purchase or acceptance of the transfer of business of other companies by the company.
- (e) The execution, amendment, or termination of a contract concerning the lease of the whole or any substantial part of the business of the company, the assignment to any other person to manage the company's business, or the amalgamation of the company's business with any other person.
- (f) The lease or hire-purchase of the whole or any substantial parts of the company's business or assets.
- (g) Borrowing, lending, granting of credit, provision of a guarantee, entry into any transaction that will cause the company to incur additional financial burden, or giving of any other kinds of financial aid to any other person which is not in the ordinary course of business of the company. In this regard, lending to directors of the company is prohibited, except for lending under employee loan program.

- (h) The dissolution of the company.
- (i) Any other transaction which is not in the ordinary course of business of the company and may materially affect the company.
- (j) The capital increase by issuing new shares and share allocation of the company, including any reduction of the registered or paid-up capital of the company which is not proportionate to the shareholding of the existing shareholders, or any action that will result in the dilution of more than 10 percent of the Parent Company's direct and/or indirect shareholding and/or voting rights (as the case may be) in the general meetings of shareholders of the company at any level.
- (k) The capital increase or reduction of the company which is not proportionate to the shareholding of the existing shareholders, or any action that will result in the dilution of the Parent Company's direct and/or indirect voting rights in the general meetings of shareholders of the company at any level to the extent that the Parent Company loses control over such company.

## **2. Operation of the Subsidiary under the Direct Supervision of the Company and the Associate Operating the Core Business**

In addition to the duties stated in item 1., the Board of Directors of the Subsidiary under the Direct Supervision of the Company has the following duties:

- 2.1 The Board of Directors of the Subsidiary under the Direct Supervision of the Company and the Associate operating the Core Business must ensure that a transaction or an undertaking in relation to the following matters is approved at the meeting of the Board of Directors of the Parent Company before the Subsidiary under the Direct Supervision of the Company and the Associate operating the Core Business may enter into the transaction:
  - (a) The nomination or appointment of a director or an executive of the Subsidiary under the Direct Supervision of the Company or an Associate operating the Core Business, which must be at least proportionate to the Parent Company's shareholding in the Subsidiary under the Direct Supervision of the Company or an Associate operating the Core Business. The directors and executives nominated or appointed by the Parent Company shall have discretion in casting votes at the meetings of the Board of Directors of the relevant Subsidiary under the Direct Supervision of the Company

or the relevant Associate operating the core business in relation to the general management and normal business operation of such Subsidiary under the Direct Supervision of the Company or Associate operating the Core Business as the directors and executives deem appropriate in the best interests of the Parent Company, the Subsidiary under the Direct Supervision of the Company and the Associate operating the core business, unless as specified otherwise in this document.

However, the directors or executives of the Subsidiary under the Direct Supervision of the Company nominated or appointed by the Parent Company as stated in the preceding paragraph must be those who are listed in the database of directors and executives of securities issuing companies (White List), and they must have the qualifications, roles, duties and responsibilities and lack all untrustworthy characteristics as prescribed in the notifications of the Office of the Securities and Exchange Commission on the determination of untrustworthy characteristics of directors and executives of a company.

- (b) The consideration and approval of distribution of annual dividends and interim dividends (if any) of any Subsidiary under the Direct Supervision of the Company, except when the dividends paid by the Subsidiary under the Direct Supervision of the Company for the whole year are not less than the amount as specified in its annual budget or such payment of dividends is in accordance with the dividend payment policy of the respective Subsidiary under the Direct Supervision of the Company that has already been approved by the Board of Directors of the Parent Company.
- (c) The amendment of the Articles of Association of any Subsidiary under the Direct Supervision of the Company, except the amendment of significant matters as specified in item 2.2 which requires approval from the general meeting of shareholders of the Parent Company.
- (d) The consideration and approval of the annual budget of any Subsidiary under the Direct Supervision of the Company, except for the cases set out in the Delegation of Authority of such Subsidiary under the Direct Supervision of the Company which has already been approved by the Board of Directors of the Parent Company.

- 2.2 The Board of Directors of the Subsidiary under the Direct Supervision of the Company must seek prior approval from the general meeting of shareholders of the Parent Company with the votes of not less than three-fourths (3/4) of the total votes of the shareholders attending the meeting and entitled to vote for any amendment of the Articles of Association of the Subsidiary under the Direct Supervision of the Company that may have a material impact on the financial conditions or operating results of such Subsidiary under the Direct Supervision of the Company, including, but not limited to, any amendment of the Articles of Association of the Subsidiary under the Direct Supervision of the Company which may have a negative impact on the Parent Company's rights to nominate or appoint a director or an executive of the Subsidiary under the Direct Supervision of the Company proportionate to the Parent Company's shareholding in the Subsidiary under the Direct Supervision of the Company, the voting rights of the director(s) nominated by the Parent Company at the meetings of the Board of Directors of the Subsidiary under the Direct Supervision of the Company, the voting rights of the Parent Company at the general meetings of shareholders of the Subsidiary under the Direct Supervision of the Company, and/or the dividend distributions of the Subsidiary under the Direct Supervision of the Company.

### **3. Operation of the Subsidiary or the Associate under Central Subsidiary**

In addition to the duties stated in item 1., the Board of Directors of the Subsidiary or the Associate under Central Subsidiary has the following duties:

- 3.1 The Board of Directors of the Subsidiary or the Associate under Central Subsidiary must ensure that a transaction or an undertaking in relation to the following matters are approved at the meeting of the Board of Directors of the Central Subsidiary before the Subsidiary or the Associate under Central Subsidiary may enter into the transaction:
  - (a) The nomination or appointment of a director or an executive of the Subsidiary or the Associate under Central Subsidiary, which must be at least proportionate to the Central Subsidiary's shareholding in the Subsidiary or the Associate under Central Subsidiary. The directors and executives nominated or appointed by the Central Subsidiary shall have discretion in casting votes at the meetings of the board of directors of the relevant the Subsidiary or the Associate in relation to the general management

and normal business operation of such Subsidiary or Associate as the directors and executives deem appropriate in the best interests of the Parent Company, the Central Subsidiary and the Subsidiary or the Associate under Central Subsidiary, unless as specified otherwise in this document.

However, the nominated or appointed directors or executives of the Subsidiary under Central Subsidiary as stated in the preceding paragraph must be knowledgeable, honest, and ethical; must not be bankrupt, incompetent or quasi-incompetent; have never been imprisoned on the final judgment of a court for an offence related to property committed with dishonest intent; have never been dismissed or discharged from the government service, organization or agency for malfeasance; and there are no other reasons to doubt such persons' performance as directors and executives.

- (b) The consideration and approval of distribution of annual dividends and interim dividends (if any) of any Subsidiary under Central Subsidiary, except when the dividends paid by the Subsidiary under Central Subsidiary for the whole year are not less than the amount as specified in its annual budget or such payment of dividends is in accordance with the dividend payment policy of the respective Subsidiary under Central Subsidiary that has already been approved by the Board of Directors of the Central Subsidiary.
- (c) The amendment of the Articles of Association of any Subsidiary under Central Subsidiary
- (d) The consideration and approval of the annual budget of any Subsidiary under Central Subsidiary, except for the cases set out in the Delegation of Authority of such Subsidiary under Central Subsidiary which has already been approved by the Board of Directors of the Central Subsidiary

The Parent Company or the Central Subsidiary will appoint directors and executives of the Subsidiary and the Associate operating the Core Business proportionate to their shareholdings in such Subsidiary and the Associate unless the Parent Company is subject to certain restrictions

or other agreements under the relevant joint venture agreements by which the Parent Company is bound. In this regard, the Board of Directors of the Parent Company and the Central Subsidiary shall have the power to nominate persons to hold the position of director and executive in such Subsidiary and Associate. The Board of Directors of the Parent Company shall have the power to determine the scope, duties and responsibilities of the directors or executives of the Subsidiary and the Associate who were nominated by the Parent Company and appointed as directors or executives of the Subsidiary and the Associate operating the Core Business, including the following:

- (1) Determine a clear scope of authority for using discretion where such directors and executives shall have the right to vote at the meeting of the Board of Directors of the Subsidiary and the Associate on significant matters which require prior approval from the meeting of the Board of Directors of the Parent Company or Central Subsidiary or the general meeting of shareholders of the Parent Company;
- (2) Ensure that the Subsidiaries have an internal control system, risk management system, anti-corruption system and other necessary systems, including measures for monitoring the operations of the Subsidiaries and the Associates which are appropriate, efficient and sufficiently concise so that the operations of the Subsidiaries and the Associates will be in compliance with the plan, budget, policies of the Parent Company, as well as legislations and rules on good corporate governance of listed companies, including the relevant notifications, regulations and rules of the Capital Market Supervisory Board, the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand, and monitor the Subsidiaries and the Associates to ensure that they completely and correctly disclose information relating to the financial conditions and result of operations, entry into connected transactions and acquisitions or disposals of material assets transactions and any other matters material to the Parent Company in compliance with the regulations in relation to the governance and supervision of subsidiaries and associates of the Capital Market Supervisory Board and the Office of the Securities and Exchange Commission.
- (3) Monitor the Subsidiaries to ensure that they disclose information relating to the financial conditions and result of operations, entry into connected transactions and acquisitions or disposals of material assets transactions completely and correctly.

- (4) Monitor the directors or executives of the Subsidiaries and the Associates nominated by the Parent Company or the Central Subsidiary to ensure that they comply with the duties and responsibilities required by law, the Articles of Association and the policies of the Parent Company and the Central Subsidiaries.

### **Scope of Duties and Responsibilities of the Company's Representative Holding Positions of Directors and Executives in the Subsidiaries and/or the Associates Operating the Core Business**

The Parent Company determined the scope, duties and responsibilities of its representative directors or executives in the Subsidiaries and/or the Associate operating the Core Business as a mechanism for the Parent Company to supervise and govern its Subsidiaries and/or the Associates operating the Core Business, be held accountable for their operations, and maintain certain measures for monitoring the management of its Subsidiaries and/or the Associates operating the Core Business, its Central Subsidiaries, its Subsidiaries under Central Subsidiaries, and its Independent Subsidiaries Operating the Core Business, as if these entities were its departments, including overseeing that such representative directors and executives comply with the scope, duties and responsibilities under this policy.

#### **1. Operation of the Company Operating the Core Business**

The Board of Directors of the Company Operating the Core Business (excluding Associate) must ensure that a transaction or an undertaking in relation to the following matters are approved at the meeting of the Board of Directors and/or general meeting of shareholders of the Parent Company before the Company Operating the Core Business may enter into the transaction only in the event that the size of such proposed transaction of the Company Operating the Core Business in comparison to the size of the Parent Company pursuant to the relevant notifications on acquisitions or disposals of assets and/or connected transactions (as the case may be) of the Capital Market Supervisory Board and the Board of Governors of the Stock Exchange of Thailand requires approval at the meeting of the Board of Directors and/or general meeting of shareholders of the Parent Company:

- (a) The entry into any transaction with a related person of the company or the Parent Company, or any transaction concerning an acquisition or a disposal of assets by the company.
- (b) The transfer or waiver of any rights or interests, including waiver of any claim against any person who causes damage to the company.

- (c) The sale or transfer of the whole or any substantial part of the company's business to any other person.
- (d) The purchase or acceptance of the transfer of business of other companies by the company.
- (e) The execution, amendment, or termination of a contract concerning the lease of the whole or any substantial part of the business of the company, the assignment to any other person to manage the company's business, or the amalgamation of the company's business with any other person.
- (f) The lease or hire-purchase of the whole or any substantial parts of the company's business or assets.
- (g) Borrowing, lending, granting of credit, provision of a guarantee, entry into any transaction that will cause the company to incur additional financial burden, or giving of any other kinds of financial aid to any other person which is not in the ordinary course of business of the company. In this regard, lending to directors of the company is prohibited, except for lending under employee loan program.
- (h) The dissolution of the company.
- (i) Any other transaction which is not in the ordinary course of business of the company and may materially affect the company.
- (j) The capital increase by issuing new shares and share allocation of the company, including any reduction of the registered or paid-up capital of the company which is not proportionate to the shareholding of the existing shareholders, or any action that will result in the dilution of more than 10 percent of the Parent Company's direct and/or indirect shareholding and/or voting rights (as the case may be) in the general meetings of shareholders of the company at any level.
- (k) The capital increase or reduction of the company which is not proportionate to the shareholding of the existing shareholders, or any action that will result in the dilution of the Parent Company's direct and/or indirect voting rights in the general meetings of shareholders of the company at any level to the extent that the Parent Company loses control over such company.

## **2. Operation of the Subsidiary under the Direct Supervision of the Company and the Associate Operating the Core Business**

In addition to the duties stated in item 1., the Board of Directors of the Subsidiary under the Direct Supervision of the Company has the following duties:

- 2.1 The Board of Directors of the Subsidiary under the Direct Supervision of the Company and the Associate operating the Core Business must ensure that a transaction or an undertaking in relation to the following matters is approved at the meeting of the Board of Directors of the Parent Company before the Subsidiary under the Direct Supervision of the Company and the Associate operating the core Business may enter into the transaction:
  - (a) The nomination or appointment of a director or an executive of the Subsidiary under the Direct Supervision of the Company or an Associate operating the Core Business, which must be at least proportionate to the Parent Company's shareholding in the Subsidiary under the Direct Supervision of the Company or an Associate operating the Core Business. The directors and executives nominated or appointed by the Parent Company shall have discretion in casting votes at the meetings of the Board of Directors of the relevant Subsidiary under the Direct Supervision of the Company or the relevant Associate operating the core business in relation to the general management and normal business operation of such Subsidiary under the Direct Supervision of the Company or Associate operating the Core Business as the directors and executives deem appropriate in the best interests of the Parent Company, the Subsidiary under the Direct Supervision of the Company and the Associate operating the Core Business, unless as specified otherwise in this document.
- 2.2 The Board of Directors of the Subsidiary under the Direct Supervision of the Company must seek prior approval from the general meeting of shareholders of the Parent Company with the votes of not less than three-fourths (3/4) of the total votes of the shareholders attending the meeting and entitled to vote for any amendment of the Articles of Association of the Subsidiary under the Direct Supervision of the Company that may have a material impact on the financial conditions or operating results of such Subsidiary under the Direct Supervision of the Company, including, but not limited to, any amendment of the Articles of Association of the Subsidiary under the Direct Supervision of the Company which may have a negative impact on the Parent Company's rights to nominate or appoint a director or an executive of the Subsidiary under the Direct Supervision of the Company proportionate to the Parent Company's shareholding in the Subsidiary under the Direct Supervision of the Company, the voting rights of the director(s) nominated by the Parent Company at the meetings of the Board of Directors of the Subsidiary under the Direct Supervision of the Company, the voting rights of the Parent Company at the general meetings of shareholders of the Subsidiary under the Direct Supervision of the Company, and/or the dividend distributions of the Subsidiary under the Direct Supervision of the Company.

However, the directors or executives of the Subsidiary under the Direct Supervision of the Company nominated or appointed by the Parent Company as stated in the preceding paragraph must be those who are listed in the database of directors and executives of securities issuing companies (White List), and they must have the qualifications, roles, duties and responsibilities and lack all untrustworthy characteristics as prescribed in the notifications of the Office of the Securities and Exchange Commission on the determination of untrustworthy characteristics of directors and executives of a company.

### **3. Operation of the Subsidiary or the Associate under Central Subsidiary**

In addition to the duties stated in item 1., the Board of Directors of the Subsidiary or the Associate under Central Subsidiary has the following duties:

- 3.1 The Board of Directors of the Subsidiary or the Associate under Central Subsidiary must ensure that a transaction or an undertaking in relation to the following matters are approved at the meeting of the Board of Directors of the Central Subsidiary before the Subsidiary or the Associate under Central Subsidiary may enter into the transaction:

- (a) The nomination or appointment of a director or an executive of the Subsidiary or the Associate under Central Subsidiary, which must be at least proportionate to the Central Subsidiary's shareholding in the Subsidiary or the Associate under Central Subsidiary. The directors and executives nominated or appointed by the Central Subsidiary shall have discretion in casting votes at the meetings of the Board of Directors of the relevant the Subsidiary or the Associate in relation to the general management and normal business operation of such Subsidiary or Associate as the directors and executives deem appropriate in the best interests of the Parent Company, the Central Subsidiary and the Subsidiary or the Associate under Central Subsidiary, unless as specified otherwise in this document.

However, the nominated or appointed directors or executives of the Subsidiary under Central Subsidiary as stated in the preceding paragraph must be knowledgeable, honest, and ethical; must not be bankrupt, incompetent or quasi-incompetent; have never been imprisoned on the final judgment of a court for an offence related to property committed with dishonest intent; have never been dismissed or discharged from the government service, organization or agency for malfeasance; and there are no other reasons to doubt such persons' performance as directors and executives.

- (b) The consideration and approval of distribution of annual dividends and interim dividends (if any) of any Subsidiary under Central Subsidiary, except when the dividends paid by the Subsidiary under Central Subsidiary for the whole year are not less than the amount as specified in its annual budget or such payment of dividends is in accordance with the dividend payment policy of the respective Subsidiary under Central Subsidiary that has already been approved by the Board of Directors of the Central Subsidiary.

- (c) The amendment of the Articles of Association of any Subsidiary under Central Subsidiary
- (d) The consideration and approval of the annual budget of any Subsidiary under Central Subsidiary, except for the cases set out in the Delegation of Authority of such Subsidiary under Central Subsidiary which has already been approved by the Board of Directors of the Central Subsidiary.

Moreover, the Parent Company's representatives, including all directors and executives of the Subsidiary and/or the Associate under Central Subsidiary who were appointed by the Board of Directors of the Central Subsidiary to hold the position of director or executive of all Subsidiaries and/or the Associates operating the Core Business have the following duties:

- (a) Disclose information relating to the financial conditions and result of operations, entry into connected transactions of the Subsidiary under the Direct Supervision of the Company and the Subsidiary and/or Associate under their control, including any acquisition or disposal of material asset transaction and/or material transaction to the Parent Company and the respective Central Subsidiary completely, accurately and within the appropriate timeframe set by the Parent Company.
- (b) Disclose and submit the information regarding their interests and their related persons' interests as well as ensure that the Subsidiary and/or Associate under their respective Central Subsidiary inform their relationships and transactions which may cause conflict of interest and avoid entering into a transaction which may cause conflict of interest. The matters must be reported to the board of directors of the Parent Company within the timeframe set by the Parent Company to support any consideration, decision or approval, with the overall interests of such company and the Parent Company being the utmost importance.

All directors of the Subsidiary and/or the Associate operating the Core Business must not participate in the approval of matters in which they have interest or conflict of interest whether directly and/or indirectly. The said directors must also ensure that the directors and the executives of the Subsidiary and/or the Associate under their control do not participate in the approval of transactions in which they have interests or conflict of interest, whether directly and/or indirectly.

The following undertakings, which result in a director, an executive or their related persons receiving financial benefits other than those to which they are normally entitled, or cause damage to any of the Subsidiary or the Associate operating the Core Business or the Parent Company, shall be assumed to be materially in conflict with the interests of the Parent Company.

- (1) The transaction between company and directors, executives or their related persons which is not in accordance with the connected transaction rules.
- (2) The usage of the learned information of the Parent Company or the Company Operating the Core Business, unless such information has already been disclosed to the public.
- (3) The usage of property or business opportunity of the Parent Company or the Company Operating the Core Business which are in violation of the normal principles or practices announced by the Capital Market Supervisory Board.
- (c) Report business plan, business expansion, large investment project of the companies under their control as approved by the Parent Company or the Central Subsidiary, including joint venture with other entrepreneurs, to the Parent Company or the Central Subsidiary through monthly performance reports; as well as clarify and/or submit supporting documents for consideration as requested by the Parent Company or the Central Subsidiary.
- (d) Clarify and/or submit data or document related to the company's operations to the Parent Company or the Central Subsidiary upon request and in the case that any material issue is detected.
- (e) Ensure that the companies under their control have an internal control system, risk management system, anti-corruption system which are appropriate, efficient and sufficiently concise so that the operations of the companies will be in strict compliance with the policies of the Parent Company or the Central Subsidiary, this document, laws and regulations on good corporate governance of listed companies, as well as related notifications, regulations and rules of the Capital Market Supervisory Board, the Securities and Exchange Commission and the Stock Exchange of Thailand. Set up clear work system to ensure that the companies have sufficient systems regarding information disclosure, able to comply with relevant rules

concerning material transactions continuously and reliably, and have channels for the directors and executives of the Parent Company or the Central Subsidiary to access the companies' information to effectively monitor performances and financial standing, transactions between the Subsidiary and its directors and executives, and material transactions of the Subsidiaries.

Furthermore, the representative directors and executives must set up an auditing mechanism to check such work systems and grant the internal audit team and the independent directors of the Parent Company direct access to the information. The result of the audit must be reported to the directors and executives of the Parent Company regularly to ensure that the Subsidiaries keep to the work system.

- (f) Directors, executives, personnel, employees or authorized persons who are representatives of the Parent Company, including their spouses and minor children, are prohibited from using, whether directly or indirectly, inside information of the Parent Company and all companies in the business group obtained in duty or otherwise which have or may have material impact on the Parent Company and/or the company, whether for the benefits of their own or others and regardless of whether such person is being compensated.
- (g) Directors, executives and related persons of the company who are representatives of the Parent Company may enter into a transaction with a Subsidiary only when the transaction is approved by the Board of Directors and/or the general meeting of shareholders of the Parent Company (as the case may be) depending on the transaction size (by applying the transaction size calculation method under the notifications on acquisitions or disposals of assets and/or connected transactions of the Capital Market Supervisory Board and the Board of Governors of the Stock Exchange of Thailand mutatis mutandis). However, exception is made when such transaction is a transaction with commercial terms on which a person of ordinary prudence and an ordinary party would agree upon in the same situation without the influence of being a director, an executive or their related person (as the case may be), and such commercial terms have already been approved by the Board of Directors of the Parent Company, or such commercial terms are consistent with the principles previously approved by the Board of Directors of the Parent Company.

# Insider Information Control

## 1. Policy to Prevent Misuse of Insider Information

The Company puts emphasis on preventing the use of its internal information. Therefore, it has set the policy to prohibit its directors, executives, employees and workers from misusing and disclosing nonpublic information that may have effect on its share price, significant and undisclosed information that may cause damage or disadvantage to the Company as well as the Company's confidential information directly or indirectly, whether or not for the benefit of themselves or other persons. Such policy also forbids the trading of the Company's share by using insider information.

- (1) The Company's directors and executives are educated on the duty to report their own shareholding, including that of spouse, cohabiting couple and children under legal age, according to the Section 59 and the Section 275 of the Securities and Exchange Act B.E. 2535 (1992) (as amended), as well as the acquisition or disposal of shares held by themselves, spouse, cohabiting couple and children under legal age according to the Section 246 and the Section 298 of the Securities and Exchange Act B.E. 2535 (1992) (as amended) to the Securities and Exchange Commission, Thailand ("SEC").
- (2) The Company's directors and executives, including their spouse, cohabiting couple and children under legal age, must prepare and disclose their holding of the Company's share and any change in the status of such shareholding to the SEC as specified in the Section 59 of the Securities and Exchange Act B.E. 2535 (1992) (as amended) and also hand in a copy of such shareholding report to the Company within the same date.
- (3) The directors, executives, employees and workers of the Company and its subsidiaries, who are aware of important information that may have effect on the change of the share price, have been forbidden to trade the Company's share 30 days prior to the disclosure of its financial statement or such information until at least 24 hours has elapsed after the disclosure. The persons, who involve with such information, must not release it to others till it is reported to the Stock Exchange of Thailand.

- (4) The directors, executives, employees and workers of the Company and its subsidiaries are not allowed to use the internal information or nonpublic information that may have effect on the change of the Company's share price, which is obtained from the performance of duties, for buying, selling, offering to buy, offering for sale or persuading others to buy, sell, offer to buy or offer for sale the Company's share or other securities (if any), either directly or indirectly, that may cause damage for the Company or for the benefit of themselves or other persons. Besides, such information must not be disclosed to other persons for the above-mentioned purposes whether or not for the exchange benefit.
- (5) The current and former directors, executives, employees and workers of the Company and its subsidiaries must not release the internal information or confidential information of the Company or its counterparties, which is obtained from the performance of duties, to other persons even though the disclosure of such information may not damage the Company and its counterparties. Such information must be used only for the Company's benefit, not for direct or indirect benefit of the directors, executives or employees and whether or not for the exchange benefit.
- (6) Any violations of the above-mentioned guidelines are considered as the disciplinary offenses according to the Company's work rule. The Company will consider the disciplinary actions ranging from verbal and written warning, probation to dismissal.

## Auditor's Compensation

### Audit Fee

For the year ended 31 December 2019, the Company and its subsidiaries paid the audit fees of THB 23.3 million to KPMG Phoomchai Audit Limited, THB 15.8 million to KPMG companies in other countries and THB 4.6 million to other audit companies.

### Non-Audit Fee

For the year ended 31 December 2019, the Company and its subsidiaries paid the non-audit fees, which were the service fees for reviewing the special-purpose financial statements to KPMG Phoomchai Audit Limited amounting THB 8 million, and the service fees for preparation of reports according to tax regulations to KPMG Phoomchai Tax Limited of THB 4.4 million and to KPMG companies in other countries of THB 0.9 million.

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# THE REPORT OF THE DEVELOPMENT OF SOCIAL RESPONSIBILITY FOR SUSTAINABILITY

# THE REPORT OF THE DEVELOPMENT OF SOCIAL RESPONSIBILITY FOR SUSTAINABILITY

Central Retail Corporation Public Company Limited does business under the framework of mission and vision "To be the best, sustainable, and most admired customer-centric omnichannel retailer wherever we operate."

For over 72 years, Central Retail has been committed to sustainable business growth. We run a long-term business rather than a short-term strategy and want to provide the public with benefits, meaning all stakeholders, under corporate social responsibilities by focusing on creating shared values for sustainable growth. We develop business in parallel with creating a balance between economy, society, and environment, and adhere to good corporate governance to be transparent and to be auditable.

Sustainable development is a common goal of every country like 17 sustainable development goals the United Nations has. The problems and challenges for

sustainability are global warming and climate change, various waste and pollution in the air affecting every life on the earth, and problems of the quality of life and well-being of people. Central Retail recognizes the important role to responsibility and participation in solving these problems. We adhere to the way of integrating sustainability with business plans and processes throughout 2019 and will continue it in 2020 to be the 1<sup>st</sup> retail business body that is ready to powerfully grow together with everyone in the long term.

Central Retail has formulated strategies and operational frameworks under 4 main areas: (1) People, (2) Prosperity, (3) Planet, and (4) Peace & Partnerships which are concretely redesigned into various projects in accordance with the principles of the ESG (Environment, Society and Governance)

## Environment

To enable Central Retail to achieve sustainable development goals in the management of natural resources and the environment, the framework has been therefore set up in 4 aspects as follows:

1. Climate Change
2. Resource Efficiency
3. Waste Management
4. Value Chain Management

This is to receive the results of economic development along with the transfer of natural resources and the environment to future generations.

Considered as a large business firm in Thailand, Central Retail has been operating in the business for more than 72 years and is committed to being the model of sustainable development of the retail business and services from inside to outside the organization. In 2019, Central Retail announced a policy of doing business in a socially responsible manner, especially caring environment and driving the creation of the green world under the campaign "Central Retail Love the Earth".

Previously, the Love the Earth was the project to reduce the use of plastic bags at the Central Department Stores. Businesses under Central Retail initiated the use of reusable bag in 1992. Later, in 1994, every Central Department Store started using recycled paper bags in order to reinforce our position in helping take care of the global environment. The Love the Earth has been upgraded to be the whole group's big image policy by placing Roadmap 2030 towards sustainability as a Zero Waste. In the short-term, we have conducted various projects to solve problems, especially about reducing the use of plastic to be an important core in driving the business of the company, and to create an alliance from all stakeholder groups: customers, partners, employees or partners.

Central Retail Love the Earth has a guideline to drive through 3 main projects to solve the major environmental problems that we are currently facing. The projects are to reduce waste and air pollution (Journey to Zero), increase the green area (Central Green), and forest restoration (Forest Restoration) through the guidelines as follows:





## Journey to Zero

Central Retail set targets to reduce waste and environmental impacts through business operations within the Company by dividing the drives into 2 dimensions:

(1) Zero Waste to Landfill or reducing the amount of waste from doing business and (2) Zero Carbon or freeing the entire group business from carbon generating as follows:

**1. Zero Waste to Landfill** is the campaign to reduce and segregate waste from the source to not cause harm to the environment through various activities as follows:

1) Plastic Reduction such as the campaign to reduce the use of plastic bags "Say No to Plastic" by Central Retail in 2019. The campaign helps reduce the use of over 80 million plastic bags.

2) Waste Segregation or the guidelines for waste management by segregating waste systematically in accordance with the specified category and with the operating areas as follows:

- Waste segregation within an organization such as office buildings, working areas of employees in branches or stores, etc. is specified to have at least 4 types of waste segregation: (1) general waste, (2) recyclable waste (consisting of plastic, cans, glass, and paper), (3) organic waste, and (4) hazardous waste. In large areas, there must additionally be recyclable waste segregation into plastic waste recycling, metal and glass recycling waste, and paper waste recycling. This implementation applies to Thailand, Italy and Vietnam.

- Waste segregation in business areas serving people outside an organization such as shopping centers, stores, etc. is specified to have at least 2 types of waste segregation: (1) general waste and (2) recyclable plastic waste. For restaurants, there must additionally be organic waste segregation and, for the electrical and electronic appliance stores, there must additionally be hazardous waste segregation.

- It is specified that there must be standard symbols, colors, and texts for trashes, which are general waste trash, paper recycle trash, metal and glass recycle trash, plastic recycle trash, organic waste trash, and hazardous waste trash, in the area of the company in the business group. The trashes are divided into 4 types according to the international standard, which are (1) organic waste (green trash), (2) recyclable waste (yellow trash), (3) general waste (blue bin), and (4) hazardous

waste (red trash). Trashes are installed with unique symbols and colors in all shopping centers in the chain. Wastes are further recycled in various ways with the collaboration with domestic and international partner networks to meet the operations under the concept of a circular economy (Reduce, Reuse, and Recycle).

3) Reduce food waste with the objective to reduce leftover food problems. The food left over from sales and consumption of staffs is divided into 2 types which are edible food and inedible food. For edible food, it is passed on to children, youth and underprivileged.



For Tops Supermarket, it has taken steps to reduce food waste generation by collaborating with the non-profit organization "Scholars of Sustenance (SOS) Foundation" to pilot 20 branches, divided into 17 branches in Bangkok and 3 branches in Phuket. Food passed on to the underprivileged is accounted for 226,426 meals weighting 53,911 kilograms. This can reduce waste generation in a landfill up to 32,319.09 kilograms.

For the development plan in 2020, there are plans to expand 9 more branches, including Tops Market, Central Rama 3, Robinson Bang Rak, Tops Market Sukhumvit 41, Tops Market Taling Chan, Central Chaeng Watthana, Central Rattanathibet, Tops Market Baan and Beyond Ratchapruk, Tops Market the Crystal SB Ratchapruk, and Tops Market the Crystal PTT Ratchapruk.

**2. Zero Carbon** is reducing carbon generation.

Central Retail does business about large lifestyle center which uses a lot of energy. The company therefore gives an importance to reducing using energy causing greenhouse effect and helps reduce global warming by installing solar energy panels on the roof of a shopping mall to save electric energy. For example, the Robinson Lifestyle Center in Phetchaburi province and Big C (GO!) changed roof to help save energy and to be able to generate electricity more than 500 megawatts per hour. The Company plans to expand this to all branches. For the Family Mart, the branch 560 pilots being a convenience store that reduces energy by considering the Eco-friendly store principle such as using energy-saving lamps.

### **Electric Compressor Station (EV Charger)**

Central is the first mall installing electric compressor station in the country with an aim to support the lifestyles of customers who turn to use electric cars more. When using less fuel, it can help reduce road pollution. In 2019, it has been installed in 17 branches.

### **Central Green**



The Company gives an importance to community development and surrounding environment in which it does business with the policy to oversee and improve areas of 4 sq km around the company's retail stores, whether they are Robinson Lifestyle Center, Central Department Store (Stand Alone), or Tops Plaza branches to be clean and safe and to have good infrastructure management systems such as canal cleaning, waste management, and improvements of parks, or improvements of green areas and sidewalks in front of some branches of the FamilyMart Ozone with the cooperation of Bangkok Municipality. We also imparted knowledge about waste management and environmental protection for employees and customers. The aims were to make areas of 4 sq km around the shopping center clean, beautiful and livable and to provide convenience to people in the community by building a parking sign in Samui. It is also used as a public relations point to disseminate information about environmental preservation. In 2019, all of the above has been done in 31 branches already.



### **Forest Restoration**

We focus on planting trees and restoring forests as can be seen in the Bang Khun Thian Reforestation project on the area of 36 Rai, the Bang Kha Chao project on the area of 23 rai, and the "Produce Sustainable Food ... Recover Nan's Forest" on the area of 257 rai, with the World Wide Fund for Nature (WWF) in Nan province and the project to promote organic coffee to conserve Phu Chee Duen forest in Chiang Rai province on the area of over 500 rai, accounting for more than 993 rai.

The Company does not exert any impact on the environment. Business operations of the Company are subject to many environmental laws and regulations. Please find more details in "Other Important Information – Important Laws Relating to the Business Operations of the Company" from the annual registration statement (Form 56-1) of the company showed in [www.sec.or.th](http://www.sec.or.th) or [www.centralretail.com](http://www.centralretail.com)



## **Society**

To make Central Retail achieve sustainable development in the well-being of employees, customers, partners and stakeholders in all sectors, we therefore set guidelines for working in the social sector into 4 main areas: (1) employees, (2) education, (3) community product development, and (4) peace, arts, culture and cooperation.



## 1. Employee and Development of the Quality of Life of the Disabled

Central Retail is considered to be the top employment organization in the retail business. We have 58,425 employees in Thailand, Vietnam and Italy. We have a suitable workplace for hygiene for all employees to be healthy. Importantly, the Company aims to take care, creating equality, and reducing inequality in society by providing career opportunities and accessing to public health according to the Universal Design and aims to improve the quality of lives of the disabled. We are the organization that employs 466 disabled as full-time employees. We have also supported them various careers by providing vocational training for the disabled, such as hen raising project in Udon Thani and Saraburi provinces, mushroom farming vocational training project in Nakhon Ratchasima, making woven bags in Udon Thani, or supporting the intellectual disabled project by supporting product distribution channels of the Ban Samarn Jai foundation in Chiang Mai. The employment also includes the recruitment of Call Center positions at the Contact Center and electrical appliance repairing staffs by collaborating with the Redemptorist Foundation. For sanitation, the company renovated 9 toilets at Lumphini park and Lan Tawan Yim, the exercise playgrounds, designed to be accessible to the disabled so that everyone can live together sustainably in society.



## 2. Education Development

Central Retail supports education for children and youth to create quality populations who can develop the country by supporting and developing youth, students, and teachers to be ready for their skills along with deed, morality, and ethics through various activities in response to the changes in the 21<sup>st</sup> century. For example, the Company organized training programs on education targeted at the sufficiency economy theory of King Bhumibol by launching a project to raise eggs for students, so they can cook eggs as lunch and can bring the rest to sell and then bring the income to develop other areas. Furthermore, there are many other activities, such as training and enhancing English language skills of teachers, developing teachers' potential through coaching courses "From Teachers to Coaches", improving school buildings, supporting teaching and learning materials such as providing computers to help students access educational information, providing 169 scholarships (in 21 provinces, accounting for THB 1,187,000), and promoting skills students are good at such as encouraging students with the art skill to compete in national competitions. In 2019, the Company was involved in the development of more than 134 schools and supports 2,091 teachers and 34,890 students.

Central Food Retail Group by FamilyMart delivers value back to society by adhering to the framework of the operating principles of the project "Central Tham" in the education and well-being of people to enhance the lives of the youth. We pilot the cafeteria renovation project "Healthy Canteen" to have good hygiene by starting at Wat Klang Khlong Sa Bua school, Phra Nakhon Si Ayutthaya province. This project will be further developed at every school. In Vietnam, Central Retail also support the educational development for all children to have equal study opportunity such as building schools by Lanchi Mart. In Thailand, Robinson also provides scholarships to students who love art.

### Sports and Well-Being of People

The Company believes that good hygiene and well-being of the environment are the key factors of well-being of people in the community. The company takes these factors into account, so we have supported healthy by organizing various sports such as Mini Marathon, Cycling Championship, table tennis, football, sports for the disabled, and other activities such as the Queen Sirikit Centre for Breast Cancer Foundation supporting project to help cancer patients in need, Blood Donation project for the Thai Red Cross Society, giving gifts to students in 3 southern border provinces, and cooperation with international organizations such as UNICEF to help

children around the world such as the EAT PLAY LOVE campaign to promote the brain development of children or the Every Child Can Read campaign, and the Blue Carpet Show. In 2019, Central Retail supported UNICEF for the development of children from around the world which values over THB 40 Million.

Also establishing the project of Tops supermarket “The Project THB 20 for Siriraj-Karnjana” to develop the Kanchanaphisek Medical Center to expand treatment opportunities to reach the public and increase training opportunities for medical students. The donation amount on 30 June 2019 was THB 22,119,616.

In addition, the Company has launched a campaign “Lingerie Sharing” for good hygiene of female inmates who have difficulty accessing underwear. It was the activity that allowed customers to participate in donating new panties for inmates from all female corrections. In 2019, Robinson donated 4,000 panties, representing THB 796,000. In 2020, the project expects to expand to all branches of Central Department Store as well.



### 3. Community Product Development and SME Promotion



#### 1) Supporting and Developing a Farmer Career

Central Retail in partnership with the Central Group jointly develop the local economy and distribute income to farmers with operational guidelines placing great importance on the freshness and quality of food products sold, in parallel with supporting Thai farmers with stable incomes and careers. In addition to purchasing products from farmers in each province for distribution in the stores of the Company, the Company also provides investment supports for production, consultants to educate farmers on growing vegetables and fruits or producing efficiently, and helps to extend the products of farmers whether marketing or sales strategy with the goal to support farmers to have knowledge and ability to operate independently and sustainably. On 31 December 2019, the Company supported and developed 4,650 community products and generated income to the community by purchasing products, which were over THB 956 million, from local communities. 24,000 households in the community has a better well-being.



Moreover, Central Retail operates the Jing Jai Farmers' Market to be the model of integrated farmer support in the matters of career and local community products promotion. The market focuses on organic products by supporting production, sharing knowledge about retailing, promoting protecting the environment, and supporting the procurement of distribution areas at Tops. The market is known as the market without plastic on packaging and without plastic bags. In 2019, there were 14 Jing Jai markets, generating income for farmers over THB 112 million. There is a plan to expand to 45 markets by 2021.

Central Retail has collaborated with the World Wildlife Fund (WWF) to implement the project "Produce Sustainable Food ... Recover Nan's Forest" under the operation of the Royal Sciences "3 Forests, 4 Benefits" to revive the forest area of more than 257 rai in Nan province. This project is to transform the monoculture into the industrial crop that can generate sustainable income for the villagers while continuing to look after the forest which is the source of food. There is also using the system to monitor the growth of trees through QR code on every tree.

## 2) Supporting and Promoting Small and Medium-Sized Enterprises

Central Retail under the cooperation with Central Group has sponsored the project of the Thai Chamber of Commerce matching business with small and medium-sized enterprises (SME) to support knowledge sharing so that SME can compete in the trade. For example, Tops Supermarket supported Secret Bake by sharing marketing knowledge and package design.

## 4. Activities to Maintain Peace and Cultural Awareness

Central Retail values the importance of preserving culture and traditions for preserving the national identity by considering the distribution of income to the community at the same time. The Company intends to develop the location to be an ecotourism attraction such as the improvement and development of Na Muen Si museum, Na Yong district, Trang province and nearby tourist attractions by creating a cycling route to become a tourist attraction of the province. In 2019, Central Retail developed hand-woven fabrics and renovated the Na Muen Si museum, which has created careers for 139 households and generated income for over THB 10 million.

## Anti-Corruption

The Company realizes the importance of anti-corruption and is committed to performing the operation as guided by integrity under the good corporate governance framework of good governance principles and Code of Conduct. Responsible for the society, environment and stakeholders, the Company ensures that business runs in parallel to transparency, fairness and auditability.

The Company has set up an anti-corruption policy as a clear operational guideline to be a sustainable organization which approved by the Board of Directors Meeting No. 3/2019 on 25 March 2019, the summary of such policy can be listed below:

1. The Company and its subsidiaries employees must not call, do or accept any form of corruption, either directly or indirectly, for the benefit of the organization, their own self, families, friends and acquaintances, or for business benefits. This covers all business sectors in every country and all departments related to the Company and subsidiaries.
2. The Company must regularly review compliance with this anti-corruption policy, including reconsider the guidelines and regulations to conform to the changes of business, regulations and legal requirements. Any violation in support of, assistance or cooperation with corruption must be punished according to the Company's regulations.

**The company also has the additional Guidelines for the Prevention of an Involvement with Corruption as follows:**

1. The Company has designated the Board of Directors with the roles and responsibilities of devising and approval of the anti-corruption policy. They must ensure an efficient of anti-corruption supportive system to make certain that the managements are aware of the policy and practice as part of the organizational culture. In addition, the Audit Committee is entrusted with the roles and responsibilities of reviewing operations to ensure a sufficiency of internal control and inspect operations to be in line with the anti-corruption policy, regulations and related laws. The management shall put in place the systems and measures, support and follow up to ensure that employees and related parties demonstrate compliance regarding the anti-corruption policy, review the appropriateness of the systems and measures to be on the same track with the changing business conditions, regulations and laws.

2. The Company assigns the Internal Audit Department with the tasks to inspect and review the operation to ensure accuracy as per the policies, guidelines, rules and related laws. This is to make sure that the internal control system is suitable and enough for covering the risk from anti-corruption that may occurred. The results of which must be forwarded to the Board of Directors.
3. The employees of the Company and subsidiaries must follow the policy of anti-corruption activities and Code of Conduct. Whether or not direct, they must not involve with a corruption or a breach of Code of Conduct of the Company.
4. The Company must ensure that all of directors and management of the subsidiaries and affiliates who are nominated and appointed by the Company (if any) are agreed to follow the anti-corruption policy.



### Guidelines for the Prevention of an Involvement with Corruption

1. The Company asks employees including those of subsidiaries to exercise caution regarding any form of corruption.
2. The Company is committed to engendering and maintaining an organizational culture that does not tolerate corruption, whether it is business with government or private sector.
3. Directors, managements, employees at all levels must not neglect or ignore any actions that may be deemed as potential to be a corruption related to the Company. A supervisor or a person in charge must notify and cooperate in an investigation of fact in line with the whistleblowing policy or the regulations stipulated by the Company. The Company also sets channels for receiving complaints from third-parties.
4. The Company must ensure fairness and protection to employees who refuse to bow to a corruption or file a report regarding a corruption related to the Company. In this, the Company will not degrade the position, punish or launch a negative action against the employee who refuses to take part in a corruption, even in the case that the action creates the loss of the Company's a business opportunity.
5. All levels of directors and management of the Company must adhere to integrity and act as a good role model in compliance to the anti-corruption policy. Head of Internal Audit is responsible for disseminating knowledge, establishing understanding and encouraging employees of any levels at earnest, regularly and put such policy to be a part of the organizational culture.

6. This anti-corruption policy must be applied to the human resource management processes from recruitment process, selection, promotion and training to evaluation process. In this, supervisors at all levels must communicate with employees as part of the business operations under their own responsibility and ensure that the compliance to the policy is efficient.
7. Any action related to the anti-corruption policy must follow the guidelines as described in the corporate governance policy, the Company's guidelines, regulations and corporate operating manuals, and any other frameworks to be used in the future.
8. The Company specifies that the anti-corruption policy is announced through the internal and external media, such as an announcement, the Company's website and an annual report. Such policy is compliance to the anti-corruption laws of Thailand.



### Channels for Complaints

The Board of Directors obtains reports or complaints on acts suspected to involve in corruption with the

Company, either directly or indirectly, via channels specified in this policy. Complainants must provide details of complaints along with their names, addresses and contact telephone numbers to Mr. Phisoot Suksangtip, Head of Internal Audit via his email ([SuPhisoot@central.co.th](mailto:SuPhisoot@central.co.th)) or by post:

#### Head of Internal Audit

Central Retail Corporation PCL  
22 Soi Somkid, Ploenjit Road  
Lumpini Sub-district, Pathumwan District  
Bangkok 10330

In case of complaining towards the Chief Executive Officer, complaints have to be filed directly with Chairman of the Audit Committee via his email ([mopratana@central.co.th](mailto:mopratana@central.co.th)) or by post:

#### Chairman of the Audit Committee

Central Retail Corporation PCL  
22 Soi Somkid, Ploenjit Road  
Lumpini Sub-district, Pathumwan District  
Bangkok 10330

Person who can make complaint on corruption are all stakeholders of the Company, namely shareholders, clients, business competitors, creditors, public sector, community, society, executives and employees. No matter channels they utilize for making complaints, the Company will strictly keep the reported information confidential.



### Protection Measures and Information Privacy

In order to protect the right of complainants or reporters who act in good faith, the Company will conceal their names, addresses or other information showing their identity and maintain such information confidential. Disclosure of such information is made only to persons who are responsible for the verification process.

In case of complaining towards the Chief Executive Officer, the Audit Committee has duty to protect reporters, complainants, witnesses and persons who provide information for investigation from trouble, damage or unfair treatment as a result of making complaints, providing information or witnessing. Complainants are requested to directly contact the Audit Committee.

If the complaints are not made towards the Chief Executive Officer, the Chief Executive Officer has duty to use his discretion to proceed with such complaints as deem appropriate to protect reporters, complainants, witnesses and persons who provide information for investigation from trouble, damage or unfair treatment as a result of making complaints, providing information or witnessing.

### Investigation, Procedures and Disciplinary

#### Action



1. Upon receipt of report, the Chief Executive Officer or the Audit Committee is responsible for screening and investigation.
2. During investigation, the Chief Executive Officer or the Audit Committee may assign representative to periodically inform the progress of investigation to reporters or complainants.
3. After investigation, if the information or evidence has reason to believe that the accused person commits corruption, the Company will give right to the accused person to acknowledge the complaint and defend himself.
4. In case the accused person truly involves with corruption and violates the Company's Anti-Corruption Policy or guidelines, such person will be disciplinary punished as stated in the Company's regulation. If such act is illegal, the wrongdoer may be legally penalized.

The Chief Executive Officer or the Audit Committee has duty to receive complaints, gather information, investigate and report to the Board of Directors for consideration and defining disciplinary action as appropriate. The decision of the Chief Executive Officer or the Audit Committee is considered final.

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# INTERNAL CONTROL AND RISK MANAGEMENT

# INTERNAL CONTROL AND RISK MANAGEMENT

## The Board of Directors' Opinion on Internal Control

The Board of Directors is aware of the importance of having good internal control systems. It is an important duty to be taken to ensure that the Company has appropriate and sufficient internal control systems to efficiently oversee the operations to meet the goals, objectives, laws, and relevant requirements, to be able to protect assets from any fraud and damage, and to do accounting and financial report with accuracy and reliability that is disclosed completely and adequately in a timely manner.

In the meeting of the Board of Directors No. 10/2019 on 14 August 2019 and no. 2/2020 on 27 February 2020, there was the Audit Committee joining it. The Board of Directors has considered and assessed the sufficiency of the internal control systems of the Company and subsidiaries by using the assessment form for the sufficiency of the internal control systems of SEC and asking the information from the management of the Company. The Board of Directors had considered the internal control systems of the Company in 5 parts according to the guidelines of The Committee of Sponsoring Organizations of Treadway Commission ("COSO") which consists of

- (1) Control Environment
- (2) Risk Assessment
- (3) Control Activities
- (4) Information and Communication
- (5) Monitoring

## Opinions of the Internal Control Systems Auditors to Internal Control Systems

The Company had hired DIA Audit Company Limited ("DIA") to evaluate and monitor the internal control systems of the Company and 8 important company's subsidiaries, i.e. (1) Central Department Store Ltd. (CDS), (2) Robinson Public Company Limited (ROBINS), (3) CRC Sport Company Limited (SPS), (4) Power Buy Company Limited (PWB), (5) CRC Thai Watsadu Company Limited (CTD), (6) Central Food Retail Company Limited (CFR),

(7) Central Trading Company Limited (C-Trading), and (8) EB Hai Phong Joint Stock Company (EBH) (referred as "Central Retail"). The Company and those subsidiaries are the group of the Company which operating the core business covering the comprehensive operation of important activities. They are generating a great income or performance of group of the Company and provide advice regarding the controls of the Company that should have comply to good internal control principles which conformed to the SEC's sufficiency assessment form of internal control. The DIA's audit aims to understand the internal control systems, assess the overall risk of the Central Retail, and evaluate the overall initial internal control which covers important functions and businesses under the major retail brands of Central Retail. The DIA's audit is a preliminary assessment of internal control in accordance with the 5 elements of risk management according to the COSO in order to be able to manage the risk into an acceptable extent and to be able to achieve the objectives of the business in providing assurance to the various financial reports which have been separately evaluated at the organizational level and activity level of Central Retail. Their audit includes the inspection details as follows:

### Part 1 Organization and Environment

- The Company considers the operational goals through the preparation of the Company's strategic plan and reviewing the annual budget plan at the meeting of the Board of Directors. The Company's business operations adhere to ethics which requires the Company to conduct business with good corporate governance, transparency, and efficiency.
- The Company values the importance of integrity and ethics. The Board of Directors has set and created a good corporate governance policy, anti-corruption policy, and a handbook "Code of Conduct" in writing officially announced for the Company's employees at all level to follow. The said handbook specifies ethical requirements and regulations that the Company's employees at all levels should perform or not perform in a manner that may cause a conflict of interest with the business. There is also an internal audit department responsible for reviewing compliance with the Code of Conduct and a performance assessment policy which specifies ethical practices as one of the assessment criteria.

- The Company has set the roles and responsibilities of the Board of Directors through the Charter of the Board of Directors which specifies the duties and responsibilities of the directors in determining visions, strategies, business directions, goals, business plans, budgets, and management structures through the Company's strategic plan and the annual operation plan of the board.
- The Company creates the organization structure and divides the management structure with the Chief Executive Officer as the highest executive distributing his responsibilities to executives in each department as he deems appropriate. This helps the management department to operate more efficiently.
- The Company has an operation handbook for the human resource department and has a policy for evaluating the performance of employees specifying the guidelines for increasing salary and bonus for employees. The compensation such as salary, bonus, and long-term incentive compensation is one of the strategies of the Company and the performance measurement of employees under the rules or regulations of the Company. The Company also has a succession policy for recruiting successors to the position of the Chief Executive Officer and executives from department managers upward.
- The Company has established rules and regulations regarding the work of the Company. The rules and regulations for human resource management are in accordance with the requirements of the written labor protection law. The Company also stipulates job descriptions for employees at all levels to be aware of their responsibilities.

## **Part 2 Risk Management**

- The Company appointed 4 members of the Risk Policy Committee to be responsible for overseeing the risk management to be in accordance with the Charter approved by the Board of Directors and appointed Head of Enterprise Risk Management as the Secretary to the Risk Policy Committee.
- The Risk Policy Committee performed its responsibilities through the Risk Management Committee and the Management in establishing the risk management plans and overseeing the risk management of each business unit. The Management prepared the reports indicating risks in 4 areas; Strategic, Operational,

Financial and Compliance, considered key business drivers to achieve goals and key risk indicators to cover all aspects of risks according to nature of each business unit.

- After the risk management plans and measures have been approved, executives of each business unit assigned their subordinates at the supervisory level and oversaw them to perform the risk management measures.
- The Risk Management Committee monitored and reviewed the risks and risk indicators to report to the Risk Policy Committee at least twice a year.
- The Risk Policy Committee reported the results from implementing of the risk management plans to the Board of Directors after the meetings of the Risk Policy Meeting.

## **Part 3 Operation Control**

- The Company has set the structure of the department, job descriptions, and operational handbooks in line with the characteristics of the business of that department, including the scope of duties and the credit limit of each department at each level clearly and in writing. There is a handbook of operating authority and technology and information systems in operation and control. The Company hired RIS Company Limited as the information technology service provider in the operations and general controls of the information system.
- The Company divides responsibilities in various tasks clearly. They can be inspected with clear procedures in duties as follows:
  - (1) Approval
  - (2) Record accounting transactions and information
  - (3) Handle and store assets
- The Company constantly updates the new procedures of operation to be in line with the changing work system.
- The Company has monitored and reviewed Related Party Transactions or transactions that may cause conflicts of interest among shareholders, directors, executives, and related parties with the Policy to Prevent the Conflict of Interest, Related Party Transactions Policy, and Buying or Renting of Land for Business Operation from Related Person Policy in a control measure to make the related party transactions

or transactions that may cause conflicts of interest in accordance with the laws and regulations of SET. In case the value of the transaction reaches the specified significant criteria, before making a transaction, the management department must present the said transaction to the Audit Committee for comments, which is treated as the arm's length basis before proposing to the Board of Directors who have no interest in that transaction to consider. In addition, in order to control the operations of the subsidiaries and associates, the Company sets investment policies and oversee the operations of subsidiaries and associates in writing to monitor the operations of subsidiaries or associates, including appointing directors or executives in those subsidiaries or associates.

#### **Part 4 Information and Communication Measure**

- The Company has a policy to communicate various information of the Company to personnel in any position related to various matters through the human resource department.
- The Company provides sufficient important information and delivers such information before the meeting date for the Board of Directors making a decision.
- In each committee meeting, there are minutes of the meeting recording matters that the Board of Directors has approved or provided additional suggestions. The said important minutes are kept in accordance with the law.
- The Company has kept all accounting documents and accounts into categories and never been informed by the auditors that there was any flaw.
- The Company has a system to keep documents orderly, so the auditors, the internal auditors and the authorized person can inspect.
- The Company's financial statements are audited and approved by the auditors approved by SEC.
- The Company provides communication channels so that both internal and external stakeholders can report information or clues about fraud or corruption and also sets a policy to report clues about wrongdoing. The said policy stipulates protection of people who report clues or complaints.

#### **Part 5 Monitoring**

- The Company has a process to monitor "Code of Conduct" by the Company's internal audit department. For the subsidiaries, there is the Loss Prevention to oversee the order, the safety and the wrongdoing occurring within each company.
- In the case that the operating results are different significantly, the Company will organize executive meetings for each department to find the cause of the different results and assess the situation to find an immediate solution, and will report progress in corrective actions at the next executive committee meeting.
- The Company assigns the internal auditor to report the audit results directly to the Audit Committee regularly.
- The Company has a policy for the management department to report immediately to the Board of Directors in case of frauds or suspicious behaviors of serious corruptions, practices that violate the law or any other unusual actions which may affect the reputation and financial status of the Company significantly. This policy may be initially reported verbally and there will be a follow-up report in writing for presentation.

### **Head of Internal Audit**

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The Company has the internal audit department which is directly to the Audit Committee. The department is responsible for overseeing the operations of the internal audit to be independent, effective, and efficient. The Audit Committee meeting no. 1/2019, held on 28 March 2019, resolved to appoint Mr. Phisoot Suksangtip as Head of Internal Audit because he is knowledgeable and experienced completely as the qualifications specified in the Charter of Internal Audit Department. That is sufficient to be the controller of the said operation.

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## RELATED PARTY TRANSACTIONS

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## Persons who may have conflict of interest

Persons or juristic persons who may have conflict of interest	Nature of Business Operation	Relations with the Company
1. Mr. Suthichai Chirathivat ("Mr. Suthichai")	-	• Director
2. Mr. Suthikiati Chirathivat ("Mr. Suthikiati")	-	• Director
3. Mr. Sudhisak Chirathivat ("Mr. Sudhisak")	-	• Director
4. Mrs. Yuwadee Chirathivat ("Mrs. Yuwadee")	-	• Director
5. Mr. Suthilaksh Chirathivat ("Mr. Suthilaksh")	-	• Director
6. Mr. Prin Chirathivat ("Mr. Prin")	-	• Director
7. Mr. Tos Chirathivat ("Mr. Tos")	-	• Director
8. Mr. Pichai Chirathivat ("Mr. Pichai")	-	• Director
9. Mr. Suthiphand Chirathivat <sup>(1)</sup> ("Mr. Suthiphand")	-	• Director, on the date of transaction
10. Mr. Suthisarn Chirathivat <sup>(1)</sup> ("Mr. Suthisarn")	-	• Director, on the date of transaction
11. Mr. Sudhitham Chirathivat <sup>(2)</sup> ("Mr. Sudhitham")	-	• Director, on the date of transaction
12. Mr. Narongrit Chirathivat <sup>(2)</sup> ("Mr. Narongrit")	-	• Director, on the date of transaction
13. Ms. Sukulaya Uahwatanasakul <sup>(2)</sup> ("Ms. Sukulaya")	-	• Director, on the date of transaction
14. Mr. Suthichart Chirathivat	-	• Brother of 7 Directors of the Company including (1) Mr. Suthichai, (2) Mr. Suthikiati, (3) Mr. Sudhisak, (4) Mr. Suthilaksh, (5) Mr. Suthiphand (on the transaction date), (6) Mr. Suthisarn (on the transaction date), and (7) Mr. Sudhitham (on the transaction date)
15. Mr. Suthidech Chirathivat	-	• Brother of 7 Directors of the Company including (1) Mr. Suthichai, (2) Mr. Suthikiati, (3) Mr. Sudhisak, (4) Mr. Suthilaksh, (5) Mr. Suthiphand (on the transaction date), (6) Mr. Suthisarn (on the transaction date), and (7) Mr. Sudhitham (on the transaction date)
16. Mr. Suthipak Chirathivat	-	• Brother of 7 Directors of the Company including (1) Mr. Suthichai, (2) Mr. Suthikiati, (3) Mr. Sudhisak, (4) Mr. Suthilaksh, (5) Mr. Suthiphand (on the transaction date), (6) Mr. Suthisarn (on the transaction date), and (7) Mr. Sudhitham (on the transaction date)
17. Khunying Suchitra Mongkolkiti	-	• Brother of 7 Directors of the Company including (1) Mr. Suthichai, (2) Mr. Suthikiati, (3) Mr. Sudhisak, (4) Mr. Suthilaksh, (5) Mr. Suthiphand (on the transaction date), (6) Mr. Suthisarn (on the transaction date), and (7) Mr. Sudhitham (on the transaction date)
18. Mrs. Sukanya Promphan	-	• Sister of 7 Directors of the Company including (1) Mr. Suthichai, (2) Mr. Suthikiati, (3) Mr. Sudhisak, (4) Mr. Suthilaksh, (5) Mr. Suthiphand (on the transaction date), (6) Mr. Suthisarn (on the transaction date), and (7) Mr. Sudhitham (on the transaction date)
19. Mrs. Supatra Chirathivat	-	• Sister of 7 Directors of the Company including (1) Mr. Suthichai, (2) Mr. Suthikiati, (3) Mr. Sudhisak, (4) Mr. Suthilaksh, (5) Mr. Suthiphand (on the transaction date), (6) Mr. Suthisarn (on the transaction date), and (7) Mr. Sudhitham (on the transaction date)
20. Mrs. Achara Chirativat	-	• Sister of 7 Directors of the Company including (1) Mr. Suthichai, (2) Mr. Suthikiati, (3) Mr. Sudhisak, (4) Mr. Suthilaksh, (5) Mr. Suthiphand (on the transaction date), (6) Mr. Suthisarn (on the transaction date), and (7) Mr. Sudhitham (on the transaction date)
21. Mrs. Piyaphan Chirathivat	-	• Sister of 7 Directors of the Company including (1) Mr. Suthichai, (2) Mr. Suthikiati, (3) Mr. Sudhisak, (4) Mr. Suthilaksh, (5) Mr. Suthiphand (on the transaction date), (6) Mr. Suthisarn (on the transaction date), and (7) Mr. Sudhitham (on the transaction date)

**Remarks:**

<sup>(1)</sup> Being the Company's director until 15 March 2019

<sup>(2)</sup> Being the Company's director until 20 May 2018

Persons or juristic persons who may have conflict of interest	Nature of Business Operation	Relations with the Company
22. Mrs. Busaba Chirathivat	-	<ul style="list-style-type: none"> <li>Sister of 7 Directors of the Company including (1) Mr. Suthichai, (2) Mr. Suthikiati, (3) Mr. Sudhisak, (4) Mr. Suthilaksh, (5) Mr. Suthiphand (on the transaction date), (6) Mr. Suthisarn (on the transaction date), and (7) Mr. Sudhitham (on the transaction date)</li> </ul>
23. Mrs. Wallaya Chirathivat	-	<ul style="list-style-type: none"> <li>Sister of 7 Directors of the Company including (1) Mr. Suthichai, (2) Mr. Suthikiati, (3) Mr. Sudhisak, (4) Mr. Suthilaksh, (5) Mr. Suthiphand (on the transaction date), (6) Mr. Suthisarn (on the transaction date), and (7) Mr. Sudhitham (on the transaction date)</li> </ul>
24. Mrs. Nathaya Chirathivat	-	<ul style="list-style-type: none"> <li>Sister of 7 Directors of the Company including (1) Mr. Suthichai, (2) Mr. Suthikiati, (3) Mr. Sudhisak, (4) Mr. Suthilaksh, (5) Mr. Suthiphand (on the transaction date), (6) Mr. Suthisarn (on the transaction date), and (7) Mr. Sudhitham (on the transaction date)</li> </ul>
25. Mrs. Jariya Chirathivat	-	<ul style="list-style-type: none"> <li>Sister of 7 Directors of the Company including (1) Mr. Suthichai, (2) Mr. Suthikiati, (3) Mr. Sudhisak, (4) Mr. Suthilaksh, (5) Mr. Suthiphand (on the transaction date), (6) Mr. Suthisarn (on the transaction date), and (7) Mr. Sudhitham (on the transaction date)</li> </ul>
26. Mrs. Oranee Chirathivat	-	<ul style="list-style-type: none"> <li>Wife of the Director or Mr. Suthichai</li> </ul>
27. Mr. Narattah Chirathivat	-	<ul style="list-style-type: none"> <li>Son of the Director or Mr. Suthichai</li> </ul>
28. Ms. Sansana Chirathivat	-	<ul style="list-style-type: none"> <li>Daughter of the Director or Mr. Suthichai</li> </ul>
29. Ms. Chirathivat Chirathivat	-	<ul style="list-style-type: none"> <li>Daughter of the Director or Mr. Suthichai</li> </ul>
30. Mr. Dvis Chirathivat	-	<ul style="list-style-type: none"> <li>Son of the Director or Mr. Suthichai</li> </ul>
31. Mr. Thiradej Chirathivat	-	<ul style="list-style-type: none"> <li>Son of the Director or Mr. Suthikiati</li> </ul>
32. Mr. Thirayuth Chirathivat	-	<ul style="list-style-type: none"> <li>Son of the Director or Mr. Suthikiati</li> </ul>
33. Mr. Theerakiati Chirathivat	-	<ul style="list-style-type: none"> <li>Son of the Director or Mr. Suthikiati</li> </ul>
34. Mrs. Somkamol Vejjajiva	-	<ul style="list-style-type: none"> <li>Daughter of the Director or Mr. Suthikiati</li> </ul>
35. Mr. Patsarakorn Chirathivat	-	<ul style="list-style-type: none"> <li>Son of the Director or Mr. Suthikiati</li> </ul>
36. Mr. Isareit Chirathivat	-	<ul style="list-style-type: none"> <li>Son of the Director or Mr. Sudhisak</li> </ul>
37. Mrs. Arunee Chirathivat	-	<ul style="list-style-type: none"> <li>Sister of 3 Directors including (1) Mrs. Yuwadee, (2) Mr. Prin, and (3) Mr. Tos</li> </ul>
38. Mrs. Nidsinee Chirathivat	-	<ul style="list-style-type: none"> <li>Sister of 3 Directors including (1) Mrs. Yuwadee, (2) Mr. Prin, and (3) Mr. Tos</li> </ul>
39. Mrs. Sirikate Chirakiti	-	<ul style="list-style-type: none"> <li>Sister of 3 Directors including (1) Mrs. Yuwadee, (2) Mr. Prin, and (3) Mr. Tos</li> </ul>
40. Mrs. Netanong Chirathivat	-	<ul style="list-style-type: none"> <li>Sister of 3 Directors including (1) Mrs. Yuwadee, (2) Mr. Prin, and (3) Mr. Tos</li> </ul>
41. Mr. Kriengsakdi Chirathivat	-	<ul style="list-style-type: none"> <li>Sister of 3 Directors including (1) Mrs. Yuwadee, (2) Mr. Prin, and (3) Mr. Tos</li> </ul>
42. Mrs. Sakolsri Maleenon	-	<ul style="list-style-type: none"> <li>Sister of 3 Directors including (1) Mrs. Yuwadee, (2) Mr. Prin, and (3) Mr. Tos</li> </ul>
43. Mr. Chodok Bhicharnchitr	-	<ul style="list-style-type: none"> <li>Son of the Director or Mrs. Yuwadee</li> </ul>
44. Mr. Barom Bhicharnchitr	-	<ul style="list-style-type: none"> <li>Son of the Director or Mrs. Yuwadee</li> </ul>
45. Mrs. Woraluksanai Bhicharnchitr	-	<ul style="list-style-type: none"> <li>Daughter of the Director or Mrs. Yuwadee</li> </ul>
46. Mr. Watt Chirathivat	-	<ul style="list-style-type: none"> <li>Brother of the Director or Mr. Pichai</li> </ul>
47. Mr. Kobchai Chirathivat	-	<ul style="list-style-type: none"> <li>Brother of the Director or Mr. Pichai</li> </ul>
48. Mr. Ton Chirathivat	-	<ul style="list-style-type: none"> <li>Son of the Director on the Date of Transaction or Mr. Sudhitham</li> </ul>
49. Mrs. Juthatham Chirathivat	-	<ul style="list-style-type: none"> <li>Daughter of the Director on the Date of Transaction or Mr. Sudhitham</li> </ul>
50. Mrs. Wantanee Chirathivat	-	<ul style="list-style-type: none"> <li>Wife of the Director on the Date of Transaction or Mr. Narongrit</li> </ul>
51. Mrs. Napim Chirathivat	-	<ul style="list-style-type: none"> <li>Daughter of the Director on the Date of Transaction or Mr. Narongrit</li> </ul>
52. Mr. Naputt Chirathivat	-	<ul style="list-style-type: none"> <li>Son of the Director on the Date of Transaction or Mr. Narongrit</li> </ul>
53. Mr. Napon Chirathivat	-	<ul style="list-style-type: none"> <li>Son of the Director on the Date of Transaction or Mr. Narongrit</li> </ul>
54. Mr. Suparat Chirathivat	-	<ul style="list-style-type: none"> <li>Brother of the Director on the Date of Transaction or Ms. Sukulaya</li> </ul>
55. Mr. Chanavat Chirathivat	-	<ul style="list-style-type: none"> <li>Brother of the Director on the Date of Transaction or Ms. Sukulaya</li> </ul>
56. RIS Company Limited ("RIS")	Computer System Services and Sales of Computer Accessories	<ul style="list-style-type: none"> <li>Ms. Sukulaya, who held the position of the Company's director on the date of transaction, directly holds 10% of the shares and indirectly holds 65% of the shares via Asia Multiple Company Limited.</li> <li>This company is not considered as a person who may have conflict of interest since Ms. Sukulaya Uahwatanasakul is not currently a director. <sup>(3)</sup></li> </ul>

**Remarks:**

<sup>(3)</sup> Being the Company's director until 20 May 2018

Persons or juristic persons who may have conflict of interest	Nature of Business Operation	Relations with the Company
<b>The companies of which major shareholder is the person who may have conflict of interest ("Other Groups of Companies")</b>		
57. SALA Phuket Company Limited	Hospitality	<ul style="list-style-type: none"> <li>The following directors of the Company directly hold the shares: (1) Mr. Tos directly holds 35% of the shares, (2) Mr. Suthilaksh directly holds 25% of the shares, (3) Mr. Prin directly holds 15% of the shares, and (4) Mr. Suthisarn who held the position of the Company's director on the date of transaction directly holds 5% of the shares.</li> <li>One of its Board of Directors member is the same as the Company's, which is Mr. Suthilaksh.</li> </ul>
58. Sala Rattnankosin Company Limited	Hospitality	<ul style="list-style-type: none"> <li>The following directors of the Company directly hold the shares: (1) Mr. Tos directly holds 21% of the shares, (2) Mr. Pichai directly holds 18% of the shares, (3) Mr. Prin directly holds 12.5% of the shares, and (4) Mr. Suthisarn who held the position of the Company's director on the date of transaction directly holds 21% of the shares.</li> </ul>
59. Sapasimanee Company Limited	Hospitality	<ul style="list-style-type: none"> <li>Directors of the Company, (1) Mr. Tos and relevant persons and (2) Mr. Suthilaksh, indirectly hold shares in SALA Samui Company Limited and Samui Leam Samrong Company Limited at 55% and 40%, respectively.</li> <li>One of its Board of Directors member is the same as the Company's, which is Mr. Suthilaksh.</li> </ul>
60. Plaengpakthammachart Company Limited	Vegetable and Fruit Supplies	<ul style="list-style-type: none"> <li>The Company's director on the date of transaction, Mr. Suthisarn, directly holds 50% of the shares.</li> <li>One of its Board of Directors member is the same as the Company's, which is Mr. Suthisarn (on the date of transaction).</li> <li>This company is not considered as a person who may have conflict of interest since Mr. Suthisarn Chirathivat is not currently a director.<sup>(4)</sup></li> </ul>
61. Five Senses Company Limited	Hospitality	<ul style="list-style-type: none"> <li>The Company's director on the date of transaction, Mr. Suthisarn, directly holds 20% of the shares.</li> <li>One of its Board of Directors member is the same as the Company's, which is Mr. Suthisarn (on the date of transaction).</li> <li>This company is not considered as a person who may have conflict of interest since Mr. Suthisarn Chirathivat is not currently a director.<sup>(5)</sup></li> </ul>
62. Brothers Holding Company Limited	Personal and Household Supplies Rental Service	<ul style="list-style-type: none"> <li>The following directors of the Company directly hold the shares: (1) Mr. Prin and relevant persons directly hold 99.98% of the shares and (2) Mr. Tos and relevant persons directly hold 0.01% of the shares.</li> <li>Two of its Board of Directors members are the same as the Company's, which are (1) Mr. Prin and (2) Mr. Tos.</li> </ul>
63. Jindatawee Company Limited	Hospitality	<ul style="list-style-type: none"> <li>The following directors of the Company directly hold the shares: (1) Mr. Tos and relevant persons directly hold 50% of the shares and (2) Mr. Suthisarn, held the position of director on the date of transaction, directly hold 50% of the shares.</li> <li>Two of its Board of Directors members are the same as the Company's, which are (1) Mr. Tos and (2) Mr. Suthisarn (on the date of transaction).</li> </ul>
64. Osodtong Company Limited	Hospitality	<ul style="list-style-type: none"> <li>The following directors of the Company directly hold the shares: (1) Mr. Prin directly holds 20% of the shares, (2) Mr. Tos directly holds 20% of the shares, and (3) Mrs. Yuwadee directly holds 10% of the shares.</li> </ul>
65. Terra Cottage Company Limited	Hospitality	<ul style="list-style-type: none"> <li>A director of the Company, (1) Mr. Suthilaksh, directly holds 20% of the shares.</li> <li>One of its Board of Directors members is the same as the Company's, which is (1) Mr. Suthilaksh.</li> </ul>
66. Post-ACP Company Company Limited	Publishing Media	<ul style="list-style-type: none"> <li>A director of the Company, (1) Mr. Suthiliati, indirectly holds the shares via Post International Media Company Limited which directly holds 70.12% of the shares.</li> <li>One of its Board of Directors members is the same as the Company's, which is (1) Mr. Suthiliati.</li> </ul>
67. Food Passion Company Limited	Restaurant	<ul style="list-style-type: none"> <li>A director of the Company, (1) Mr. Suthilaksh, directly holds 11.2% of the shares.</li> <li>One of its Board of Directors members is the same as the Company's, which is (1) Mr. Suthilaksh.</li> </ul>

**Remarks:**

<sup>(4)</sup> Being the Company's director until 15 March 2019

<sup>(5)</sup> Being the Company's director until 15 March 2019

<b>Persons or juristic persons who may have conflict of interest</b>	<b>Nature of Business Operation</b>	<b>Relations with the Company</b>
68. Stork (Thailand) Company Limited	Restaurant	<ul style="list-style-type: none"> <li>A director of the Company, (1) Mr. Suthilaksh, directly holds 15% of the shares.</li> <li>One of its Board of Directors members is the same as the Company's, which is (1) Mr. Suthilaksh.</li> </ul>
69. F.T. Sales and Servic Company Limited	Car Care Service and Supply of Auto Parts and Accessories	<ul style="list-style-type: none"> <li>A director of the Company, (1) Mr. Prin, directly holds 10% of the shares.</li> </ul>
70. Pingsawan Company Limited	Hospitality	<ul style="list-style-type: none"> <li>The following directors of the Company directly hold the shares: (1) Mr. Prin directly holds 17.5% of the shares, (2) Mr. Tos directly holds 17.5% of the shares, and (3) Mrs. Yuwadee directly holds 10% of the shares.</li> </ul>
71. Spicy Disc Company Limited	Audio Disc Supply	<ul style="list-style-type: none"> <li>A director of the Company, (1) Mr. Pichai, directly holds 99.85% of the shares.</li> <li>One of its Board of Directors members is the same as the Company's, which is (1) Mr. Pichai.</li> </ul>
<b>Harng Central Department Store Limited ("HCDS") and Its Subsidiaries called together with HCDS as the "HCDS Group"</b>		
72. Harng Central Department Store Limited ("HCDS")	Holding Company and Provider of Service and Consultation regarding Management of Business, Asset, and Operation to the Subsidiaries	<ul style="list-style-type: none"> <li>The major shareholder of the Company directly holding 44.98% of the Company's shares</li> <li>Nine of its Board of Directors members are the same as the Company's including (1) Mr. Suthichai, (2) Mr. Suthikiati, (3) Mr. Sudhisak, (4) Mr. Suthilaksh, (5) Mr. Prin, (6) Mr. Tos, (7) Mr. Sudhitham (on the date of transaction), (8) Mr. Narongrit (on the date of transaction), and (9) Ms. Sukulaya (on the date of transaction).</li> </ul>
73. Central Food Retail Ratchada Company Limited	Real Estate Holding Company	<ul style="list-style-type: none"> <li>The major shareholder is HCDS which directly holds 100% of the shares.</li> <li>Five of its Board of Directors members are the same as the Company's including (1) Mr. Prin, (2) Mr. Tos, (3) Mr. Naronit (on the date of transaction), (4) Mrs. Wimonmas Kuakomondech ("Mrs. Wimonmas") (on the date of transaction), and (5) Ms. Sukulaya (on the date of transaction).</li> </ul>
74. Central Embassy Hotel Company Limited	Hospitality	<ul style="list-style-type: none"> <li>The major shareholder is HCDS which directly holds 100% of the shares.</li> <li>Six of its Board of Directors members are the same as the Company's including (1) Mr. Suthilaksh, (2) Mrs. Yuwadee, (3) Mr. Prin, (4) Mr. Tos, (5) Mrs. Wimonmas (on the date of transaction), and (6) Ms. Sukulaya (on the date of transaction).</li> </ul>
75. Overseas Fashions Company Limited	Real Estate Holding Company	<ul style="list-style-type: none"> <li>The major shareholder is HCDS which directly holds 100% of the shares.</li> <li>Four of its Board of Directors members are the same as the Company's including (1) Mr. Suthichai, (2) Mrs. Yuwadee, (3) Mr. Prin, and (4) Mr. Sudhitham (on the date of transaction).</li> </ul>
76. Overseas Fashions Joint Stock Company	Fashion Retail in Vietnam	<ul style="list-style-type: none"> <li>The major shareholder is HCDS indirectly holding shares via Overseas Fashions Company Limited which directly holds 100% of the shares</li> <li>On the date of this document issuance, Overseas Fashions Joint Stock Company is reducing business activities and expected for close down within 3 years referring to the remain leasing time of the current contract.</li> </ul>
77. CRC Power Retail Company Limited	Real Estate Holding Company	<ul style="list-style-type: none"> <li>The major shareholder is HCDS which directly holds 100% of the shares.</li> <li>Six of its Board of Directors members are the same as the Company's including (1) Mr. Suthilaksh, (2) Mr. Prin, (3) Mr. Tos, (4) Mr. Sudhisarn (on the date of transaction), (5) Mrs. Wimonmas (on the date of transaction), and (6) Ms. Sukulaya (on the date of transaction).</li> </ul>
78. Central WHA Alliance Company Limited	Warehouse, Goods Distribution Center, and Facilities Project Developer	<ul style="list-style-type: none"> <li>The major shareholder is HCDS indirectly holding shares via CRC Power Retail Company Limited which directly holds 50% of the shares.</li> <li>Two of its Board of Directors members are the same as the Company's, which are (1) Mr. Prin and (2) Mr. Sudhisarn (on the date of transaction).</li> </ul>
79. Teenee Khonkaen Company Limited	Real Estate Holding Company	<ul style="list-style-type: none"> <li>The major shareholder is HCDS which directly holds 100% of the shares.</li> <li>Three of its Board of Directors members are the same as the Company's, which are (1) Mr. Prin, (2) Mr. Narongrit (on the date of transaction) and (3) Ms. Sukulaya (on the date of transaction).</li> </ul>
80. Teenee Wongsawang Company Limited	Real Estate Holding Company	<ul style="list-style-type: none"> <li>The major shareholder is HCDS which directly holds 100% of the shares.</li> <li>Three of its Board of Directors members are the same as the Company's, which are (1) Mr. Prin, (2) Mr. Narongrit (on the date of transaction) and (3) Ms. Sukulaya (on the date of transaction).</li> </ul>

<b>Persons or juristic persons who may have conflict of interest</b>	<b>Nature of Business Operation</b>	<b>Relations with the Company</b>
81. Central Wealth Solution Mutual Fund Brokerage Securities Company Limited	Mutual Fund Broker	<ul style="list-style-type: none"> <li>The major shareholder is HCDS which directly holds 100% of the shares.</li> <li>Three of its Board of Directors members are the same as the Company's, which are (1) Mr. Suthilaksh, (2) Mr. Parin and (3) Mr. Narongrit (on the date of transaction).</li> <li>The Company's management, Mr. Piya Nguiakaramahawongse ("Mr. Piya"), holds the position of director.</li> </ul>
82. Evergrow Asia Ltd.	Holding Company	<ul style="list-style-type: none"> <li>The major shareholder is HCDS which directly holds 100% of the shares.</li> <li>Three of its Board of Directors members are the same as the Company's, which are (1) Mr. Suthilaksh, (2) Mr. Prin and (3) Ms. Tos.</li> </ul>
83. Baby Kiko Sdn. Bhd.	Holding Company	<ul style="list-style-type: none"> <li>The major shareholder is HCDS indirectly holding shares via Evergrow Asia Ltd. which directly holds 100% of the shares.</li> <li>Two of its Board of Directors members are the same as the Company's, which are (1) Mr. Prin and (2) Mr. Pichai.</li> </ul>
84. ANIR One Ltd.	Holding Company	<ul style="list-style-type: none"> <li>The major shareholder is HCDS which directly holds 100% of the shares.</li> <li>Two of its Board of Directors members are the same as the Company's, which are (1) Mr. Prin and (2) Mr. Tos.</li> </ul>
85. CRC Luxembourg S.a.r.l.	Holding Company	<ul style="list-style-type: none"> <li>The major shareholder is HCDS which directly holds 100% of the shares.</li> <li>Three of its Board of Directors members are the same as the Company's, which are (1) Mr. Parin, (2) Mr. Tos and (3) Mr. Sudhitham (on the date of transaction).</li> </ul>
86. Illum A/S	Department Store Retail in Denmark	<ul style="list-style-type: none"> <li>The major shareholder is HCDS indirectly holding shares via CRC Luxembourg S.a.r.l. which directly holds 99.12% of the shares.</li> </ul>
87. Rina Estate Italia S.r.l.	Real Estate Holding Company	<ul style="list-style-type: none"> <li>The major shareholder is HCDS indirectly holding shares via CRC Luxembourg S.a.r.l. which directly holds 100% of the shares.</li> <li>Four of its Board of Directors members are the same as the Company's, which are (1) Mrs. Yuwadee, (2) Ms. Parin, (3) Mr. Tos and (4) Mr. Sudhitham (on the date of transaction).</li> </ul>
88. Lagrange Estate S.r.l.	Real Estate Holding Company	<ul style="list-style-type: none"> <li>The major shareholder is HCDS indirectly holding shares via CRC Luxembourg S.a.r.l. which directly holds 100% of the shares.</li> <li>Four of its Board of Directors members are the same as the Company's, which are (1) Mrs. Yuwadee, (2) Ms. Parin, (3) Mr. Tos and (4) Mr. Sudhitham (on the date of transaction).</li> </ul>
89. PT Central Retail Indonesia	Department Store in Indonesia	<ul style="list-style-type: none"> <li>The major shareholder is HCDS indirectly holding shares via CRC Luxembourg S.a.r.l. which directly holds 99.98% of the shares.</li> <li>Two of its Board of Directors members are the same as the Company's, which are (1) Mrs. Yuwadee and (2) Mr. Prin.</li> </ul>
90. The KaDeWe Group GmbH	Department Store Retail in German	<ul style="list-style-type: none"> <li>The major shareholder is HCDS indirectly holding shares via The KaDeWe Group Holding GmbH directly holding 100% of the shares whose shares are indirectly held by HCDS via CRC Luxembourg S.a.r.l. which directly holds 50.10% of its shares.</li> </ul>
91. Central Insurance Services Company Limited	Casualty Insurance Broker	<ul style="list-style-type: none"> <li>The major shareholder is HCDS which directly holds 100% of the shares.</li> <li>Three of its Board of Directors members are the same as the Company's, which are (1) Mr. Tos, (2) Mr. Narongrit (on the date of transaction) and (3) Ms. Sukulaya (on the date of transaction).</li> <li>The Company's management, Mr. Piya, holds the position of director.</li> </ul>
92. Bangna Department Store Company Limited	Real Estate Holding Company	<ul style="list-style-type: none"> <li>The major shareholder is HCDS which indirectly holds 100% of the shares.</li> <li>Nine of its Board of Directors members are the same as the Company's including (1) Mr. Suthichai, (2) Mr. Suthikiat, (3) Mr. Suthilaksh (4) Mrs. Yuwadee, (5) Mr. Prin, (6) Mr. Tos, (7) Mr. Sudhitham (on the date of transaction), (8) Mr. Narongrit (on the date of transaction), and (9) Ms. Sukulaya (on the date of transaction).</li> </ul>
93. Z Retail Tech Company Limited	Retail Done via Online Channel and Trading Medium	<ul style="list-style-type: none"> <li>The major shareholder is HCDS which directly holds 100% of the shares.</li> <li>Three of its Board of Directors members are the same as the Company's, which are (1) Mrs. Yuwadee, (2) Mr. Narongrit (on the date of transaction) and (3) Ms. Sukulaya (on the date of transaction).</li> <li>Employee and business has been transferred to the Company since 28 September 2018 but some of trading operation, such as computer platform service, are still operating.</li> </ul>

<b>Persons or juristic persons who may have conflict of interest</b>	<b>Nature of Business Operation</b>	<b>Relations with the Company</b>
94. Onward Holding Company Limited	Holding Company	<ul style="list-style-type: none"> <li>The major shareholder is HCDS which directly holds 100% of the shares.</li> <li>Six of its Board of Directors members are the same as the Company's, which are (1) Mr. Suthilaksh, (2) Ms. Parin, (3) Mr. Tos, (4) Mr. Suthichai, (5) Mr. Sudhisak, and (6) Mr. Sudhitham (on the date of transaction).</li> </ul>
95. Central Payment Company Limited	Gift Voucher Supplier	<ul style="list-style-type: none"> <li>The major shareholder is HCDS which directly holds 100% of the shares.</li> <li>Six of its Board of Directors members are the same as the Company's including (1) Mr. Suthilaksh, (2) Mrs. Yuwadee, (3) Mr. Prin, (4) Mr. Tos, (5) Mr. Narongrit (on the date of transaction), and (6) Ms. Sukulaya (on the date of transaction).</li> </ul>
96. The1 Central Company Limited	Reward Point Trade and Relevant Services	<ul style="list-style-type: none"> <li>The major shareholder is HCDS which directly holds 100% of the shares.</li> <li>Three of its Board of Directors members are the same as the Company's, which are (1) Mr. Prin, (2) Mr. Yol Phokasub ("Mr. Yol"), and (3) Ms. Sukulaya (on the date of transaction).</li> </ul>
97. Dining Sensations Company Limited	Restaurants and Fine Dining	<ul style="list-style-type: none"> <li>The major shareholder is HCDS indirectly holding shares via Onward Holding Company Limited which directly holds 100% of the shares.</li> <li>Now, the restaurant business operation has not been done since 2 June 2018.</li> <li>One of its Board of Directors members is the same as the Company's, which is Ms. Sukulaya (on the date of transaction).</li> </ul>
98. Central People Development Center Company Limited	Business and Conference Service	<ul style="list-style-type: none"> <li>The major shareholder is HCDS indirectly holding shares via Dining Sensations Company Limited which directly holds 100% of the shares.</li> <li>Ten of its Board of Directors members are the same as the Company's including (1) Mr. Suthilaksh, (2) Mrs. Yuwadee, (3) Mr. Prin (4) Mr. Tos, (5) Mr. Suthikiati, (6) Mr. Suthichai, (7) Mr. Sudhisak, (8) Mr. Sudhitham (on the date of transaction), (9) Mr. Narongrit (on the date of transaction), and (10) Ms. Sukulaya (on the date of transaction).</li> <li>The Company's management, Mr. Piya, holds the position of director.</li> </ul>
99. Central Retail International Ltd.	Ownership of Trademark Registered in Foreign Countries	<ul style="list-style-type: none"> <li>The major shareholder is HCDS indirectly holding shares via San Simeon Investment Ltd. which directly holds 100% of the shares.</li> <li>One of its Board of Directors members is the same as the Company's, which is Ms. Sukulaya (on the date of transaction).</li> </ul>
100. Suannaklua Company Limited	Real Estate Holding Company	<ul style="list-style-type: none"> <li>The major shareholder is HCDS which directly holds 74.92% of the shares and indirectly holds the shares via Tiang Chirathivat Real Estate Company Limited which directly holds 25.08% of the shares.</li> <li>Six of its Board of Directors members are the same as the Company's including (1) Mr. Suthichai, (2) Mr. Suthikiati, (3) Mr. Suthilaksh, (4) Mr. Prin, (5) Mr. Tos, (6) Mr. Pichai, and (7) Ms. Sukulaya (on the date of transaction).</li> </ul>
101. Central Garment Factory Company Limited	Fashion Manufacturing	<ul style="list-style-type: none"> <li>The major shareholder is HCDS which directly holds 69.71% of the shares.</li> <li>Seven of its Board of Directors members are the same as the Company's including (1) Mr. Suthichai, (2) Mr. Suthikiati, (3) Mr. Sudhisak, (4) Mr. Pin, (5) Mr. Tos, (6) Mr. Pichai, and (7) Ms. Sukulaya (on the date of transaction).</li> <li>Now, the company has 1 facility which is planned to transfer to the Group.</li> </ul>
102. Central Thonburi Company Limited	Real Estate Holding Company	<ul style="list-style-type: none"> <li>The major shareholder is HCDS which directly holds 48.77% of the shares and indirectly holds the shares via Tiang Chirathivat Real Estate Company Limited which directly holds 41.21% of the shares and CDS Holding Company Limited which directly holds 10.02% of the shares.</li> <li>Eight of its Board of Directors members are the same as the Company's including (1) Mr. Suthichai, (2) Mr. Suthikiati, (3) Mr. Sudhisak, (4) Mr. Suthilaksh, (5) Mr. Prin, (6) Mr. Tos, (7) Mr. Narongrit and (8) Ms. Sukulaya (on the date of transaction).</li> </ul>
103. Central Marketing Group Intertrade Company Limited	Real Estate Holding Company	<ul style="list-style-type: none"> <li>The major shareholder is HCDS which directly holds 45.57% of the shares and indirectly holds the shares via Tiang Chirathivat Real Estate Company Limited which directly holds 54.43% of the shares.</li> <li>Six of its Board of Directors members are the same as the Company's including (1) Mr. Suthichai, (2) Mr. Suthilaksh, (3) Mr. Prin, (4) Mr. Sudhitham (on the date of transaction), (5) Mr. Narongrit (on the date of transaction), and (6) Ms. Sukulaya (on the date of transaction).</li> </ul>

<b>Persons or juristic persons who may have conflict of interest</b>	<b>Nature of Business Operation</b>	<b>Relations with the Company</b>
104. Prin Intertrade Company Limited	Real Estate Holding Company	<ul style="list-style-type: none"> <li>The major shareholder is HCDS which directly holds 71.00% of the shares and indirectly holds the shares via Central Garment Factory Company Limited which directly holds 29% of the shares.</li> <li>Seven of its Board of Directors members are the same as the Company's including (1) Mr. Suthichai, (2) Mr. Suthikiati, (3) Mr. Sudhisak, (4) Mr. Prin, (5) Mr. Tos, (6) Mr. Pichai, and (7) Ms. Sukulaya (on the date of transaction).</li> </ul>
105. Central JD Commerce Company Limited	Retail Done via Online Channel and Trading Medium	<ul style="list-style-type: none"> <li>The major shareholder is HCDS which directly holds 50% of the shares.</li> <li>It has the same director with the Company which is Mr. Yol.</li> </ul>
106. Central JD Money Company Limited	Electronic Payment System Service	<ul style="list-style-type: none"> <li>The major shareholder is HCDS indirectly holding shares via Central JD Fintech Company Limited which directly holds 100% of the shares.</li> <li>Two of its Board of Directors members are the same as the Company's, which are (1) Mr. Prin and (2) Mr. Yol.</li> <li>The Company's management, Mr. Piya, holds the position of director.</li> </ul>
107. C.D.S. Restaurant Company Limited	Restaurants and Fine Dining	<ul style="list-style-type: none"> <li>The major shareholder is HCDS indirectly holding shares via Central Thonburi Company Limited which directly holds 61.11% of the shares.</li> <li>Four of its Board of Directors members are the same as the Company's including (1) Mr. Suthichai, (2) Mr. Suthikiati, (3) Mr. Suthilaksh, and (4) Mr. Narongrit (on the date of transaction).</li> </ul>
108. Shop Global (Thailand) Company Limited	Retail Done via Representative	<ul style="list-style-type: none"> <li>The major shareholder is HCDS which directly holds 30% of the shares (on the date of transaction).</li> <li>Two of its Board of Directors members are the same as the Company's, which are (1) Mrs. Yuwadee and (2) Ms. Sukulaya (on the date of transaction).</li> <li>This company is not considered as a person who may have conflict of interest since HCDS has sold all the shares it held to the outsider on 1 October 2018.</li> </ul>
109. Tiang Chirathivat Real Estate Company Limited	Real Estate Holding Company	<ul style="list-style-type: none"> <li>The major shareholder is HCDS which directly holds 29.84% of the shares.</li> <li>Nine of its Board of Directors members are the same as the Company's including (1) Mr. Suthichai, (2) Mr. Suthikiati, (3) Mr. Sudhisak, (4) Mr. Suthilaksh, (5) Mr. Prin, (6) Mr. Tos, (7) Mr. Sudhitham (on the date of transaction), (8) Mr. Narongrit (on the date of transaction), and (9) Ms. Sukulaya (on the date of transaction).</li> </ul>
110. Ploenruee Company Limited	Real Estate Holding Company	<ul style="list-style-type: none"> <li>The major shareholder is HCDS indirectly holding shares via Tiang Chirathivat Real Estate Company Limited which directly holds 100% of the shares.</li> <li>Eight of its Board of Directors members are the same as the Company's including (1) Mr. Suthichai, (2) Mr. Sudhisak, (3) Mr. Suthilaksh, (4) Mr. Prin, (5) Mr. Tos, (6) Mr. Sudhitham (on the date of transaction), (7) Mr. Narongrit (on the date of transaction), and (8) Ms. Sukulaya (on the date of transaction).</li> </ul>
111. Paton 1 Company Limited	Real Estate Holding Company	<ul style="list-style-type: none"> <li>The major shareholder is HCDS indirectly holding shares via Tiang Chirathivat Real Estate Company Limited which directly holds 100% of the shares.</li> <li>Six of its Board of Directors members are the same as the Company's including (1) Mr. Suthichai, (2) Mr. Suthikiati, (3) Mr. Suthilaksh, (4) Mr. Pin, (5) Mr. Narongrit (on the date of transaction), and (6) Ms. Sukulaya (on the date of transaction).</li> </ul>
112. Paton 3 Company Limited	Real Estate Holding Company	<ul style="list-style-type: none"> <li>The major shareholder is HCDS indirectly holding shares via Tiang Chirathivat Real Estate Company Limited which directly holds 100% of the shares.</li> <li>Six of its Board of Directors members are the same as the Company's including (1) Mr. Suthichai, (2) Mr. Suthikiati, (3) Mr. Suthilaksh, (4) Mr. Prin, (5) Mr. Narongrit (on the date of transaction), and (6) Ms. Sukulaya (on the date of transaction).</li> </ul>
113. Vivify Company Limited	Real Estate Holding Company	<ul style="list-style-type: none"> <li>The major shareholder is HCDS indirectly holding shares via Tiang Chirathivat Real Estate Company Limited which directly holds 100% of the shares.</li> <li>Four of its Board of Directors members are the same as the Company's, which are (1) Mr. Suthilaksh, (2) Mr. Prin, (3) Mr. Narongrit (on the date of transaction) and (4) Ms. Sukulaya (on the date of transaction).</li> </ul>
114. Phuket Hill Resort Company Limited	Real Estate Holding Company	<ul style="list-style-type: none"> <li>The major shareholder is HCDS indirectly holding shares via Tiang Chirathivat Real Estate Company Limited which directly holds 99.98% of the shares.</li> <li>Six of its Board of Directors members are the same as the Company's including (1) Mr. Suthichai, (2) Mr. Suthikiati, (3) Mr. Suthilaksh, (4) Mr. Prin, (5) Mr. Narongrit (on the date of transaction), and (6) Ms. Sukulaya (on the date of transaction).</li> </ul>

<b>Persons or juristic persons who may have conflict of interest</b>	<b>Nature of Business Operation</b>	<b>Relations with the Company</b>
115. Frederick World Sales Company Limited	Real Estate Holding Company	<ul style="list-style-type: none"> <li>The major shareholder is HCDS indirectly holding shares via Tiang Chirathivat Real Estate Company Limited and varios subsiadiaries with multiple steps along the line The initial shareholder company is Jakkawad Holding Company Limited who directly holds 99.97% of the shares.</li> <li>One of its Board of Directors members is the same as the Company's, which is Ms. Sukulaya (on the date of transaciton).</li> </ul>
116. Central Condominium Company Limited	Real Estate Holding Company	<ul style="list-style-type: none"> <li>The major shareholder is HCDS indirectly holding shares via Tiang Chirathivat Real Estate Company Limited which directly holds 99.78% of the shares.</li> <li>Six of its Board of Directors members are the same as the Company's including (1) Mr. Suthichai, (2) Mr. Suthikiati, (3) Mr. Suthilaksh, (4) Mr. Prin, (5) Mr. Narongrit (on the date of transaction), and (6) Ms. Sukulaya (on the date of transaction).</li> </ul>
117. The Vintage Club Company Limited	Golf Club	<ul style="list-style-type: none"> <li>The major shareholder is HCDS indirectly holding shares via Tiang Chirathivat Real Estate Company Limited which directly holds 37.62% of the shares.</li> <li>The following directors of the Company directly hold the shares: (1) Mr. Suthilaksh directly holds 9.6% of the shares; (2) Mr. Tos directly holds 9.6% of the shares; and (3) Mr. Sudhitham who held the position of director on the date of transaction directly holds 9.6% of the shares.</li> <li>Four of its Board of Directors members are the same as the Company's, which are (1) Mr. Suthilaksh, (2) Mr. Prin, (3) Mr. Sudhitham (on the date o transaction) and (4) Mr. Narongrit (on the date of transaction).</li> </ul>
118. Cha-am Seaview Company Limited	Hospitality	<ul style="list-style-type: none"> <li>The major shareholder is HCDS which directly holds 29.25% of the shares and indirectly holds the shares via Tiang Chirathivat Real Estate Company Limited which directly holds 70.75% of the shares.</li> <li>Six of its Board of Directors members are the same as the Company's including (1) Mr. Suthichai, (2) Mr. Suthikiati, (3) Mr. Suthilaksh, (4) Mr. Prin, (5) Mr. Narongrit (on the date of transaction), and (6) Ms. Sukulaya (on the date of transaction).</li> </ul>
119. Central International Development Company Limited	Real Estate Holding Company	<ul style="list-style-type: none"> <li>The major shareholder is HCDS which directly holds 25% of the shares.</li> <li>Eight of its Board of Directors members are the same as the Company's including (1) Mr. Suthichai, (2) Mr. Sudhisak, (3) Mr. Suthilaksh, (4) Mr. Prin, (5) Mr. Tos, (6) Mr. Suthikiati, (7) Mr. Narongrit (on the date of transaction), and (8) Ms. Sukulaya (on the date of transaction).</li> </ul>
120. Siam Retail Development Company Limited	Fashion Island Department Store	<ul style="list-style-type: none"> <li>The major shareholder is HCDS which directly holds 12.00% of the shares and indirectly holds the shares via Square Ritz Plaza Company Limited which directly holds 25% of the shares.</li> </ul>
<b>COL Public Company Limited ("COL") and its Subsidiaries called together as the "COL Group"</b>		
121. COL Public Company Limited ("COL")	Stationery and Office Supplies Supplier	<ul style="list-style-type: none"> <li>Five of the Company's directors including (1) Mr. Suthilaksh, (2) Mr. Tos, (3) Mr. Pichai, (4) Mr. Sudhitham (on the date of transaction), and (5) Mr. Narongrit (on the date of transaction) indirectly hold the shares via Hold COL Company Limited which directly holds 35.27% of the shares.</li> <li>The Company's management, Mr. Piya, holds the position of director.</li> </ul>
122. B2S Company Limited	Stationery and General Supplies Supplier	<ul style="list-style-type: none"> <li>Five of the Company's directors including (1) Mr. Suthilaksh, (2) Mr. Tos, (3) Mr. Pichai, (4) Mr. Sudhitham (on the date of transaction), and (5) Mr. Narongrit (on the date of transaction) indirectly hold the shares via COL which directly holds 100% of the shares.</li> <li>Four of its Board of Directors members are the same as the Company's, which are (1) Mr. Suthilaksh, (2) Mr. Prin, (3) Mr. Tos and (4) Ms. Sukulaya (on the date of transaction).</li> </ul>
123. Office Club (Thailand) Company Limited	Stationery and Office Supplies Supplier	<ul style="list-style-type: none"> <li>Five of the Company's directors including (1) Mr. Suthilaksh, (2) Mr. Tos, (3) Mr. Pichai, (4) Mr. Sudhitham (on the date of transaction), and (5) Mr. Narongrit (on the date of transaction) indirectly hold the shares via COL which directly holds 100% of the shares.</li> <li>Four of its Board of Directors members are the same as the Company's, which are (1) Mr. Suthilaksh, (2) Mr. Prin, (3) Mr. Tos and (4) Ms. Sukulaya (on the date of transaction).</li> </ul>
124. Meb Corporation Limited	E-book and Consulting Service and Procurement of Relevant Instruments and Programs	<ul style="list-style-type: none"> <li>Five of the Company's directors including (1) Mr. Suthilaksh, (2) Mr. Tos, (3) Mr. Pichai, (4) Mr. Sudhitham (on the date of transaction), and (5) Mr. Narongrit (on the date of transaction) indirectly hold the shares via B2S Company Limited which directly holds 75% of the shares.</li> <li>One of its Board of Directors members on the date of transaction is the same as the Company's, which is Ms. Sukulaya.</li> </ul>
125. Officemate Omni Franchises Company Limited	Holding Company	<ul style="list-style-type: none"> <li>Office Club (Thailand) Company Limited directly holds 100% of the shares.</li> </ul>

## Transactions between the Company and its subsidiaries with related companies and persons that may have conflict of interest

Transactions between the Company and its subsidiaries with related companies and persons that may cause conflict of interest during the year ended 31 December 2018 and 2019 can be concluded as follows:

### Connected party transactions categorized by type of normal business transactions

#### 1. Rental of land, building, and space in building

Related companies and persons that may have conflict of interest	Transaction value (THB million)			Necessity and rationale of transactions
	Transaction	2018	2019	
<b>1.1 Rental of land, building, and space in building and other services expense</b>				
HCDS Group: • Harng Central Department Store Limited • Tiang Chirathivat Real Estate Company Limited • Central Embassy Hotel Company Limited • Overseas Fashions Company Limited • Central WHA Alliance Company Limited • Bangna Department Store Company Limited • CRC Power Retail Company Limited • Siam Retail Development Company Limited • Central Condominium Company Limited • Prin Inter Trade Company Limited • Teenee Wongsawang Company Limited • Central Garment Factory Company Limited • Vivify Company Limited • Central Good Retail Ratchada Company Limited • Central International Development Company Limited • Suannaklua Company Limited • Ploenrueedee Company Limited • Phuket Hill Resort Company Limited • Z Retail Tech Company Limited • Cha-am Seaview Company Limited • Teenee Khonkaen Company Limited • Rina Estate Italia S.r.l. • Lagrange Estate S.r.l. • CRC Property Company Limited	Rental and service expenses	1,850.44	2,395.70	<p>The Group lease and/or sublease land, building, and space in building, including car park area, and other relevant services from HCDS in order to establish branches, stores, offices, or warehouses of the Company and its business units including (1) CDS, (2) CTD, (3) CFR, (4) LR, (5) CMG, (6) ROBINS, (7) PWB, (8) SPS, (9) CFM, and (10) CGO. Mainly period of land lease agreements is long-term period which is 30 years. Period of building and space in building leased agreements are not more than 3 years for short-term contracts and from 3 to 30 years for long-term contracts. Leased land, building, and space in building located in good locations which are convenient and well-known among the customers. The Group has leased these lands, buildings and spaces in buildings for a long time and considered that it was difficult to find others which had similar spec and size. Therefore, the Group needs to continue leasing them.</p> <p>Rental rates and conditions of lease agreements which were done in the past were agreed between the parties. Rental rates complied with market prices or lower than nearby rental rates. However, currently, Business development Department (BD) of the Group is responsible for procurement, market price checking, and comparison with nearby leased land, building and space in building for negotiating on rental rates and conditions with lessors in order to get suitable rental rate and achieve objectives of leased land, building and space in buildings and can be comparable to other lessors in nearby areas.</p> <p>Moreover, the Group revised conditions in lease contracts to comply with general trading conditions. These revised contracts would be enforced at the date of completion of Initial Public Offering of the Group. However, there is no change in rental rates because they have already complied with market prices or lower than rental rate of nearby areas.</p>

Related companies and persons that may have conflict of interest	Transaction value (THB million)			Necessity and rationale of transactions
	Transaction	2018	2019	
COL Group: • Office Club (Thailand) Company Limited • COL Public Company Limited • B2S Company Limited	Rental and service expenses	0.23	9.85	CDS, business unit, leases buildings from COL Group to build as warehouses and CMG, business unit, rent space in buildings from COL Group to arrange events with agreed rental rates, market price rates or lower than market price rates.
Other related companies Group: • Sapasimanee Company Limited • Terra Cottage Company Limited	Rental and service expenses	2.67	4.03	CFM and CFR, business units, rent space in building and land for short-term period of 3 years. Rental rates are comparable to market price of nearby areas.
<b>1.2 Rental of land, building, and space in building and other services income</b>				
HCDS Group: • Harg Central Department Store Limited • C.D.S. Restaurant Company Limited • Tiang Chirathivat Real Estate Company Limited • Central Embassy Hotel Company Limited • Overseas Fashions Joint Stock Company • Central People Development Center Company Limited • Central JD Commerce Company Limited • Central Insurance Services Company Limited • The1 Central Company Limited • Frederick World Sales Company Limited • Peter and Jinny Company Limited	Rental and service income	68.11	81.14	HCDS Group lease spaces in buildings for offices and restaurant business from many business units as follows; (1) CDS, (2) CTD, (3) CMG, (4) RBSJSC, (5) CFM, (6) PWB, and (7) CRCJSC. Lease agreements are short-term period which are not more than 3 years. Rental rates and conditions are comparable with other leased space in buildings in the same area, or rates do not cause any disadvantages to the Group in case that the Group leased back some spaces to HCDS Group, that is the owner of building.
COL Group: • B2S Company Limited • Office Club (Thailand) Company Limited • COL Public Company Limited	Rental and service income	255.29	267.65	COL Group lease spaces in buildings from the Group in order to launch stores in department stores of ROBINS, CDS, CTD, CFR, and PWB. Lease agreements are short-term period which are not more than 3 years. COL group occasionally lease spaces to arrange events from CMG. Rental rates and conditions are complied with market prices and can be comparable to other main tenants and other nearby tenants.  As COL group lease spaces to launch stores, the Group have variety of products to attract more customers to department stores. Moreover, COL group also operate many brands which are popular and famous among customers. Therefore, the Group can fulfill all their customers' needs and these leased out of spaces to COL group would be favorable to the Group.
Other related companies Group: • Food Passion Company Limited • F.T. Sales and Service Company Limited • Stork (Thailand) Company Limited • Spicy Disc Company Limited	Rental and service income Guarantee deposit	17.96 3.75	18.99 -	Other related companies Group lease buildings from business unit as follows: (1) CDS, (2) ROBINS, and (3) CFR to launch branches such as restaurant business and car care business. Lease agreements are short-term period which are not more than 3 years. Rental rates and conditions which charge to other related company Group are comparable to other nearby tenants.

## 2. Trading

Related companies and persons that may have conflict of interest	Transaction value (THB million)			Necessity and rationale of transactions
	Transaction	2018	2019	
<b>2.1 Sales of goods</b>				
HCDS Group: • Central JD Commerce Company Limited • Overseas Fashions Joint Stock Company • PT Central Retail Indonesia Co., Ltd • Central Garment Factory Company Limited • Haring Central Department Store Limited • Tiang Chirathivat Real Estate Company Limited • Central Embassy Hotel Company Limited • CRC Power Retail Company Limited • Onward Holding Company Limited	Revenue from sales of goods	127.27	114.99	Central JD Commerce Company Limited ("JD central") purchased goods from the Group's business units, including (1) CFR, (2) SPS, and (3) CTD with the price and conditions complying with trading agreement between parties. The Group considered that trading prices do not cause any disadvantages to the Group. Then, the Group do not need to pay for sales promotion expenses. These sales transactions also resulting in increasing sales and bargaining power over suppliers.  In addition, there are sales transactions from other business units, including (1) CMG, (2) CDS, and (3) CTD which sells clothes and electric supplies to HCDS Group to use in offices. The prices are comparable to other companies.
COL Group: • Office Club (Thailand) Company Limited • B2S Company Limited • COL Public Company Limited	Revenue from sales of goods	110.71	182.59	COL Group purchased goods in large quantities from the Group's business units, including (1) CMG, (2) PWB, and (3) CTD for business operation with general trading prices and conditions. The Group considered that trading prices do not cause any disadvantages to the Group. Then, the Group do not need to pay for sales promotion expenses. These sales transactions also resulting in increasing sales, bargaining power over suppliers, and getting more trade discounts from suppliers.
Other related companies Group: • Five Senses Company Limited • Sapasimanee Company Limited • Jindatawee Company Limited • Osodtong Company Limited • Sala Rattanakosin Company Limited • SALA Phuket Company Limited • The Vintage Club Company Limited • Plaengpak Thammachart Company Limited • Brothers Holding Company Limited • Pingsawan Company Limited	Revenue from sales of goods	7.12	0.45	These transactions are sales transactions of building construction supplies, home and garden equipments, and alcoholic beverages from the Group's business units, including (1) CTD and (2) CFR, to other related companies group with the prices and conditions that can be compared with other companies.
<b>2.2 Purchase of goods</b>				
HCDS Group: • Central JD Commerce Company Limited	Purchase of goods	31.93	3.39	PWB, business unit, purchased mobile phones which are imported from China and computer equipments from JD Central with reasonable prices and conditions. PWB considered that prices and conditions do not cause any disadvantages to the Group because PWB can earn profit with these products and trading conditions are comparable with other companies.
COL Group: • COL Public Company Limited • Office Club (Thailand) Company Limited • Hytexts Interactive Company Limited • B2S Company Limited	Purchase of goods	29.95	39.08	The Company and its business units, including (1) CDS, (2) PWB, (3) ROBINS, (4) CTD, (5) CFR, (6) SPS, (7) CFM, (8) CMG, (9) TWT, (10) CMK, (11) CGO, and (12) CNGI, purchased office equipments from COL Group with the prices and conditions that can be compare with other companies.

### 3. Management fee

Related companies and persons that may have conflict of interest	Transaction value (THB million)			Necessity and rationale of transactions
	Transaction	2018	2019	
<b>3.1 Management fee</b>				
HCDS Group: • Haring Central Department Store Limited • Central Embassy Hotel Company Limited	Management fee expenses	562.73	436.71	<p>The Group's business units, including (1) CDS, (2) PWB, (3) CFR, (4) CMG, (5) SPS, and (6) CTD, receive consulting services for the Group's operations management from HCDS due to the following reasons: (1) HCDS has efficient and specialist professionals including experienced top-level managements from various top companies and highly experienced teams from various industries, (2) HCDS has served other business units that are in different industries from the Group. Thus, HCDS can apply experiences and knowledge that gain from each business to the Group, and (3) The Group can reduce operating cost and achieve economies of scale.</p> <p>On 1 January 2019, the Group and HCDS entered into management services agreements in order to set scopes of services such as consulting on business strategies, merger &amp; acquisition and giving advices for business opportunities.</p> <p>In the past, HCDS provided a service that was Creating Shared Value (CSV) activity to the Group. However, in July 2019, HCDS transferred employees who worked in this project to the Company and did not charge this service expense to the Group anymore.</p> <p>In addition, service rate is re-determined to be a fixed rate that is THB 300 million per year or THB 25 million per month. Annual service charge would be adjusted with the same growth rate of income, EBIT, and inflation rate which shall not be more than 10% per year but not lower than 0% per year. If there would be any changes of service fee calculation method and important conditions in the agreement, it shall be approved by the Audit Committee before being applied. This service rate is comparable to the expected cost of the Group and it is not included cost plus. As a result, the group shall have lower operating cost than proceeding the operation by itself.</p>

Related companies and persons that may have conflict of interest	Transaction value (THB million)			Necessity and rationale of transactions
	Transaction	2018	2019	
HCDS Group (Cont.)	Management fee expenses - Accounting and Finance	207.93	255.76	The Company and its business units, including (1) ROBINS, (2) CDS, (3) CFR, (4) PWB, (5) SPS, (6) CFM, (7) CTD, (8) TWT, (9) CGO, (10) CRG-S, (11) CNGI, (12) MASS, (13) Central Online, (14) CMG, (15) CDFS, and (16) Cap C, receive accounting services from FAST (operates under HCDS) such as accounting entry, tax filing, and financial statements preparation. For financial services, the Group receive services such as payment, issuance of invoices, issuance of receipts from FAST. Since 2019, the Company prepares a separate financial statements and a consolidated financial statements by itself. However, managements have considered that the Company would take advantages from services provided by FAST because of its expertise and specialization of employees. Therefore, the Group and FAST have entered into services agreements and agreed services scopes, service fee, and conditions annually. The service fee would be referred to cost plus margin and would be adjusted annually. If there would be an adjustment, it shall be approved by the Audit Committee before being applied. However, these service fees are comparable to other service charges in the market and service conditions are also appropriated and complied with other services provided by FAST.
	Management fee expenses - Human Resources	90.47	105.41	The Company and its business units, including (1) CFR, (2) CDS, (3) ROBINS, (4) CTD, (5) SPS, (6) PWB, (7) CGO, (8) CNGI, (9) TWT, and (10) CMG, received human resource services from HCDS such as recruitment & selection, talent management, salary payment, annual performance evaluation form, and communication with employees. However, the management has considered that the services provided by HCDS would provide an advantage of expertise and proficiency of its employees to the Group. Managements have considered that the Company would take advantages from services provided by HCDS because of its expertise and specialization of employees. Therefore, the Group and HCDS have entered into services agreements and agreed services scopes, service fee, and conditions annually. Service fees are calculated base on agreed rates and number of tasks and fees would be referred to cost plus margin and would be adjusted annually. If there would be an adjustment, it shall be approved by the Audit Committee before being applied. However, these service fees are the same as service fees that HCDS charges other third parties and service conditions are also appropriated.

Related companies and persons that may have conflict of interest	Transaction value (THB million)			Necessity and rationale of transactions
	Transaction	2018	2019	
HCDS Group (Cont.)	Management fee expenses - Legal - Tax	70.03	90.59	<p>The Company and its business units, including (1) CDS, (2) CFR, (3) ROBINS, (4) PWB, (5) CTD, (6) SPS, (7) CFM, (8) CMK, (9) CGO, (10) TWT, (11) CNGI, and (12) CMG, received legal services from HCDS. HCDS is responsible for both general legal tasks such as business establishment and documentation revision, and special projects such as merger and acquisition. However, managements have considered that the Company would take advantages from services provided by HCDS because of its expertise and specialization of employees in legal. Service fees are comparable to other service rates in the market and the conditions are following the condition of general trading.</p> <p>Moreover, the Group also received other services regarding tax consulting, tax audit service, and tax refund service from HCDS. Tax consulting service would be charged monthly with the rates that can be compared to the market and the conditions are following general trading conditions. For auditing and tax refund service, rates would be based on percentage of benefits that the Company received which are percentage of tax refund and percentage of detected income that is inconsistent with invoices. Service fees are comparable to other service rates in the market and the conditions are following the condition of general trading.</p>
	Management fee expenses - Other services	10.62	9.98	<p>The Company's business units, including (1) CDS and (2) SPS, received other services which mostly are hiring HCDS Group to provide retail management services for 3 projects including Jewelry Trade Center project, Fashion Island project, and Big C Wongsawang project. The Group has leased the land and hired HCDS to manage these properties for a long time. In addition, rental management business is not the core business of the Group. Therefore, the Group decided to hire other companies which have expertises to manage it. And the Group can concentrate in only core business of the Group. Managements considered that business units would take advantages from service provided by HCDS because of its expertise and specialization of employees. The Group and HCDS have entered into service agreements and agreed services scopes, service fee, and conditions annually. Service fees are comparable to other service rates in the market and the conditions are following the condition of general trading.</p>

Related companies and persons that may have conflict of interest	Transaction value (THB million)			Necessity and rationale of transactions
	Transaction	2018	2019	
<b>3.2 Training expense</b>				
HCDS Group: • Harg Central Department Store Limited • Central People Development Center Company Limited	Training expenses	72.82	112.55	The Company and its business units, including (1) CDS, (2) CTD, (3) ROBINS, (4) CFR, (5) PWB, (6) SPS, (7) CMG, (8) CGO, (9) CNGI, (10) CFM, and (11) CMK, were trained by HCDS group. These training services are parts of the human resource management service agreement between the Group and HCDS. The Company and its business units would take advantages from service provided by HCDS because of its expertise and specialization of employees. Service fees are comparable to other service rates in the market and the conditions are following the condition of general trading.
<b>3.3 Management fee income</b>				
HCDS Group: • Harg Central Department Store Limited • Central Embassy Hotel Company Limited • Lagrange Estate S.R.L. • Illum A/S • Rina Estate Italia S.r.l. • The KaDeWe Group GmbH • TheL Central Company Limited	Management fee income	-	31.19	The Company provided internal audit services in bill payment or CenPay system according to the conditions determined by Bank of Thailand to HCDS Group. This internal audit department that is responsible for auditing of such scope has been transferred to the Company in 2019. Service fees are comparable to other service rates in the market and the conditions are following the condition of general trading.  Moreover, the Company's business unit, LR, rendered human resource services to HCDS Group. Service fees are calculated by allocating employment cost of employees according to actual cost of proportion of the time that such employee served the Group and HCDS Group. The conditions of services are following the condition of general trading.
COL Group: • B2S Company Limited • Office Club (Thailand) Company Limited • COL Public Company Limited • Meb Corporation Limited • Office Mate Logistics Company Limited	Management fee income	105.55	161.04	The Company and its business units, including (1) CDS and (2) CGO, entered into warehouse management service agreements with COL Group in order to provide services in warehouse system management and goods distribution. Service fees are comparable to other service rates in the market and the conditions are following the condition of general trading.  In addition, PWB and COL group entered into loss prevention agreement in order to conduct safety inspection in products, stores, and equipments. Service fees would be referred to cost plus margin and adjusted annually. If there would be an adjustment, it shall be approved by the Audit Committee before being applied. These service rates do not cause any disadvantages to the Group and the conditions are following the condition of general trading.

#### 4. Other transactions

Related companies and persons that may have conflict of interest	Transaction value (THB million)			Necessity and rationale of transactions
	Transaction	2018	2019	
<b>4.1 Trading of The1 point after business restructuring</b>				
HCDS Group: • The1 Central Limited ("The1") <b>Background of business restructuring</b> Originally, the The1 card and The1 point services were operated by the Company. However, there was a business restructuring due to disposal of The1 business of the Company to The1 Central Limited on 30 November 2018.	The1 point expenses (point-earned)	101.58	928.92	The Company and its business units including (1) CDS, (2) ROBINS, (3) CFR, (4) SPS, (5) CMG, (6) PWB, (7) CTD, (8) CFM, (9) CGO, and (10) CMK entered into an agreement with The1 which was short-term period for 2 years. The1 point-earned and point redemption rate are fixed rates which are comparable with other companies in The1 group. The1 also charges additional operating cost referring to the points that redeemed by customers. If there would be an adjustment of operating cost, it shall be approved by the Audit Committee before being applied. Moreover, the Group considered that these transactions with The1 are favorable for the Group and they are necessary to continue the agreement in the future. Moreover, The1 could attract more customers to the Group and provided services relating to sales promotion such as sending SMS to The1 members. Service charges are calculated by actual service costs which are comparable.
	The1 point income (point redemption)	190.06	1,323.44	
	Management Fee – The1	24.09	194.36	
	Sales promotion expenses	3.12	69.34	
<b>4.2 Other Expenses</b>				
HCDS Group: • Haring Central Department Store Limited Central Embassy Hotel Company Limited • Z Retail Tech Company Limited • Central Payment Company Limited • Cha-am Seaview Company Limited • The1 Central Company Limited • Paton 1 Company Limited • Teenee Wongsawang Company Limited • Central Garment Factory Company Limited • Prin Intertrade Company Limited • Tiang Chirathivat Real Estate Company Limited • Central JD Commerce Company Limited • Central Retail International Ltd. • Baby Kiko Sdn. Bhd.	Other Expenses	138.67	127.84	Other expenses that HCDS Group charged to the Company and its business units, including (1) CDS, (2) PWB, (3) CFR, (4) ROBINS, (5) SPS, (6) CTD, (7) CMG, (8) CFM, (9) CNGI, (10) TWT, (11) CGO, (12) CMK, (13) SPSJSC, and (14) John Master, can be divided into 2 categories as shown below. (1) Other services expenses rendered by HCDS Group such as rental expense for EDC and system, licenses fee for software and computer system, and operating expenses for bargain media and advertising expenses. Expenses would be annually agreed in advance or calculated base on cost plus margin. (2) Expenses that HCDS Group paid in advance such as marketing activities expenses, employee satisfaction survey expense, and expense for scholarship ceremony arrangement. These expenses would be charged according to actual expenses that HCDS group paid in advance. The managements considered that receiving services from HCDS Group would be more favorable for the Group because HCDS takes advantages from economies of scale and has bargaining power over suppliers. This would cost less expenses than the Group build the teams to deal with these activities. However, if there would be an adjustment of service rate or relevant conditions, it shall be approved by the Audit Committee before being applied.

Related companies and persons that may have conflict of interest	Transaction value (THB million)			Necessity and rationale of transactions
	Transaction	2018	2019	
COL Group: • B2S Company Limited • COL Public Company Limited • Office Club (Thailand) Company Limited	Other Expenses	2.25	8.32	Other expenses that COL Group charge to the Company and its business units, including (1) CDS, (2) CMG, (3) ROBINS, and (4) CFR are mostly compensation for damages on goods of COL Group due to water leak at the Group's branch in 2018. This compensation was charged according to actual expenses paid for damages. Other expenses were compensation for damages caused by reduction of leasing space in department stores, miscellaneous expenses, and IT support service charge which are annually agreed in advance and the rates are comparable to services provided by other companies.
Other related companies Group: • Bangkok Post-Bauer Company Limited • Food Passion Company Limited • Sapasimanee Company Limited • Terra Cottage Company Limited • Spicy Disc Company Limited • Post International Media Company Limited	Other Expenses	0.83	4.44	Other expenses that other related companies group charged to the Company and its business units, including (1) CDS, (2) ROBINS, (3) CFM, and (4) CMG, including compensation for damages on leased spaces caused by water leak in 2018, expense for cash coupons provided to the customers as rewards, and advertising expense. Expenses are charged according to actual expense or charges and conditions are comparable to other companies.
<b>4.3 Other Income</b>				
HCDS Group: • Harg Central Department Store Limited • Thel Central Company Limited • Central Insurance Services Company Limited • Central Payment Company Limited • Central Embassy Hotel Company Limited • Tiang Chirathivat Real Estate Company Limited • Central Garment Factory Company Limited • Central JD Money Company Limited • Overseas Fashions Joint Stock Company • Central JD Commerce Company Limited • Central People Development Center Company Limited • C.D.S. Restaurant Company Limited • Central Wealth Solution Mutual Fund Brokerage Securities Company Limited • CRC Power Retail Company Limited • Central Marketing Group Intertrade Company Limited • PT Central Retail Indonesia Co., Ltd	Other Incomes	62.87	86.29	Income from services rendered to HCDS Group from the Company and its business units, including (1) CFM, (2) CFR, (3) CNGI, (4) CDS, (5) ROBINS, (6) CMG, (7) TWT, (8) CRG-S, (9) CTD, (10) PWB, (11) SPS, (12) CMK, and (13) CGO are mainly as follows;  (1) Income from fee and allocation of income from bill payment and prepaid card top-up services agent (CENPAY) which charged as commission with the same rate as HCDS Group paid to COL Group.  (2) Income from online platform development services and data storage on websites which charge at comparable rates to other companies.  Moreover, managements considered that services provided to HCDS Group also support the Group's business operation and the Group could take advantages from using expertises of employees and resources effectively. These transactions provide additional income to the Group and should be continued in the future.
COL Group including • B2S Company Limited • COL Public Company Limited • Office Club (Thailand) Company Limited • Office Mate Omni-Franchise Company Limited • Meb Corporation Limited	Other Incomes	35.34	42.31	Income from services rendered to the COL Group from the Company and its business units, including (1) ROBINS, (2) CDS, (3) CNGI, (4) CGO, (5) CFR, (6) PWB, (7) CTD, and (8) SPS, are from many transactions such as usage of B2S trade mark, money exchange service, cash pick up service, financial service, leasing spaces in department stores, compensation for damages from reduction of leased space, website & system maintenance and E-commerce platform development. The service rates are complied with the agreements between parties and do not cause any disadvantages to the Group. The Group considered that the Group could take advantages from using expertises of employees and resources effectively. These transactions provide additional income to the Group and should be continued in the future.

The Audit Committee considered the connected transactions which have general commercial conditions in doing business between the companies or subsidiaries and Director, Executive, or connected person of the Company and opined that such transactions were proceeded as ordinary transactions or ordinary business support transactions which reasonable and beneficial to the Company's operation and proven to be fair and did not lead to the benefit transfer.

The details of the Audit Committee recommendations can be found in the 2019 Annual Registration Statements on <https://www.centralretail.com/th/investor-relations/home>

## Account receivables and account payables which relevant to related party transactions

### 1. Account Receivables

Related companies and persons that may have conflict of interest	Transaction Value (THB million)				Details	
	2018		2019			
	Account receivables	Other non-current assets	Account receivables	Other non-current assets		
HCDS Group: • Rina Estate Italia S.r.l. • Harg Central Department Store Limited • The1 Central Company Limited • CRC Power Retail Company Limited • Central JD Commerce Company Limited • Central JD Money Company Limited • Overseas Fashions Joint Stock Company • Central Embassy Hotel Company Limited • C.D.S. Restaurant Company Limited • Central Insurance Services Company Limited • PT Central Retail Indonesia Co., Ltd • Vivify Company Limited • Tiang Chirathivat Real Estate Company Limited • Central Payment Company Limited • Z Retail Tech Company Limited • Central Condominium Company Limited • Central People Development Center Company Limited • Illum A/S • Prin Inter Trade Company Limited • Onward Holding Company Limited • Central Garment Factory Company Limited • Evergrow Asia Ltd. • Baby Kiko Sdn. Bhd. • Central Marketing Group Intertrade Company Limited • Lagrange Estate S.r.l. • Central Thonburi Company Limited • Ploenruee Company Limited • Paton 1 Company Limited • Central International Development Company Limited • Suannaklua Company Limited • Cha-am Seaview Company Limited • Phuket Hill Resort Company Limited • Teenee Khonkaen Company Limited	1,406.80	658.36	1,101.05	212.22	Outstanding account receivables from HCDS Group as of 31 December 2018 and 31 December 2019 are mainly from the transactions as follows: (1)Prepaid rental expenses (2)Receivables from The1 customers who redeemed The1 point to get trade discounts after business restructuring (transferred The1 business to The1 Central Company). Trading conditions is to make payments to the Group within 30 days after invoices date in every month ended. (3)Receivables from sales of goods to HCDS Group with trading conditions of payment between 30–90 days Other non-current assets from HCDS Group as of 31 December 2018 and 31 December 2019 are mostly from prepaid rental expenses and cash paid for guarantee deposit for leasings.	

Related companies and persons that may have conflict of interest	Transaction Value (THB million)				Details	
	2018		2019			
	Account receivables	Other non-current assets	Account receivables	Other non-current assets		
COL Group: • B2S Company Limited • Office Club (Thailand) Company Limited • COL Public Company Limited • Office Mate Logistics Company Limited • Meb Corporation Limited • Officemate Omni Franchises Company Limited	102.66	-	117.73	-	Outstanding receivables from COL Group as of 31 December 2018 and 31 December 2019 are mostly from transactions as follows: (1) Receivables from sales of goods to COL Group with trading conditions of payment within 30 days. (2) Receivables from rental space in building with trading conditions of payment within 30 days.	
Other related companies Group: • Hawthorn Resources Limited • The Little Kitchen Company Limited	-	-	12.35	-	Outstanding receivables from other companies is mainly from other advance payment transactions.	

## 2. Account payables

Related companies and persons that may have conflict of interest	Transaction Value (THB million)				Details	
	2018		2019			
	Account payables	Other non-current liabilities	Account payables	Other non-current liabilities		
HCDS Group: • Harg Central Department Store Limited • Tiang Chirathivat Company Limited • Central Garment Factory Company Limited • The1 Central Company Limited • Central Payment Company Limited • Central WHA Alliance Company Limited • ANIR One Ltd. • Overseas Fashions Company Limited • CRC Power Retail Company Limited • Central Embassy Hotel Company Limited • Central People Development Center Company Limited • Central Condominium Company Limited • Vivify Company Limited • Central Good Retail Ratchada Company Limited • Overseas Fashions Joint Stock Company • Z Retail Tech Company Limited	1,562.81	467.25	923.87	782.78	As of 31 December 2018 and 31 December 2019 the Group are mostly from the transactions as follows: (1) Account payables from leasing of land, building, and space in building with trading conditions of payment within 30 days. (2) Account payables from shared services expenses and other services with trading conditions of payment within 30 days. (3) Account payables from the The1 point with the trading conditions of payment within 30 days. Non-current liabilities from HCDS Group are mainly from accounting adjustments of long-term land and building leasing.	

Related companies and persons that may have conflict of interest	Transaction Value (THB million)				Details	
	2018		2019			
	Account payables	Other non-current liabilities	Account payables	Other non-current liabilities		
HCDS Group (Cont.) <ul style="list-style-type: none"> <li>• Bangna Department Store Company Limited</li> <li>• Prin Inter Trade Company Limited</li> <li>• Central Insurance Services Company Limited</li> <li>• Frederick World Sales Company Limited</li> <li>• Dining Sensations Company Limited</li> <li>• PT Central Retail Indonesia Co., Ltd</li> <li>• Teenee Khonkaen Company Limited</li> <li>• Ploenruedee Company Limited</li> <li>• Cha-am Seaview Company Limited</li> <li>• Paton 1 Company Limited</li> <li>• C.D.S. Restaurant Company Limited</li> <li>• Central JD Commerce Company Limited</li> <li>• Baby Kiko Sdn. Bhd.</li> <li>• Rina Estate Italia S.r.l.</li> <li>• Lagrange Estate S.r.l.</li> </ul>						
COL Group: <ul style="list-style-type: none"> <li>• Office Club (Thailand) Company Limited</li> <li>• COL Public Company Limited</li> <li>• B2S Company Limited</li> <li>• Meb Corporation Limited</li> </ul>	32.47	5.20	38.55	7.46	<p>Outstanding payables from COL Group are mainly from purchasing of goods with trading conditions of payment within 30 days.</p> <p>Non-current liabilities from COL Group are mostly from receiving guarantee deposit and receiving cash in advance from leased space in building.</p>	
Other related companies Group: <ul style="list-style-type: none"> <li>• Spicy Disc Company Limited</li> <li>• Post International Media Company Limited</li> </ul>	-	-	0.42	-	Outstanding payables from other related companies are mainly from advertising expense with trading conditions of payment within 30 days.	
Related persons Group	-	-	8,255.49	-	Outstanding payable of related persons group is from cheques on hand which the Company paid dividends to each person.	

## Measures and procedures for approval of related party transactions and connected transactions

In the connected transaction of the Company and its subsidiaries, the Company would comply with the Securities and Exchange Act including rules, announcement, order, or regulations of the Securities and Exchange Commission and the Capital Market Supervisory Board, and also comply with the conditions regarding information disclosure of the connected transaction and other relevant rules. Any person with conflict of interest will not participate in the approval of such transactions.

In the case that the mentioned laws prescribe that the connected transactions shall be approved by the Board of Directors, the Audit Committee will attend the meeting to consider and give opinion on the necessity and reasonability of the transactions. The transaction of ordinary business or ordinary business supporting transaction which is the trade agreement with general commercial conditions and the transaction which is not the general commercial conditions shall be done according to the following principles:

### 1. Commercial agreement transactions with general commercial conditions

For the ordinary business transaction or transaction supporting ordinary business of the Company which are the transactions that might continuously occur in the future, the Company has established the policy

determining scope of such transaction which shall be done with commercial conditions in the same way that a reasonable person shall do with counterparties in the same situation with the trading negotiation power without influence caused by the position of the board, director, or related person (as the case may be). The conditions shall also not cause the transfer of interest and/or be able to show that the transaction is done by reasonable or fair price determination. If the Board of Directors come to a resolution to approve that the transaction scope aforementioned is an ordinary commercial transaction, the managements of the Company would be able to proceed the approval of transaction complying with the specified scope. The Company would issue the summary report of such transaction in order to report in the Audit Committee's meeting and the Board of Directors' meeting every quarters.

## 2. Commercial agreement transactions which are not general commercial conditions

The transaction which is commercial agreement that is not the general commercial conditions shall be considered and approved by the audit committee before being presented to the Board of Directors and/or the Shareholders' meeting (as the case may be) to approve. This type of transaction shall be done according to the Securities and Exchange Act, rules, announcements, orders, or regulations of the Securities and Exchange Commission, the Capital Market Supervisory Board, and the Stock Exchange of Thailand and shall be done in compliance with the relevant regulations regarding information disclosure of the related party transaction and other relevant rules.

In the case that the Audit Committee does not have expertise in considering connected transaction which might occur, the Company would appoint the specialized professionals such as independent auditor or independent property appraiser to give opinion relating to the connected transaction in order for the Audit Committee and/or Board of Directors and/or shareholders (as the case may be) to use as information for decision making. This is done in order to ensure that the transaction is necessary and reasonable and done by mainly considering about the Company's benefits. The Company would disclose the connected transaction in the annual registration statement, annual report, and notes to the financial statements inspected by the auditor or other forms of reports (as the case may be) in accordance with the relevant regulations and laws.

## Policy on the Future Connected Transaction

In the case that there is future connected transaction, the Board of Directors shall comply with the Securities and Exchange Act including rules, announcements, orders, and regulations of the Securities and Exchange Commission, the Capital Market Supervisory Board, and

the Stock Exchange of Thailand and the regulations regarding information disclosure of the connected transaction done by the Company or its subsidiaries according to the accounting standard determined by the Certified Accountants and Auditors of Thailand and other relevant rules.

Moreover, if there is any connected transaction or change of agreement and condition regarding the transaction related to director, management, or relevant person of the Company, the director who has conflict of interest shall not attend the meeting of Board of Directors with the agenda relating to the consideration of such transaction.

## Policy on Acquisition or Lease of Land and/or Building from the Related Persons

The Group has established the Asset Light Business Operation Policy making the future branch expansion mainly focusing on space leasing. Moreover, business development department of the Group would find the suitable locations for branch expansion and negotiate for the price suitable with the business operation. If the land or building is owned by the connected persons, the Group would comply with the rules regarding connected transaction and transaction of asset acquisition or distribution determined by the Capital Market Supervisory Board, the Securities and Exchange Commission, and the Stock Exchange of Thailand. The Group also has established the policy on the acquisition or lease of land and/or building from the relevant persons as a guideline for the relevant organizations. The contents are as detailed below.

- During the feasibility study, the Group shall carefully consider various factors in order to ensure that the acquisition of land and/or building would provide a maximum benefit to the Company and its subsidiaries.
- The transaction of land and/or building acquisition or leasing shall be done with the conditions complying with general trading conditions.
- The Group shall comply with the rules regarding connected transaction and transaction of asset acquisition or distribution determined by the Capital Market Supervisory Board, the Securities and Exchange Commission, and the Stock Exchange of Thailand.
- The Group shall present the transactions to the Board of Directors' meeting to approve all the transactions. The audit committee shall be appointed to consider and give opinion about necessity and reasonability of the transaction price before it is presented to the Board of Directors and/or the Shareholders' meeting (as the case may be) to consider for approval. The person with conflict of interest would have no right to vote for any decisions done for that transaction.

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## DIRECTORS AND MANAGEMENTS PROFILE

# DIRECTORS AND MANAGEMENTS PROFILE

## BOARD OF DIRECTORS

### Dr. Prasarn Trairatvorakul

Age 67 years  
Chairman



#### Date of Appointment as a Director

- Before registered as a public limited company:  
15 March 2019 – 5 August 2019
- After registered as a public limited company:  
6 September 2019 – Present

#### Education

- Bachelor of Engineering in Electrical Engineering (First Class Honors), Chulalongkorn University
- Master of Engineering in Industrial Engineering and Management, Asian Institute of Technology, Thailand.
- Master in Business Administration, Harvard University, Massachusetts, USA.
- Doctor of Business Administration, Harvard University, Massachusetts, USA.
- Honorary Doctor of Business Administration, Rajamangala University of Technology Suvarnabhumi
- Honorary Doctor of Economics, Khon Kaen University
- Honorary Doctor of Economics, The University of the Thai Chamber of Commerce
- Honorary Doctor of Economics, Chulalongkorn University
- Honorary Doctor of Philosophy, National Institute of Development Administration

#### Training Programs

- Role of the Chairman Program (RCP) 2/2001, Thai Institute of Directors Association
- Director Certification Program (DCP) 21/2002, Thai Institute of Directors Association
- Ethical Leadership Program (ELP) 2/2015, Thai Institute of Directors Association
- Board Nomination and Compensation Program (BNCP) 5/2018, Thai Institute of Directors Association

#### Board Member/Management in Other Listed Company

- 2016 – Present Chairman / Independent Director, Pruksa Holding Public Company Limited (appointed as a Chairman on 9 August 2019)
- 2017 – Present Independent Director, Siam Cement Public Company Limited (appointed as an Independent Director on 26 August 2019)

#### Position in Other Company/Organization/Institution

5 Companies 10 Organizations

#### 5-year Past Experiences and/or Remarkable Positions

- 1999 – 2003 Secretary-General, Securities and Exchange Commission of Thailand
- 2004 – 2010 President, Kasikornbank Public Company Limited
- 2010 – 2015 Governor, Bank of Thailand
- 2014 – 2019 Member, State Enterprises Supervisory Board
- 2015 – 2019 Member, Committee to Enhance Competitiveness of the Nation
- 2015 – 2019 Member, National Anti-Corruption Commission
- 2017 – 2019 Chairman, Public Procurement Committee
- 2017 – 2019 Member, Education Reform Committee
- 2017 – 2019 Chairman, Economic Reform Committee

#### Shareholdings (Ordinary Shares) (as at 31 December 2019)

- Held personally : -None-
- Held by Spouse or minor children : -None-

#### Family Relationship among Directors and Executives

-None-

**Mr. Suthichai Chirathivat**

Age 79 years  
Vice Chairman

**Date of Appointment as a Director**

- Before registered as a public limited company:  
12 May 1995 – 20 May 2018
- 15 March 2019 – 5 September 2019
- After registered as a public limited company:  
6 September 2019 – Present

**Education**

- Diploma in Civil Engineering,  
Kingston College of Technology, UK
- Honorary Doctorate Degree in Business Administration,  
Chiang Rai Rajabhat University

**Training Programs**

- Director Accreditation Program (DAP) 55/2006,  
Thai Institute of Directors Association
- Role of the Chairman Program (RCP),  
Thai Institute of Directors Association

**Board Member/Management in Other Listed Company**

- 1993 – Present Vice Chairman, Central Plaza Hotel Public Company Limited
- 2000 – Present Chairman, Central Pattana Public Company Limited

**Position in Other Company/Organization/Institution**

80 Companies

**5-year Past Experiences and/or Remarkable Positions**

- 2009 – 2013 Chairman of the Supervisory Board, Central Group of Companies Company Limited

**Shareholdings (Ordinary Shares)**

(as at 31 December 2019)

- Held personally : 0.11 %
- Held by Spouse or minor children : 0.76 %

**Family Relationship among Directors and Executives**

- Elder Brother of Mr. Suthikiati Chirathivat, Mr. Sudhisak Chirathivat and Mr. Suthilaksh Chirathivat
- Uncle of Mrs. Yuwadee Chirathivat, Mr. Prin Chirathivat, Mr. Tos Chirathivat and Mr. Pichai Chirathivat

**Mr. Suthikiati Chirathivat**

Age 77 years  
Vice Chairman

**Date of Appointment as a Director**

- Before registered as a public limited company:  
12 May 1995 – 20 May 2018
- 15 March 2019 – 5 September 2019
- After registered as a public limited company:  
6 September 2019 – Present

**Education**

- Diploma in Mechanical Engineering, South West Essex Technical College, UK
- Bachelor of Arts in Political Science, Ramkamhaeng University
- Master of Arts in Political Science, Ramkamhaeng University
- Honorary Doctorate Degree in Business Administration, College of Asian Scholars
- Honorary Doctorate Degree in Business Administration, Dhurakij Pundit University
- Honorary Doctorate Degree in Hotel and Tourism Studies, Kasem Bundit University
- Honorary Doctorate Degree in Mass Communications, Ramkamhaeng University

**Training Programs**

- Director Accreditation Program (DAP) 68/2008, Thai Institute of Directors Association
- Diploma, The Joint State-Private Sectors Class 1, Thailand National Defense College
- Diploma, The Modern Management Course Class 1, Thailand National Defense College

**Board Member/Management in Other Listed Company**

- 2002 – Present Director, Central Pattana Public Company Limited
- 2004 – Present Chairman, Central Plaza Hotel Public Company Limited
- 2009 – Present Chairman and Chairman of the Executive Committee, Bangkok Post Public Company Limited

**Position in Other Company/Organization/Institution**

66 Companies

**5-year Past Experiences and/or Remarkable Positions**

- 1984 – 1988 The Founder and Head of Thai Retailers Association, Thai Retailers Association Member, National Legislative Assembly
- 1991 – 1992 Member, Senate of Thailand
- 1992 – 1996 Advisor to Chairman of the Constitutional Court, Constitutional Court of Thailand
- 2014 – 2015 Honorary Advisor, Thai Hainanese Trade Association
- 2014 – 2016

**Shareholdings (Ordinary Shares)**

(as at 31 December 2019)

- Held personally : 0.78 %
- Held by Spouse or minor children : -None-

**Family Relationship among Directors and Executives**

- Younger Brother of Mr. Suthichai Chirathivat
- Elder Brother of Mr. Sudhisak Chirathivat and Mr. Suthilaksh Chirathivat
- Uncle of Mrs. Yuwadee Chirathivat, Mr. Prin Chirathivat, Mr. Tos Chirathivat and Mr. Pichai Chirathivat

## **Mrs. Patareeya Benjapolchai**

Age 65 years  
Independent Director / Chairman of the Risk Policy Committee / Member of the Audit Committee



### **Date of Appointment as a Director**

- Before registered as a public limited company:  
15 March 2019 – 5 September 2019
- After registered as a public limited company:  
6 September 2019 – Present

### **Education**

- Bachelor of Accountancy (Accounting), Chulalongkorn University
- Master of Business Administration, Thammasat University
- Certificate, Advanced accounting and Auditing, Chulalongkorn University

### **Training Programs**

- Director Certification Program (DCP) 30/2003, Thai Institute of Directors Association
- Financial Institutions Governance Program (FGP) 1/2010, Thai Institute of Directors Association
- Director Certification Program Update (DCPU) 2/2014, Thai Institute of Directors Association
- IT Governance and Cyber Resilience Program (ITG) 2/2016, Thai Institute of Directors Association
- Family Business Governance (FBG) 8/2017, Thai Institute of Directors Association
- Ethical Leadership Program (ELP) 12/2018, Thai Institute of Directors Association
- Thriving in a Changing World (2016) from IOD, UK
- The Sustainability Imperative (2017) from IOD, Singapore

### **Board Member/Management in Other Listed Company**

- 2016 – Present Independent Director, Thaicom Public Company Limited

### **Position in Other Company/Organization/Institution**

4 Companies 6 Organizations

### **5-year Past Experiences and/or Remarkable Positions**

- 2011 – 2017 Ethics Committee, Federation of Accounting Professions Under The Royal Patronage of His Majesty The King
- 2011 – 2019 Director, TISCO Bank Public Company Limited
- 2011 – 2019 Director, TISCO Financial Group Public Company Limited
- 2014 – 2019 Independent Director, MCOT Public Company Limited
- 2019 – Present Independent Director, Glow Energy Public Company Limited
- 2019 – Present Independent Director, ANZ Bank (THAI) Public Company Limited

### **Shareholdings (Ordinary Shares) (as at 31 December 2019)**

- Held personally : -None-
- Held by Spouse or minor children : -None-

### **Family Relationship among Directors and Executives**

-None-

## **Dr. Atchaka Sibunruang**

Age 64 years  
Independent Director / Chairman of the Nomination and Remuneration Committee



### **Date of Appointment as a Director**

- Before registered as a public limited company:  
15 March 2019 – 5 September 2019
- After registered as a public limited company:  
6 September 2019 – Present

### **Education**

- Bachelor of Economics (First Class Honors), Chulalongkorn University
- Master of Arts in Economics, Sussex University, UK
- Doctor of Philosophy in Economics, Sussex University, UK

### **Training Programs**

- Program on Investment Appraisal and Management Class 1990, Harvard Institute for International Development, USA
- National Defense Course (NDC) 2005, Thailand National Defense College
- Director Certification Program (DCP) 88/2007, Thai Institute of Directors Association
- Diploma in Political and Governance Program Class 13/2009, King Prajadhipok's Institute
- Top Executive Program in Commerce and Trade Program Class (TEPCOT) 48/2008, Commerce Academy
- Capital Market Academy Executive Program Class 10/2010, Capital Market Academy
- Executive Program on Energy Literacy for a Sustainable Future Class 1/2012, Thailand Energy Academy

### **Board Member/Management in Other Listed Company**

-None-

### **Position in Other Company/Organization/Institution**

2 Companies 3 Organizations

### **5-year Past Experiences and/or Remarkable Positions**

- 2014 – 2015 Chairman, Thai Cane & Sugar Corporation Company Limited
- 2014 – 2015 Chairman, General Environmental Conservation Public Company Limited
- 2014 – 2015 Chairman, Narai Phand Company Limited
- 2014 – 2015 Permanent Secretary, Ministry of Industry
- 2014 – 2015 Chairman, Industrial Estate Authority of Thailand
- 2015 – 2016 Minister, Ministry of Industry
- 2016 – 2017 Minister, Ministry of Science and Technology

### **Shareholdings (Ordinary Shares) (as at 31 December 2019)**

- Held personally : -None-
- Held by Spouse or minor children : -None-

### **Family Relationship among Directors and Executives**

-None-



**Mr. Sompong Tantapart**

Age 62 years  
Independent Director /  
Member of the Audit Committee /  
Member of the Nomination and  
Remuneration Committee



**Mrs. Pratana Mongkolkul**

Age 56 years  
Independent Director /  
Chairman of the Audit  
Committee

**Date of Appointment as a Director**

- Before registered as a public limited company:  
15 March 2019 – 5 September 2019
- After registered as a public limited company:  
6 September 2019 – Present

**Education**

- Bachelor of Accounting, Thammasat University
- Master of Public Administration (M.P.A.),  
Chulalongkorn University

**Training Programs**

- Director Certification Program (DCP) 210/2015,  
Thai Institute of Directors Association
- Advanced Audit Committee Program (AACP)  
33/2019, Thai Institute of Directors Association

**Board Member/Management in Other Listed Company**

- 2019 – Present Chairman and Independent  
Director, S Hotels and Resorts  
Public Company Limited
- 2019 – Present Independent Advisor, Bangkok  
Commercial Asset Management  
Public Company Limited

**Position in Other Company/Organization/Institution**

-None-

**5-year Past Experiences and/or Remarkable Positions**

- 2014 – 2016 Deputy Director-General of the Revenue  
Department
- 2014 – 2018 Director, Erawan Hotel Public  
Company Limited
- 2014 – 2018 Director, Dhanarak Asset Development  
Public Company Limited
- 2016 – 2018 Director, Principal Advisor on Strategic  
Tax Administration, The Revenue  
Department of Thailand

**Shareholdings (Ordinary Shares)**

**(as at 31 December 2019)**

- Held personally : -None-
- Held by Spouse or minor children : -None-

**Family Relationship among Directors and Executives**

-None-

**Date of Appointment as a Director**

- Before registered as a public limited company:  
15 March 2019 – 5 September 2019
- After registered as a public limited company:  
6 September 2019 – Present

**Education**

- Bachelor of Accounting, Thammasat University
- Master of Business Administration, Thammasat University

**Training Programs**

- Risk Management Program for Corporate Leaders (RCL)  
8/2017, Thai Institute of Directors Association
- Audit Committee Program (ACP) 22/2016,  
Thai Institute of Directors Association
- Director Certification Program (DCP) 34/2003,  
Thai Institute of Directors Association
- Director Accreditation Program (DAP) 2/2003,  
Thai Institute of Directors Association
- Advanced Certificate Course in Politics and Governance  
in Democratic Systems for Executives Rationale 20/2016,  
King Prajadhipok's Institute
- Public Director Certification Program Class I3/2015,  
King Prajadhipok's Institute
- Thai intelligent Investors I/2012, Thai investors Association
- Advanced Management Program (AMP 180/2011),  
Harvard Business School, USA
- Capital Market Academy Leader Program 6/2008,  
Capital Market Academy
- Chief Financial Officer Certificate Program 1/2004,  
Institute of Certified Accounting and Auditors of Thailand
- Director Diploma Examination, Year 2003  
The Australian Institute of Directors Association

**Board Member/Management in Other Listed Company**

- 2015 – Present Independent Director, FN Factory Outlet  
Public Company Limited
- 2017 – Present Independent Director, Thai Airways  
International Public Company Limited
- 2019 – Present Independent Director, TBSP Public  
Company Limited

**Position in Other Company/Organization/Institution**

8 Companies 4 Organizations

**5-year Past Experiences and/or Remarkable Positions**

- 2017 – 2019 Director, Board of Trustees,  
Dhurakij Pundit University
- 2013 – 2019 Independent Director,  
T.K.S. Technologies Public  
Company Limited
- 2015 – 2019 Director, Thailand Post Company Limited
- 2014 – 2018 Director, Port Authority of Thailand
- 2015 – 2017 Director, Government Saving Bank
- 2014 – 2018 Independent Director,  
Dusit Thani Public Company Limited
- 2012 – 2015 Director and Chairman of Executive  
Committee, MC Group Public Company  
Limited
- 1998 – 2012 Director/Group Chief Financial Officer,  
Minor International Public Company  
Limited

**Shareholdings (Ordinary Shares) (as at 31 December 2019)**

- Held personally : -None-
- Held by Spouse or minor children : -None-

**Family Relationship among Directors and Executives**

-None-

### **Mr. Kanchit Bunajinda**

Age 52 years  
Independent Director /  
Member of the Risk Policy Committee



#### **Date of Appointment as a Director**

- Before registered as a public limited company:  
15 March 2019 – 5 September 2019
- After registered as a public limited company:  
6 September 2019 – Present

#### **Education**

- Bachelor of Engineering, Civil Engineering,  
Chulalongkorn University
- MBA (Finance) Sasin Graduate Institute of Business  
Administration of Chulalongkorn University

#### **Training Programs**

- Director Certification Program (DCP) 30/2003,  
Thai Institute of Directors Association
- Director Accreditation Program (DAP) 35/2005,  
Thai Institute of Directors Association
- Audit Committee Program (ACP) 14/2006,  
Thai Institute of Directors Association
- Monitoring the Quality of Financial Reporting (MFR)  
8/2009, Thai Institute of Directors Association
- Monitoring the System of Internal Control and Risk  
Management (MIR) 6/2009, Thai Institute of  
Directors Association
- Monitoring the Internal Audit Function (MIA)  
5/2009, Thai Institute of Directors Association

#### **Board Member/Management in Other Listed Company**

- 2016 – Present Independent Director,  
KCE Electronics  
Public Company Limited

#### **Position in Other Company/Organization/Institution**

1 Company 1 Association

#### **5-year Past Experiences and/or Remarkable Positions**

- 2003 – 2015 Director, Central Pattana Public  
Company Limited
- 2006 – 2015 Director, Pruksa Real Estate Public  
Company Limited
- 2009 – 2018 Director, Robinson Public Company  
Limited
- 2014 – 2017 Director, ZEN Corporation Group  
Public Company Limited

#### **Shareholdings (Ordinary Shares) (as at 31 December 2019)**

- Held personally : -None-
- Held by Spouse or minor children : -None-

#### **Family Relationship among Directors and Executives**

-None-

### **Mr. Sudhisak Chirathivat**

Age 74 years  
Director /  
Member of the Nomination and  
Remuneration Committee



#### **Date of Appointment as a Director**

- Before registered as a public limited company:  
7 July 1995 – 20 May 2018
- 15 March 2019 – 5 September
- After registered as a public limited company:  
6 September 2019 – Present

#### **Education**

- Bachelor of Arts in Mathematics,  
St. John Fisher College, USA

#### **Training Programs**

- Director Accreditation Program (DAP) 61/2007,  
Thai Institute of Directors Association
- Director Certification Program (DCP) 89/2007,  
Thai Institute of Directors Association

#### **Board Member/Management in Other Listed Company**

- 2002 – Present Director, Central Pattana Public  
Company Limited
- 2003 – Present Director, Central Plaza Hotel Public  
Company Limited
- 2006 – Present Chairman, Robinson Public  
Company Limited

#### **Position in Other Company/Organization/Institution**

29 Companies

#### **Shareholdings (Ordinary Shares) (as at 31 December 2019)**

- Held personally : 0.98 %
- Held by Spouse or minor children : -None-

#### **Family Relationship among Directors and Executives**

- Younger Brother of Mr. Suthichai Chirathivat  
and Mr. Suthikiati Chirathivat
- Elder Brother of Mr. Suthilaksh Chirathivat
- Uncle of Mrs. Yuwadee Chirathivat,  
Mr. Prin Chirathivat, Mr. Tos Chirathivat  
and Mr. Pichai Chirathivat

## **Mrs. Yuwadee Chirathivat**

Age 66 years  
Director /  
Member of the Executive Committee



### **Date of Appointment as a Director**

- Before registered as a public limited company: 21 May 2018 – 5 September 2019
- After registered as a public limited company: 6 September 2019 – Present

### **Education**

- Bachelor of Arts (Second Class Honors), Thammasart University
- Master of Science in Journalism, Northwestern University, USA

### **Training Programs**

- Director Accreditation Program (DAP) 111/2014, Thai Institute of Directors Association
- Diploma, The Joint State-Private Sectors Course Class I8, Thailand National Defense College
- High level manager on business in industrial and Investment Development, Class 1, Institute of Business and Industrial Development
- Capital Market Academy Leader Program Class 19, Capital Market Academy

### **Board Member/Management in Other Listed Company**

- 2014 – Present Director, Robinson Public Company Limited

### **Position in Other Company/Organization/Institution**

35 Companies

### **5-year Past Experiences and/or Remarkable Positions**

- 1996 – 2013 President, Central Department Store Company Limited
- 2014 – 2018 CEO and President - Department Store Group, Central Group of Companies Company Limited

### **Shareholdings (Ordinary Shares)**

(as at 31 December 2019)

- Held personally : 0.34 %
- Held by Spouse or minor children : -None-

### **Family Relationship among Directors and Executives**

- Nephew of Mr. Suthichai Chirathivat, Mr. Suthikiati Chirathivat, Mr. Sudhisak and Mr. Suthilaksh Chirathivat
- Elder Sister of Mr. Prin Chirathivat and Mr. Tos Chirathivat
- Cousin of Mr. Pichai Chirathivat

## **Mr. Suthilaksh Chirathivat**

Age 63 years  
Director



### **Date of Appointment as a Director**

- Before registered as a public limited company: 12 May 1995 – 5 September 2019
- After registered as a public limited company: 6 September 2019 – Present

### **Education**

- Bachelor of Political Science, Chulalongkorn University
- Master of Business Administration, University of New Haven, USA

### **Training Programs**

- Director Accreditation Program (DAP) 100/2013, Thai Institute of Directors Association

### **Board Member/Management in Other Listed Company**

-None-

### **Position in Other Company/Organization/Institution**

76 Companies

### **5-year Past Experiences and/or Remarkable Positions**

- 2010 – 2017 Director, Central Embassy Plaza Company Limited

### **Shareholdings (Ordinary Shares)**

(as at 31 December 2019)

- Held personally : 0.88 %
- Held by Spouse or minor children : -None-

### **Family Relationship among Directors and Executives**

- Younger Brother of Mr. Suthichai Chirathivat, Mr. Suthikiati Chirathivat and Mr. Sudhisak Chirathivat
- Uncle of Mr. Prin Chirathivat, Mrs. Yuwadee Chirathivat, Mr. Tos Chirathivat and Mr. Pichai Chirathivat

## Mr. Prin Chirathivat

Age 57 years  
Director  
Member of the Risk Policy Committee



### Date of Appointment as a Director

- Before registered as a public limited company:  
12 May 1995 – 5 September 2019
- After registered as a public limited company:  
6 September 2019 – Present

### Education

- Bachelor of Science (Accounting), Skidmore College, USA
- Master of Business Administration, SASIN Graduate Institute of Business Administration Chulalongkorn University

### Training Programs

- Director Certification Program (DCP) 2/2000
- Director Accreditation Program (DAP) 35/2005
- Audit Committee Program (ACP) 6/2005
- Role of the Chairman Program (RCP) 11/2005
- Monitoring the System of Internal Control and Risk Management (MIR) 1/2007
- Monitoring the Internal Audit Function (MIA) 1/2007
- Monitoring the Quality of Financial Reporting (MFR) 7/2009
- Monitoring Fraud Risk Management (MFM) 1/2009
- Advanced Audit Committee Program (AACP) 1/2009
- Corporate Governance for Capital Market Intermediaries (CGI) 20/2018, Thai Institute of Directors Association
- Advanced Certificate Course in Public Economics Management for Executives Class 4/2005, King Prajadhipok's Institute
- Capital Market Academy Leader Program Class 1/2004, Capital Market Academy
- Chief Financial Officer Certification Program Class 6/2006 Federation of Accounting Professions (FAP) under The Royal Patronage of His Majesty the King
- The Program of Senior Executives of Justice Administration Class 13/2008, Judicial Training Institute
- National Defense Course (NDC) 2009, Thailand National Defense College

### Board Member/Management in Other Listed Company

- 1994 – Present Director, Member of Nomination and Compensation Committee, Member of Risk Management and Corporate Governance Committee, Central Plaza Hotel Public Company Limited
- 1995 – Present Director, Member of Risk Policy Committee and Advisory of the Nomination and Remuneration Committee, Central Pattana Public Company Limited
- 2006 – Present Director, Robinson Public Company Limited
- 2012 – Present Director, Member of Audit Committee, Bumrunggrad Hospital Public Company Limited

### Position in Other Company/Organization/Institution

148 Companies

### 5-year Past Experiences and/or Remarkable Positions

- 1999 – 2012 Director, Malee Sampran Public Company Limited
- 2003 – 2012 Director, Bualuang Securities Public Company Limited

### Shareholdings (Ordinary Shares) (as at 31 December 2019)

- Held personally : 0.44 %
- Held by Spouse or minor children : 1.02 %

### Family Relationship among Directors and Executives

- Nephew of Mr. Suthichai Chirathivat, Mr. Suthikiati Chirathivat, Mr. Sudhisak Chirathivat and Mr. Suthilaksh Chirathivat
- Younger Brother of Mrs.Yuwadee Chirathivat and Mr. Prin Chirathivat
- Elder Brother of Mr. Tos Chirathivat

## Mr. Tos Chirathivat

Age 55 years  
Director  
Chairman of the Executive Committee / Member of the Nomination & Remuneration Committee



### Date of Appointment as a Director

- Before registered as a public limited company:  
12 May 1995 – 5 September 2019
- After registered as a public limited company:  
6 September 2019 – Present

### Education

- Bachelor's Degree – Economics, Wesleyan University, USA
- Master of Business Administration – Finance, Columbia University, USA

### Training Programs

- Capital Market Academy Leader Program 3/2006, Capital Market Academy

### Board Member/Management in Other Listed Company

-None-

### Position in Other Company/Organization/Institution

58 Companies

### 5-year Past Experiences and/or Remarkable Positions

- 2010 – 2017 Director, Central Embassy Plaza Company Limited
- 2011 – 2018 Director, Central Training Center Company Limited

### Shareholdings (Ordinary Shares)

(as at 31 December 2019)

- Held personally : 0.73 %
- Held by Spouse or minor children : -None-

### Family Relationship among Directors and Executives

- Nephew of Mr. Suthichai Chirathivat, Mr. Suthikiati Chirathivat, Mr. Sudhisak Chirathivat and Mr. Suthilaksh Chirathivat
- Younger Brother of Mrs.Yuwadee Chirathivat and Mr. Prin Chirathivat
- Cousin of Mr. Pichai Chirathivat

**Mr. Pichai Chirathivat**

Age 58 years  
Director

**Date of Appointment as a Director**

- Before registered as a public limited company:  
21 May 2018 – 5 September 2019
- After registered as a public limited company:  
6 September 2019 – Present

**Education**

- Bachelor of Business Administration,  
Azusa Pacific University, USA
- Master of Business Administration (Marketing),  
Pitzer College, USA

**Training Programs**

- Strategic Planning & Management in Retailing,  
Intercontinental Group of Department Stores (IGDS)
- Diploma, The National Defense Course Class 53,  
Thailand National Defense College

**Board Member/Management in Other Listed Company**

- 2012 – Present Director, Malee Group Public  
Company Limited

**Position in Other Company/Organization/Institution**

26 Companies

**5-year Past Experiences and/or Remarkable Positions**

- 2003 – 2016 CEO, Central Trading Company  
Limited

**Shareholdings (Ordinary Shares)**

(as at 31 December 2019)

- Held personally : 1.05 %
- Held by Spouse or minor children : -None-

**Family Relationship among Directors and Executives**

- Nephew of Mr. Suthichai Chirathivat,  
Mr. Suthikiati Chirathivat, Mr. Sudhisak Chirathivat  
and Mr. Suthilaksh Chirathivat
- Cousin of Mrs. Yuwadee Chirathivat  
Mr. Prin Chirathivat and Mr. Tos Chirathivat

**Mr. Yol Phokasub**

Age 58 years  
Director /  
Member of the Executive  
Committee / Member of  
the Risk Policy Committee /  
Chief Executive Officer

**Date of Appointment as a Director**

- Before registered as a public limited company:  
21 May 2018 – 5 September 2019
- After registered as a public limited company:  
6 September 2019 – Present

**Education**

- Bachelor of Engineering (Honors) in Computer  
Science and Software Engineering,  
Imperial College, University of London, UK

**Training Programs**

- Director Accreditation Program (DAP) 120/2015,  
Thai Institute of Directors Association
- Capital Market Academy Leader Program Class  
13/2011, Capital Market Academy
- The Executive Program in Energy Literacy  
for a Sustainable Future Class 7/2016,  
Thailand Energy Academy

**Board Member/Management in Other Listed Company**

- 2017 – Present Chairman, Synergetic Auto  
Performance Public Company  
Limited

**Position in Other Company/Organization/Institution**

28 Companies

**5-year Past Experiences and/or Remarkable Positions**

- 2009 – 2015 Chairman, SCB Asset Management  
Ltd.
- 2011 – 2015 Vice Chairman of the Board SCB  
Life Assurance Public Company  
Limited
- 2013 – 2016 Member of the Advisor Board,  
Master Card Asia/Pacific Pte. Ltd.
- 2015 – 2016 Director, Mrigadayavan Palace  
Foundation
- 2015 – 2016 Director, Siam Commercial  
Foundation
- 2015 – 2016 President, Siam Commercial Bank  
Public Company Limited

**Shareholdings (Ordinary Shares)**

(as at 31 December 2019)

- Held personally : -None-
- Held by Spouse or minor children : -None-

**Family Relationship among Directors and Executives**

-None-

# MANAGEMENTS

## Mr. Yol Phokasub

Age 58 years  
Director /  
Member of the Executive Committee / Member of the Risk Policy Committee / Chief Executive Officer



### Education

- Bachelor of Engineering (Honors) in Computer Science and Software Engineering, Imperial College, University of London, UK

### Training Programs

- Director Accreditation Program (DAP) 120/2015, Thai Institute of Directors Association
- Capital Market Academy Leader Program Class 13/2011, Capital Market Academy
- The Executive Program in Energy Literacy for a Sustainable Future Class 7/2016, Thailand Energy Academy

### Board Member/Management in Other Listed Company

- 2017 – Present Chairman, Synergetic Auto Performance Public Company Limited

### Position in Other Company/Organization/Institution

28 Companies

### 5-year Past Experiences and/or Remarkable Positions

- 2009 – 2015 Chairman, SCB Asset Management Ltd.
- 2011 – 2015 Vice Chairman of the Board SCB Life Assurance Public Company Limited
- 2013 – 2016 Member of the Advisor Board, Master Card Asia/Pacific Pte. Ltd.
- 2015 – 2016 Director, Mrigadayavan Palace Foundation
- 2015 – 2016 Director, Siam Commercial Foundation
- 2015 – 2016 President, Siam Commercial Bank Public Company Limited

### Shareholdings (Ordinary Shares)

(as at 31 December 2019)

- Held personally : -None-
- Held by Spouse or minor children : -None-

### Family Relationship among Directors and Executives

-None-

## Mr. Nicolo Galante

Age 53 years  
Member of the Executive Committee /  
President



### Education

- Master of Business Administration, INSEAD, France
- Master of Science, Nuclear Engineering, Politecnico di Torino, Italy

### Board Member/Management in Other Listed Company

-None-

### Position in Other Company/Organization/Institution

-None-

### 5-year Past Experiences and/or Remarkable Positions

- 1994 – 2016 Consultant, Partner & Director McKinsey & Co
- 2016 – 2018 Chief Executive Officer, Central Group (Thailand)

### Shareholdings (Ordinary Shares)

(as at 31 December 2019)

- Held personally : -None-
- Held by Spouse or minor children : -None-

### Family Relationship among Directors and Executives

-None-

**Mr. Piya Nguikaramahawongse**

Age 62 years  
Member of the Executive Committee / Chief Financial Officer

**Education**

- B.S. (Electrical Engineering) and B.S. (Management), Massachusetts Institution of Technology, USA
- MBA and M.S. (Electrical Engineering) University of Southern California, USA

**Training Programs**

- Director Certification Program (DCP) 64/2005, Thai Institute of Directors Association
- Corporate Governance for Capital Market Intermediaries (CGI) 20/2018, Thai Institute of Directors Association
- Chief Financial Officer Certification Program Class 2018 Federation of Accounting Professions (FAP) under The Royal Patronage of His Majesty the King
- Catch up with New Thai Financial Reporting Standards which are effective on 2019 and 2020 Federation of Accounting Professions (FAP) under The Royal Patronage of His Majesty the King

**Board Member/Management in Other Listed Company**

- 2006 – Present Director, Robinson Public Company Limited
- 2014 – Present Director, COL Public Company Limited

**Position in Other Company/Organization/Institution**

12 Companies

**5-year Past Experiences and/or Remarkable Positions**

- 2007 – 2014 Director, Central Life Broker Company Limited
- 2007 – 2019 Director, Terasoft Solutions Development Company Limited
- 2008 – 2016 Director, CR Hatyai (Thailand) Company Limited
- 2011 – 2018 Director, CG Training Center Company Limited
- 2014 – 2018 Co-Group CFO, Harng Central Department Store Limited

**Shareholdings (Ordinary Shares)  
(as at 31 December 2019)**

- Held personally : -None-
- Held by Spouse or minor children : -None-

**Family Relationship among Directors and Executives**

-None-

**Mr. Philippe Jean Broianigo**

Age 59 years  
Chief Executive Officer  
Central Retail Vietnam

**Education**

- Post-graduate diploma, Sales and Marketing Techniques, University of Nice, France
- Master's Degree – Management, University of Nice, France

**Board Member/Management in Other Listed Company**

None-

**Position in Other Company/Organization/Institution**

12 Companies

**5-year Past Experiences and/or Remarkable Positions**

- 2014 – Present Vietnam Chief Executive Officer, Central Group Vietnam

**Shareholdings (Ordinary Shares)  
(as at 31 December 2019)**

- Held personally : -None-
- Held by Spouse or minor children : -None-

**Family Relationship among Directors and Executives**

-None-

**Mr. Pierluigi Cocchini**

Age 50 years  
President – Central Retail Italy



**Education**

- Scientific High School, Galileo Galilei – Cirie (Turin – Italy)

**Board Member/Management in Other Listed Company**

-None-

**Position in Other Company/Organization/Institution**

2 Companies

**5-year Past Experiences and/or Remarkable Positions**

- 2009 – 2017 Sales Director, La Rinascente S.p.A.

**Shareholdings (Ordinary Shares)  
(as at 31 December 2019)**

- Held personally : -None-
- Held by Spouse or minor children : -None-

**Family Relationship among Directors and Executives**

-None-

## PERSON IN CHARGE OF ACCOUNTING SUPERVISION

### Mr. Yingyai Eumkhrong

Age 35 years  
Head of Finance and Accounting

#### Education

- Bachelor of Accounting (First-class Honor), Thammasat University
- Master of Accountancy (Academic Excellence), Chulalongkorn University

#### Training Program

- Self-Study CPD no. 1/2019, Federation of Accounting Professions Under The Royal Patronage of His Majesty The King
- Seminar in TFRS Update and Application Briefing
- Seminar in Issues and Preparation of Transfer Pricing Documentation

#### 5-year Past Experiences and/or Remarkable Positions

- 2015 Assistant Vice President – Accounting, Sumitomo Mitsui Trust Bank (Thai) Public Company Limited
- 2016 – 2018 General Manager – International Finance and Accounting Support, Central Group (Thailand)

#### Shareholdings (Ordinary Shares) (as at 31 December 2019)

- Held personally: -None-
- Held by Spouse or minor children: -None-

#### Family Relationship among Directors and Executives

-None-

## COMPANY SECRETARY

### Mrs. Ngamchit Kiatthanavith

Age 50 years  
Head of Company Secretary Office

#### Education

- Bachelor of Science (Economics), Kasetsart University
- MBA (Finance) Sasin Graduate Institute of Business Administration of Chulalongkorn University

#### Training Programs

- Company Secretary Program (CSP) 92/2018, Thai Institute of Directors Association
- Company Reporting Program (CRP) 22/2018, Thai Institute of Directors Association
- Effective Minutes Taking (EMT) 42/2018, Thai Institute of Directors Association
- Anti-Corruption: The Practical Guide (ACPG) 46/2018, Thai Institute of Directors Association

#### 5-year Past Experiences and/or Remarkable Positions

- 2012 – 2016 Manager, Stock Exchange Compliance Department, Thai Airways International Public Company Limited
- 2017 – 2019 Director, Corporate Compliance and Governance Department, Thai Airways International Public Company Limited

#### Shareholdings (Ordinary Shares) (as at 31 December 2019)

- Held personally: -None-
- Held by Spouse or minor children: -None-

#### Family Relationship among Directors and Executives

-None-

## HEAD OF INTERNAL AUDIT

### Mr. Pisoot Suksangtip

Age 52 years  
Head of Internal Audit

#### Education

- Bachelor of Accounting Program, Thammasat University
- Master of Accounting Program, Thammasat University

#### Training Programs

- Director Accreditation Program (DAP) 51/2006, Thai Institute of Directors Association

#### 5-year Past Experiences and/or Remarkable Positions

- 2008 – 2014 Head of Internal Audit (Vice President), Internal Audit, Central Retail Corporation Company Limited
- 2014 – 2016 Head of Internal Audit (Vice President), Internal Audit, Harng Central Department Store Limited
- 2016 – 2019 Head of Internal Audit (Senior Vice President), Internal Audit, Harng Central Department Store Limited

#### Shareholdings (Ordinary Shares) (as at 31 December 2019)

- Held personally: -None-
- Held by Spouse or minor children: -None-

#### Family Relationship among Directors and Executives

-None-

The details of directors' and managements' profiles of the Subsidiaries Operating the Core Business in the 2019 annual registration statement on <https://www.centrailretail.com/th/investor-relations/home>

# GLOSSARY OF TERMS

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Apart from the context otherwise requires, terms defined shall have the following meanings:

## **Nguyen Kim joint venture**

NKT New Solution Technology Development Investment Joint Stock Company or “Nguyen Kim joint venture” as presented in financial statement of the Company. However, Central Retail acquired the remaining shares of Nguyen Kim held by joint venture partner in June 2019 and became wholly-owned subsidiary of the Company.

## **Central Group**

HCDS and other companies operating under the “Central” brand, or entities under the name “Central” in which a member of the Chirathivat family holds a significant portion of shares, including Central Pattana (CPN) and Central Plaza Hotel Public Company Limited (CENTEL).

## **Retail business group**

Central Retail’s business is organized into 3 operating segments, including fashion, hardline, and food or “segments” as presented in financial statement of the Company

## **Central Retail**

Central Retail Corporation Public Company Limited and/or subsidiaries and/or associated company, as context requires

## **Key retail banners**

Key retail banners as presented in the table of Central Retail’s key retail banners in “Nature of Business”

## **The Company**

Central Retail Corporation Public Company Limited

## **Subsidiaries**

The meaning of subsidiaries in accordance with Notification of the Securities and Exchange Commission No. Kor Jor. 17/2551, Determination of Definitions in Notifications relating to Issuance and Offer for Sale of Securities (As amended).

## **Associated company**

The meaning of associated company in accordance with Notification of the Securities and Exchange Commission No. Kor Jor. 17/2551, Determination of Definitions in Notifications relating to Issuance and Offer for Sale of Securities (As amended)

## **SET**

The Stock Exchange of Thailand

## **Public Limited Companies Act**

Public Limited Companies Act, B.E. 2535 (1992) (As amended)

## **Securities and Exchange Act**

Securities and Exchange Act B.E. 2535 (1992) (As amended)

## **SEC**

The Securities and Exchange Commission, Thailand

## **CENTEL**

Central Plaza Hotel Public Company Limited

## **COL**

COL Public Company Limited

## **CPN**

Central Pattana Public Company Limited

## **HCDS**

Harng Central Department Store, major shareholder of the Company

## **RIS**

RIS Company Limited, providing IT services and computer equipment

## **Southeast Asian**

Southeast Asia is composed of Cambodia, Thailand, Brunei, Burma (Myanmar), the Philippines, Malaysia, Laos, Vietnam, Singapore and Indonesia

# GLOSSARY OF RETAILING TERMS

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Glossary of retailing terms, presented in this Annual Report, shall have the following meanings:

**DIY (“do-it-yourself”)**

The method of building, modifying or repairing something without the aid of experts or professionals.

**“The1 loyalty program” or “The1”**

The customer loyalty program operated by The1 Central Co. Ltd., a subsidiary of HCDS, in which we participate.

**Multi-format Retailer**

A retailer that operates multiple types of retail businesses, such as department stores, specialty stores, supermarkets and hypermarkets.

**Retail plaza**

A retail format that hosts a diverse collection of stores that share common structures and other areas at a single location, and which includes “lifestyle centers” which are designed to be a destination for shopping as well as entertainment, dining and other activities, and which generates revenue in the form of rental income from tenants.

**Net selling space and average net selling space per location**

Net selling space is the main selling space (excluding rental space and display windows), including stock rooms, promotion areas, and walkways forming part or adjacent to the selling space.

Average net selling space per location is the net selling space as of the date indicated divided by the number of stores as at the date indicated.

**Net leasable space**

The area at a given location that may be rented out to tenants, after deducting for common areas.

**Sales of goods per square meter**

Computed based on total sales of goods for the period divided by net selling space for the period, which is the average of the net selling space as of the end of each month comprising the period.

**Rental income and average rental income per square meter**

Average rental income per square meter is calculated based on total rental income for the period divided by the total occupied area for the period.

**FMCG (Fast-moving Consumer Goods)**

Merchandise sold quickly. Examples include non-durable goods such as packaged foods, beverages, toiletries, over-the-counter drugs, and other consumables.

**Repeat customer rate**

The percentage of customers who have made more than one visit transaction in a given year.

**Same store sales growth (“SSSG”)**

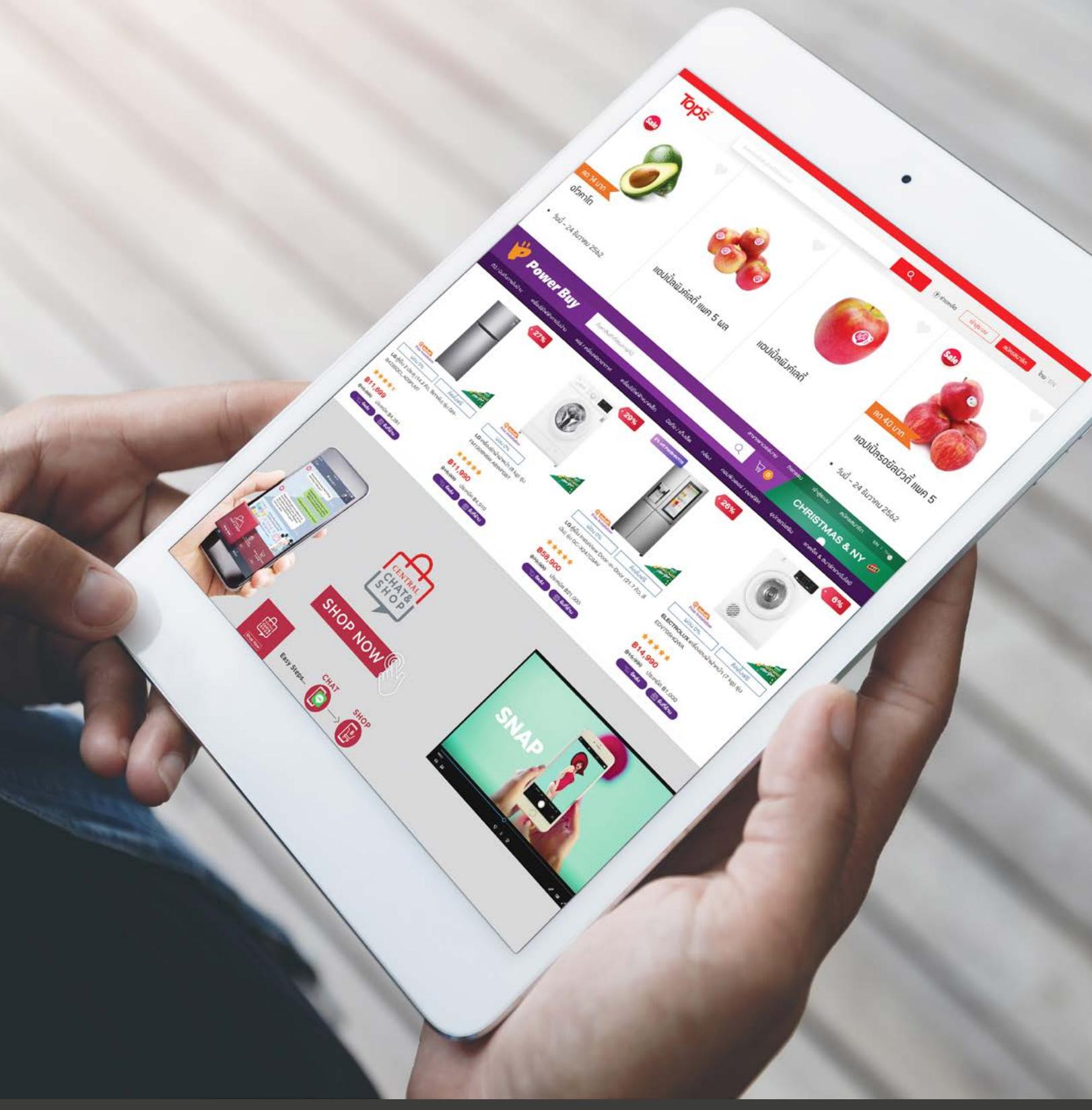
The change in the contribution to total gross revenue between two periods made by the relevant stores on a standalone basis under each of our key retail banners. The stores that are included in comparisons are those that have been in operation during the entirety of the two periods of comparison. The comparison for each store takes into account sales by that store during the same period it was in operation in both the reporting period and the period of comparison. The gross sales of all the relevant stores in the relevant period are then aggregated and compared.

**Total occupancy rate**

The percentage of net leasable space leased out to a tenant as of the date indicated.

**Omni-channel**

Omni-channel refers to the confluence of the various shopping channels used by customers in modern retailing, including in-store, online, mobile and social media.



CENTRAL RETAIL



**CENTRAL RETAIL**

**Central Retail Corporation Public Company Limited**

22 Soi Somkid Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330

📞 +66 2 650 3600    📩 ir@central.co.th    🌐 www.centralretail.com

# CENTRAL RETAIL

FINANCIAL REPORT 2019

# Central Retail Corporation Public Company Limited

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**Head Office** **22 Soi Somkid, Ploenchit Road, Lumpini Sub-district,  
Pathumwan District, Bangkok 10330**

**Phone** **+66 (0) 2650 3600**

**Company Website** **[www.centralretail.com](http://www.centralretail.com)**

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**Registration No.** **0107562000386**

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**Year of Establishment** **1990**

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**Type of Business** **Holding Company**

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**Stock Information** **The ordinary shares of Central Retail Corporation Public  
Company Limited were listed and traded on the Stock Exchange  
of Thailand in 2020 by using the abbreviation of stock “CRC”.**

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**Registered Capital** **THB 6,320,000,000**

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**Paid-up Capital**

**As of 31 December 2019** **THB 4,700,000,000 (par value of THB 1 per share)**

**As of 14 February 2020** **THB 6,031,000,000 (par value of THB 1 per share)**

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**Asking for Information** **Company Secretary**

Phone +66 (0) 2650 3600 ext. 1702, 1777, 1544

Email: [crc\\_companysecretary@central.co.th](mailto:crc_companysecretary@central.co.th)

**Investor Relations**

Phone +66 (0) 2650 3600 ext. 1703, 1563

Email: [ir@central.co.th](mailto:ir@central.co.th)

Investors can additionally study the company's information from the annual registration statement (Form 56-1)  
of the company showed in [www.sec.or.th](http://www.sec.or.th) or [www.centralretail.com](http://www.centralretail.com)

**FINANCIAL REPORT 2019**

**CENTRAL RETAIL CORPORATION**

**PUBLIC COMPANY LIMITED**

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NOTES TO THE FINANCIAL STATEMENTS

# RESPONSIBILITY OF THE BOARD OF DIRECTORS TO THE FINANCIAL STATEMENTS

The Board of Directors of Central Retail Corporation Public Company Limited (“the Company”) is responsible for the consolidated financial statements of the Company and its subsidiaries as well as financial information as presented in the annual report. The financial statements are prepared in conformity with Thai Financial Reporting Standards (TFRSs) which are appropriately applied on a consistent basis. Conservation judgment and best estimate are adopted in this preparation. In addition, all important information is adequately disclosed in the notes to financial statements. The Board of Directors has set up and maintained an effective internal control to reasonably ensure that all accounting records are accurate, complete and sufficient to secure its assets. Moreover, all possible weakness could be found to prevent fraud or material unusual transactions. The Board of Directors has appointed the audit committee which comprises independent directors, to control quality of financial report and internal control system. The opinion of the audit committee on this matter has already been presented in the audit committee report. The Board of Directors is of an opinion that internal control systems of the Company are in the satisfactory and sufficient level to reasonably build the confidence in the reliability of the consolidated financial statements of the Company and its subsidiaries as of December 31, 2019.

*Prasarn Trairatvorakul*

(Dr. Prasarn Trairatvorakul)  
Chairman

*Yol Phokasub*

(Mr. Yol Phokasub)  
Director & CEO

**CENTRAL RETAIL CORPORATION PUBLIC COMPANY LIMITED  
AND ITS SUBSIDIARIES**

**(FORMERLY CENTRAL RETAIL CORPORATION LIMITED)**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

**AND**

**INDEPENDENT AUDITOR'S REPORT**

# INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Central Retail Corporation Public Company Limited  
(Formerly Central Retail Corporation Limited)

## Opinion

I have audited the consolidated and separate financial statements of Central Retail Corporation Public Company Limited and its subsidiaries (the "Group") and of Central Retail Corporation Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2019, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2019 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

## Basis for Opinion

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

## Key Audit Matters

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

Acquisitions of business	
Refer to Note 5 to the consolidated and separate financial statements.	
The key audit matter	How the matter was addressed in the audit
<p>In 2019, the Group completed the acquisitions of business resulting in the recording of intangible assets of Baht 1,722 million and goodwill of Baht 4,270 million in the consolidated statement of financial position as at 31 December 2019.</p> <p>The acquisition method of accounting for business combinations is a complex and judgmental exercise, requiring the Group to determine the fair value of assets acquired and liabilities assumed and consideration transferred with any resulting differences recognized as goodwill or a gain on bargain purchase.</p> <p>Due to the materiality of the transactions and the significant judgment and complexities involved in determining the fair value of assets acquired and liabilities assumed, I considered accounting for business combination as a key audit matter.</p>	<p>My audit procedures were as follows:</p> <ul style="list-style-type: none"><li>• Read the sale and purchase agreement to understand key terms and conditions.</li><li>• Evaluated the assessment by the Group of the identification of all the assets acquired and liabilities assumed and consideration transferred.</li><li>• Evaluated the assumptions and methodologies underpinning the valuations.</li><li>• Involved KPMG valuation specialist to evaluate the financial parameters applied to the discount rate, identification of the intangible assets, valuation methodology used and calculation rationale.</li><li>• Assessed the adequacy of the Group's disclosure in accordance with Thai Financial Reporting Standards.</li></ul>

<b>Impairment of goodwill</b>	
Refer to Note 16 to the consolidated and separate financial statements	
<b>The key audit matter</b>	<b>How the matter was addressed in the audit</b>
<p>As at 31 December 2019, the Group had goodwill of Baht 30,400 million.</p> <p>The cash-generating units ("CGU") to which the goodwill belongs are tested for impairment annually. The Group applies the value-in-use (discounted cash flow ("DCF")) method to determine the recoverable amount of each CGU. Any shortfall of the recoverable amounts against the carrying amounts would be recognised as impairment losses.</p> <p>Due to the materiality of the balances and the judgment and complexities involved in determining the future cash flows attributable to the individual CGU, I considered the measurement of the recoverable amount as a key audit matter.</p>	<p>My audit procedures were as follows:</p> <ul style="list-style-type: none"> <li>Evaluated the DCF provided by the Group and the Group's assumptions applied in the value-in-use method against relevant documents as well as externally derived data.</li> <li>Analyzed historical information to support the precision in the Group's forecasting process.</li> <li>Tested the principles and mathematical accuracy of the DCF and performed sensitivity analysis around the key assumptions.</li> <li>Evaluated the financial parameters applied to the discount rate.</li> <li>Assessed the adequacy of the Group's disclosure in accordance with Thai Financial Reporting Standards.</li> </ul>

<b>Valuation of inventories</b>	
Refer to Note 10 to the consolidated and separate financial statements	
<b>The key audit matter</b>	<b>How the matter was addressed in the audit</b>
<p>The Group's inventories are various products which depend on fashion, technology or have short lives and their sales and selling prices are subject to the market situation. Consequently, the estimation of valuation of inventories involves management's judgment relating to estimate valuation for deteriorated, damaged, obsolete and slow-moving and quantity of shrinkage inventories.</p> <p>Because of the significance of the amounts and of the judgement involved. I considered the adequacy of allowance for decline in value of inventories as a key audit matter of my audit.</p>	<p>My audit procedures were as follows:</p> <ul style="list-style-type: none"> <li>Understood the inventory control and management policy and the estimation of valuation of inventories.</li> <li>Evaluated the design and implementation and testing the operating effectiveness of internal controls relating to inventory management and attending inventory counts and observing the condition of inventories.</li> <li>Tested on a sample basis and the reasonableness of management's assumptions used to set the percentage of deteriorated, damaged, obsolete, slow-moving and shrinkage inventories by comparison with information for destruction and actual shrinkage inventories included retrospective review, inquiry management and tested calculation.</li> <li>Tested a sample of selling prices post year-end and the estimated costs to make the sale with related documents including recalculation of net realizable value.</li> <li>Assessed the adequacy of the Group's disclosures in accordance with Thai Financial Reporting Standards.</li> </ul>

<b>Commercial support</b>	
Refer to Note 3(u) to the consolidated and separate financial statements	
<b>The key audit matter</b>	<b>How the matter was addressed in the audit</b>
<p>During the year, the Group has variety of marketing activities which receives the marketing support from supplier which is general transaction of retail business. The marketing support is significant amount in each year which it varies with regards to the nature and timing of the activity to which it relates and is recognized in accordance with written agreements with suppliers. The marketing support is recognized as a deduction from cost of inventories or as other income and is earned over the period of the contractual agreements.</p> <p>My focus was on assessing the written agreement, whether the relevant marketing had taken place and whether the recognized was recorded in the appropriate amount and period.</p>	<p>My audit procedures were as follows:</p> <ul style="list-style-type: none"> <li>• Understanding, evaluating and testing management's key controls in respect of the recognition of transactions.</li> <li>• Assessed the effectiveness of the Groups' general controls over their IT systems and their internal controls by KPMG's IT specialist.</li> <li>• Examined supporting documents and comparing to marketing activities which occurred during the year and after the period end transactions and evaluating by reference to agreements and marketing activities.</li> <li>• Assessed the adequacy of the Group's disclosures in accordance with Thai Financial Reporting Standards.</li> </ul>

## **Other Information**

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

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

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

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.

## **Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements**

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

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

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

## **Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements**

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

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

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

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

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

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

(Pornthip Rimdusit)  
Certified Public Accountant  
Registration No.5565  
KPMG Phoomchai Audit Ltd.  
Bangkok  
27 February 2020

**Central Retail Corporation Public Company Limited and its Subsidiaries**  
**(Formerly Central Retail Corporation Limited)**  
**Statement of financial position**

<b>Assets</b>	<i>Note</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		31 December		31 December	
		2019	2018	2019	2018
<i>(in Baht)</i>					
<b><i>Current assets</i></b>					
Cash and cash equivalents	7	10,073,020,071	11,064,926,217	1,378,448,059	2,276,055,117
Current investments		1,603,095,833	1,736,000,547	-	-
Trade accounts receivable	6, 8	4,459,504,465	4,545,901,045	772,992,309	137,083,398
Other receivables	6, 9	11,738,847,338	10,145,472,758	447,393,028	433,283,281
Short-term loans	6	40,201,448	104,386,122	26,494,711,400	23,770,109,377
Inventories	10	37,435,563,735	32,248,919,146	-	-
Other current assets		510,794,783	341,454,509	-	-
<b>Total current assets</b>		<b>65,861,027,673</b>	<b>60,187,060,344</b>	<b>29,093,544,796</b>	<b>26,616,531,173</b>
<b><i>Non-current assets</i></b>					
Investments in associates	11	516,748,185	4,972,013,924	52,501,000	52,501,000
Investments in joint ventures	11	464,467,245	443,482,271	-	-
Investments in subsidiaries	12	-	-	48,653,607,201	44,416,052,116
Other long-term investments		209,009,578	210,609,578	499,955	499,955
Long-term loans	6	-	362,710,950	-	-
Investment properties	14	10,866,151,941	11,131,158,545	-	-
Property, plant and equipment	15	41,861,948,120	39,140,712,925	21,412,815	19,175,006
Goodwill	16	30,400,482,182	27,037,014,210	-	-
Leasehold rights	6, 17	21,042,270,803	20,758,355,021	-	-
Other intangible assets	18	7,066,002,021	4,927,706,511	20,177,909	31,697,742
Deferred tax assets	30	1,604,387,559	1,471,951,120	18,578,208	9,977,247
Other non-current assets		7,129,420,914	6,714,461,153	196,354,124	172,795,786
<b>Total non-current assets</b>		<b>121,160,888,548</b>	<b>117,170,176,208</b>	<b>48,963,131,212</b>	<b>44,702,698,852</b>
<b>Total assets</b>		<b>187,021,916,221</b>	<b>177,357,236,552</b>	<b>78,056,676,008</b>	<b>71,319,230,025</b>

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

**Central Retail Corporation Public Company Limited and its Subsidiaries**  
**(Formerly Central Retail Corporation Limited)**  
**Statement of financial position**

<b>Liabilities and equity</b>	<i>Note</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		31 December	2018	31 December	2018
		(in Baht)			
<b><i>Current liabilities</i></b>					
Bank overdrafts and short-term loans					
from financial institutions	19	51,103,564,209	29,100,163,798	36,890,173,450	16,775,000,000
Trade accounts payable	6	37,101,060,556	36,136,815,366	-	-
Other payables	6, 20	30,023,012,952	15,474,325,828	14,217,258,382	351,828,037
Current portion of long-term loans	19	8,271,241,509	5,190,057,294	-	-
Short-term loans	6, 19	-	31,983	5,758,920,725	28,817,746,398
Current portion of finance lease liabilities	19	31,148,713	33,743,418	-	-
Current tax payable		902,413,636	1,305,494,314	-	-
<b>Total current liabilities</b>		<b>127,432,441,575</b>	<b>87,240,632,001</b>	<b>56,866,352,557</b>	<b>45,944,574,435</b>
<b><i>Non-current liabilities</i></b>					
Long-term loans	19	1,551,946,437	7,826,964,155	1,500,000,000	2,500,000,000
Finance lease liabilities	19	196,864,601	58,265,969	-	-
Deferred tax liabilities	30	3,214,799,907	2,970,927,517	-	-
Non-current provisions for employee benefits	21	2,466,758,967	1,680,836,588	109,305,792	41,795,945
Unearned lease income	6	6,213,032,942	5,467,573,173	-	-
Other non-current liabilities		4,986,748,893	4,785,259,863	1,073,225	1,534,297
<b>Total non-current liabilities</b>		<b>18,630,151,747</b>	<b>22,789,827,265</b>	<b>1,610,379,017</b>	<b>2,543,330,242</b>
<b>Total liabilities</b>		<b>146,062,593,322</b>	<b>110,030,459,266</b>	<b>58,476,731,574</b>	<b>48,487,904,677</b>

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

**Central Retail Corporation Public Company Limited and its Subsidiaries**  
**(Formerly Central Retail Corporation Limited)**  
**Statement of financial position**

<b>Liabilities and equity</b>	<b>Note</b>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		31 December		31 December	
		2019	2018	2019	2018
<i>(in Baht)</i>					
<b>Equity</b>					
Share capital:	22				
Authorised share capital					
<i>(470 million ordinary shares, par value at Baht 10 per share)</i>		-	4,700,000,000	-	4,700,000,000
<i>(6,320 million ordinary shares, par value at Baht 1 per share)</i>		6,320,000,000	-	6,320,000,000	-
Issued and paid-up share capital					
<i>(470 million ordinary shares, par value at Baht 10 per share)</i>		-	4,700,000,000	-	4,700,000,000
<i>(4,700 million ordinary shares, par value at Baht 1 per share)</i>		4,700,000,000	-	4,700,000,000	-
Share premium :	22				
Share premium on ordinary shares		12,971,114,336	12,971,114,336	12,971,114,336	12,971,114,336
Share premium on treasury shares		67,483,332	67,483,332	-	-
Difference in value arising from restructuring transactions of entities under common control	4(a)	(2,393,022,014)	(2,393,022,014)	-	-
Retained earnings					
Appropriated					
Legal reserve	23	632,000,000	211,428,571	632,000,000	211,428,571
Unappropriated		12,549,083,007	38,572,815,354	1,323,885,962	4,952,975,922
Other components of equity	23	(276,698,866)	1,227,397,698	(47,055,864)	(4,193,481)
<b>Equity attributable to owners</b>					
<b>of the parent</b>		<b>28,249,959,795</b>	<b>55,357,217,277</b>	<b>19,579,944,434</b>	<b>22,831,325,348</b>
Non-controlling interests	13	12,709,363,104	11,969,560,009	-	-
<b>Total equity</b>		<b>40,959,322,899</b>	<b>67,326,777,286</b>	<b>19,579,944,434</b>	<b>22,831,325,348</b>
<b>Total liabilities and equity</b>		<b>187,021,916,221</b>	<b>177,357,236,552</b>	<b>78,056,676,008</b>	<b>71,319,230,025</b>

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

**Central Retail Corporation Public Company Limited and its Subsidiaries**  
**(Formerly Central Retail Corporation Limited)**  
**Statement of comprehensive income**

	Note	Consolidated financial statements		Separate financial statements		
		Year ended 31 December		Year ended 31 December		
		2019	2018	2019	2018	
<b>Continuing operations</b>						
<i>Revenue</i>						
Revenue from sale of goods	24	195,355,261,170	180,614,271,656	-	-	
(Gross revenue 2019 : Baht 226,158 million and 2018 : Baht 213,341 million)						
Revenue from rental services	24	6,979,454,697	6,414,931,113	-	-	
Revenue from rendering of services	24	1,674,354,263	1,412,719,496	784,301,110	1,248,541,034	
(Gross revenue 2019 : Baht 3,161 million and 2018 : Baht 2,905 million)						
Investments income	24, 25	251,093,171	738,526,914	33,302,741,664	1,178,816,998	
Gain on disposal of assets	15	-	1,915,032,532	-	-	
Gain on disposal of entities under common control	4(b)	-	496,391,016	-	-	
Insurance compensation	26	3,282,606,404	-	-	-	
Other income	26	15,194,477,198	15,028,127,833	488,610,852	607,070,765	
<b>Total revenue</b>		<b>222,737,246,903</b>	<b>206,620,000,560</b>	<b>34,575,653,626</b>	<b>3,034,428,797</b>	
(Gross revenue 2019 : Baht 255,026 million and 2018 : Baht 240,839 million)						
<i>Expenses</i>						
Cost of sales of goods		142,351,714,938	129,936,550,236	-	-	
Cost of rental and rendering of services		2,184,350,068	1,931,009,137	-	1,352,923,686	
Selling expenses	27	46,185,204,614	44,613,163,808	-	-	
Administrative expenses	28	16,466,679,557	15,547,248,573	789,028,745	680,398,826	
Loss on disposal of entities under common control	4(b)	-	-	-	250,862,857	
Finance costs	6	1,085,431,094	1,186,482,846	734,452,352	776,690,138	
<b>Total expenses</b>		<b>208,273,380,271</b>	<b>193,214,454,600</b>	<b>1,523,481,097</b>	<b>3,060,875,507</b>	
Share of profit of associates and joint ventures		390,668,028	287,423,279	-	-	
<b>Profit (loss) before tax expense</b>						
<b>from continuing operations</b>		<b>14,854,534,660</b>	<b>13,692,969,239</b>	<b>33,052,172,529</b>	<b>(26,446,710)</b>	
Tax expenses	30	2,495,055,842	2,587,784,306	23,691,060	158,386,494	
<b>Profit (loss) for the year from continuing operations</b>		<b>12,359,478,818</b>	<b>11,105,184,933</b>	<b>33,028,481,469</b>	<b>(184,833,204)</b>	
<b>Discontinued operation</b>						
Loss for the year from discontinued operation, net of tax	31	-	(1,072,525,476)	-	-	
<b>Profit (loss) for the year</b>		<b>12,359,478,818</b>	<b>10,032,659,457</b>	<b>33,028,481,469</b>	<b>(184,833,204)</b>	

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

**Central Retail Corporation Public Company Limited and its Subsidiaries**  
**(Formerly Central Retail Corporation Limited)**  
**Statement of comprehensive income**

Note	Consolidated financial statements		Separate financial statements	
	Year ended 31 December		Year ended 31 December	
	2019	2018	2019	2018
<i>(in Baht)</i>				
<b>Other comprehensive income</b>				
<i>Items that will be reclassified subsequently to profit or loss</i>				
Exchange differences on translating foreign operations	(1,250,142,515)	1,204,962,032	-	-
Net change in fair value of available-for-sale investments transferred to profit or loss	1,978,351	(236,793,687)	-	-
<b>Total items that will be reclassified subsequently to profit or loss</b>	<b>(1,248,164,164)</b>	<b>968,168,345</b>	<b>-</b>	<b>-</b>
<i>Items that will not be reclassified to profit or loss</i>				
Loss on remeasurements of defined benefit plans	21, 30 (384,478,725)	(106,267,419)	(53,577,980)	(5,241,851)
Income tax relating to items that will not be reclassified	30 77,715,148	20,872,485	10,715,597	1,048,370
<b>Total items that will not be reclassified to profit or loss</b>	<b>(306,763,577)</b>	<b>(85,394,934)</b>	<b>(42,862,383)</b>	<b>(4,193,481)</b>
<b>Other comprehensive income for the year, net of tax</b>	<b>(1,554,927,741)</b>	<b>882,773,411</b>	<b>(42,862,383)</b>	<b>(4,193,481)</b>
<b>Total comprehensive income for the year</b>	<b>10,804,551,077</b>	<b>10,915,432,868</b>	<b>32,985,619,086</b>	<b>(189,026,685)</b>
<b>Profit (loss) for the year from continuing operations attributable to:</b>				
Owners of the parent	10,633,261,923	11,821,672,159	33,028,481,469	(184,833,204)
Former shareholders before business restructuring	-	(2,305,238,940)	-	-
Non-controlling interests	1,726,216,895	1,588,751,714	-	-
<b>Profit (loss) for the year from continuing operations</b>	<b>12,359,478,818</b>	<b>11,105,184,933</b>	<b>33,028,481,469</b>	<b>(184,833,204)</b>
<b>Profit (loss) attributable to:</b>				
Owners of the parent	10,633,261,923	10,931,181,248	33,028,481,469	(184,833,204)
Former shareholders before business restructuring	-	(2,307,047,318)	-	-
Non-controlling interests	13 1,726,216,895	1,408,525,527	-	-
<b>Profit (loss) for the year</b>	<b>12,359,478,818</b>	<b>10,032,659,457</b>	<b>33,028,481,469</b>	<b>(184,833,204)</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	9,129,742,518	11,520,841,722	32,985,619,086	(189,026,685)
Former shareholders before business restructuring	-	(1,981,174,614)	-	-
Non-controlling interests	13 1,674,808,559	1,375,765,760	-	-
<b>Total comprehensive income for the year</b>	<b>10,804,551,077</b>	<b>10,915,432,868</b>	<b>32,985,619,086</b>	<b>(189,026,685)</b>
<b>Basic earnings (loss) per share</b>				
Basic earnings (loss) per share from continuing operations	32 2.26	4.09	7.03	(0.06)
Loss per share from discontinued operations	-	(0.31)	-	-

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

**Central Retail Corporation Public Company Limited and its Subsidiaries**  
**(Formerly Central Retail Corporation Limited)**  
**Statements of changes in equity**

										Consolidated financial statements																
					Retained earnings					Other components of equity							Total other components of equity		Equity attributable to owners of the parent		Non-controlling interests		Total equity			
					Additional paid-in capital		Difference in value arising from restructuring transactions of entities under common control			Shareholding in subsidiaries before business restructuring (in Baht)		Translating foreign operations		Available-for-sale investments		Losses on re-measurements of defined benefit plans		Total other components of equity		Equity attributable to owners of the parent		Non-controlling interests		Total equity		
Issued and paid-up share capital	Share premium on ordinary shares	Share premium on treasury shares	Share premium on common control	Legal reserve	Unappropriated					Shareholding in subsidiaries before business restructuring	Translating foreign operations	Available-for-sale investments														
2,114,285,710	1,612,071,460	67,483,332	88,364,824	211,428,571	29,958,085,993	21,279,761,315	(512,601,834)	250,154,975	(5912,591)	(268,359,450)	55,063,121,755	11,883,140,996	66,946,264,851													
<i>Year ended 31 December 2018</i>																										
<i>Balance at 1 January 2018</i>																										
<i>Transactions with owners, recorded directly in equity</i>																										
<i>Contributions by and distributions to owners of the parent</i>	22	2,585,714,290	11,359,042,876	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Issue of ordinary shares																										
Business's restructuring																										
Acquisitions	4(a)	-	-	-	(2,393,022,014)	-	-	(1,892,255,968)	957,665,679	(15,434,426)	(36,134,579)	906,096,674	(20,412,181,308)	452,959,884	(19,949,221,504)											
Disposals	4(b)	-	-	(88,364,824)	-	-	(2,325,714,281)	(188,139,664)	-	-	-	-	(88,364,824)	-	(88,364,824)	(88,364,824)										
Dividends	33	-	-	-	-	-	(2,325,714,281)	(19,113,395,632)	957,665,679	(15,434,426)	(36,134,579)	906,096,674	(9,069,642,911)	(1,129,380,639)	(11,129,380,639)	(11,129,380,639)										
<i>Total contributions by and distributions to owners of the parent</i>	2,585,714,290	11,359,042,876	-	(2,481,386,838)	-	(2,481,386,838)	-	(2,316,451,887)	(19,298,586,701)	957,665,679	(15,434,426)	(36,134,579)	906,096,674	(9,245,571,586)	(1,289,345,847)	(10,534,917,433)										
<i>Changes in ownership interests in subsidiaries</i>																										
Acquisition of non-controlling interests without a change in control	5(b)	-	-	-	-	-	9,262,394	(185,191,069)	-	-	-	-	-	-	(175,028,675)	(175,028,675)	(175,028,675)	(175,028,675)	(175,028,675)	(175,028,675)	(175,028,675)	(175,028,675)	(175,028,675)	(175,028,675)	(175,028,675)	(175,028,675)
<i>Total changes in ownership interests in subsidiaries</i>							9,262,394	(185,191,069)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
<i>Total transactions with owners, recorded directly in equity</i>	2,585,714,290	11,359,042,876	-	(2,481,386,838)	-	(2,481,386,838)	-	(2,316,451,887)	(19,298,586,701)	957,665,679	(15,434,426)	(36,134,579)	906,096,674	(9,245,571,586)	(1,289,345,847)	(10,534,917,433)										
<i>Comprehensive income for the year</i>																										
Profit or loss		-	-	-	-	-	10,931,181,248	(2,307,047,318)	-	-	-	-	-	-	8,624,133,930	1,008,525,527	10,032,659,457									
Other comprehensive income		-	-	-	-	-	-	-	32,387,2704	88,4668,330	(236,698,900)	(58,310,956)	589,660,74	915,333,178	(32,759,767)	882,777,411										
<i>Total comprehensive income for the year</i>									10,931,181,248	(198,174,614)	88,4668,330	(236,698,900)	589,660,74	9,539,667,108	1,375,765,760	10,915,432,868										
<i>Balance at 31 December 2018</i>	4,700,000,000	12,971,114,336	67,483,332	(2,393,022,014)	211,428,571	-	38,572,815,354	-	-	1,329,732,175	(1978,351)	(100,156,126)	(1,227,397,698)	55,357,217,277	11,969,560,009	67,326,777,286										

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

# Central Retail Corporation Public Company Limited and its Subsidiaries (Formerly Central Retail Corporation Limited)

## Statements of changes in equity

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

**Central Retail Corporation Public Company Limited and its Subsidiaries**  
**(Formerly Central Retail Corporation Limited)**  
**Statements of changes in equity**

	Note	Separate financial statements			Other components of equity	
		Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated (in Baht)	Loss on remeasurements of defined benefit plans
<b>Year ended 31 December 2018</b>		<b>2,114,285,710</b>	<b>1,612,071,460</b>	<b>211,428,571</b>	<b>7,463,523,407</b>	<b>-</b>
<b>Balance at 1 January 2018</b>						<b>11,401,309,148</b>
<b>Transactions with owners, recorded directly in equity</b>						
<i>Contributions by and distributions to owners</i>						
Issue of ordinary shares	22	2,585,714,290	11,359,042,876	-	-	13,944,757,166
Dividends	33	-	-	-	-	(2,335,714,281)
<b>Total contributions by and distributions to owners</b>		<b>2,585,714,290</b>	<b>11,359,042,876</b>		<b>(2,325,714,281)</b>	<b>11,619,042,585</b>
<b>Comprehensive income for the year</b>						
Loss		-	-	-	(184,833,204)	-
Other comprehensive income		-	-	-	-	(184,833,204)
<b>Total comprehensive income for the year</b>						
<b>Balance at 31 December 2018</b>		<b>4,700,000,000</b>	<b>12,971,114,336</b>	<b>211,428,571</b>	<b>4,952,975,922</b>	<b>(4,193,481)</b>
<b>Year ended 31 December 2019</b>		<b>4,700,000,000</b>	<b>12,971,114,336</b>	<b>211,428,571</b>	<b>4,952,975,922</b>	<b>(4,193,481)</b>
<b>Balance at 1 January 2019</b>						<b>22,831,325,348</b>
<b>Transactions with owners, recorded directly in equity</b>						
<i>Distributions to owners</i>						
Dividends	33	-	-	-	(36,237,000,000)	-
<b>Total distributions to owners</b>					<b>(36,237,000,000)</b>	<b>(36,237,000,000)</b>
<b>Comprehensive income for the year</b>						
Profit		-	-	-	33,028,481,469	33,028,481,469
Other comprehensive income		-	-	-	(42,862,383)	(42,862,383)
<b>Total comprehensive income for the year</b>					<b>33,028,481,469</b>	<b>(42,862,383)</b>
Transfer to legal reserve	23	-	-	420,571,429	(420,571,429)	-
<b>Balance at 31 December 2019</b>		<b>4,700,000,000</b>	<b>12,971,114,336</b>	<b>632,000,000</b>	<b>1,323,385,962</b>	<b>(47,055,864)</b>
						<b>19,579,944,434</b>

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

**Central Retail Corporation Public Company Limited and its Subsidiaries**  
**(Formerly Central Retail Corporation Limited)**  
**Statement of cash flows**

	Consolidated financial statements		Separate financial statements	
	Year ended 31 December		Year ended 31 December	
	2019	2018	2019	2018
(in Baht)				
<b>Cash flows from operating activities</b>				
Profit (loss) for the year	12,359,478,818	10,032,659,457	33,028,481,469	(184,833,204)
<i>Adjustments to reconcile profit (loss) to cash receipts (payments)</i>				
Tax expense	2,495,055,842	2,593,334,198	23,691,060	158,386,494
Finance costs	1,085,431,094	1,260,608,850	734,452,352	776,690,138
Depreciation and amortization	9,873,576,169	11,107,111,179	8,412,293	34,262,791
Dividends income	(3,043,524)	(7,289,055)	(32,765,478,302)	(550,926,878)
(Reversal of) bad and doubtful debts expenses	99,561,426	428,321,188	(24,505,043)	7,742,068
Impairment losses on investments in subsidiaries and associates	-	-	-	(130,358,400)
(Reversal of) impairment losses on assets	(292,512,701)	164,644,817	-	-
Unrealised (gain) loss on exchange rate	(406,691,375)	(238,696,533)	21,782,912	(5,023,161)
Share of profit of associates and joint ventures, net of tax	(390,668,028)	(287,423,279)	-	-
Losses on inventories devaluation	1,054,329,664	1,166,224,743	-	-
Gain from remeasuring to fair value of the previously held equity interest	(62,242,838)	-	-	-
Gain on disposal of current investments	(3,943,898)	(585,375,003)	-	(7,014)
(Gain) loss on disposal of entities under common control	-	(496,391,016)	-	250,862,857
(Gain) loss on disposal of property, plant and equipment and intangible assets	90,879,043	(1,914,644,755)	(310,556)	(276,345)
Realized unearned lease income	(350,211,869)	(326,172,622)	-	-
Non-current provisions for employee benefits	665,811,375	351,232,294	15,184,027	245,906
Interest income	(248,049,647)	(737,756,037)	(537,263,361)	(627,787,263)
	25,966,759,551	22,510,388,426	504,446,851	(271,022,011)
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	236,025,727	(1,578,873,368)	(635,908,911)	(60,746,630)
Other receivables	(1,256,535,031)	(1,797,047,024)	69,684,612	220,746,159
Inventories	(3,888,881,215)	(2,612,492,814)	-	-
Other current assets	(169,340,274)	16,680,862	-	-
Other non-current assets	(102,852,749)	(430,996,135)	891,591	9,244,238
Trade accounts payable	(322,669,488)	2,229,619,114	-	-
Other payables	517,357,366	3,490,234,402	425,970,729	(93,097,571)
Deferred income	-	484,103,834	-	484,103,834
Non-current provisions for employee benefits	(263,366,808)	(376,708,224)	(1,252,160)	38,676,592
Unearned lease income	1,095,671,638	71,306,575	-	-
Other non-current liabilities	(298,956,205)	(3,224,225,644)	(461,071)	(4,737,450)
Net cash generated from operating activities	21,513,212,512	18,781,990,004	363,371,641	323,167,161
Taxes paid	(3,127,614,508)	(1,765,298,451)	(24,449,928)	(59,961,528)
<b>Net cash from operating activities</b>	<b>18,385,598,004</b>	<b>17,016,691,553</b>	<b>338,921,713</b>	<b>263,205,633</b>

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

**Central Retail Corporation Public Company Limited and its Subsidiaries**  
**(Formerly Central Retail Corporation Limited)**  
**Statement of cash flows**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	Year ended 31 December		Year ended 31 December	
	2019	2018	2019	2018
<i>(in Baht)</i>				
<b>Cash flows from investing activities</b>				
Proceeds (paid) from acquisition and disposal				
of entities under common control	-	(13,754,738,487)	-	11,748,107,069
Acquisition of subsidiaries, net of cash acquired	(2,709,105,984)	-	(4,235,234,121)	(36,398,385,907)
Acquisition of associates	(4,272,290,296)	(148,597,720)	-	-
Proceeds from disposal of associate	4,271,225,229	10,019	-	10,019
Increase in share capital of associates	-	(1,073,911,899)	-	-
Proceeds from disposal of current investments	3,566,466,355	6,068,460,497	-	-
Acquisition of current investments	(3,541,327,296)	(3,828,851,190)	-	-
Proceeds from disposal of other long-term investments	1,600,000	5,054,000	-	4,976,088
Proceeds from disposal of property, plant and equipment	488,505,705	4,254,925,916	7,161,375	2,049,590
Acquisition of property, plant and equipment	(9,669,740,231)	(11,232,488,645)	(17,207,702)	(24,057,884)
Proceeds from disposal of investment properties	4,910,507	3,007,995	-	-
Acquisition of investment properties	(41,241,501)	(639,335,060)	-	-
Proceeds from disposal of leasehold right	14,290,807	85,155,106	-	-
Acquisition of leasehold right	(1,594,063,889)	(789,804,532)	-	-
Proceeds from disposal of other intangible assets	79,352,446	390,469,017	21,848,676	22,500
Acquisition of other intangible assets	(833,597,645)	(637,567,777)	(73,978,168)	(103,748,301)
Proceeds from repayment of short-term to related parties	61,147,400	78,297,693,405	59,782,460,853	79,207,301,574
Short-term loans to related parties	-	(33,674,824,800)	(62,528,606,108)	(76,970,131,396)
Proceeds from repayment of short-term to other parties	4,092,285	257,557,469	-	204,208,137
Short-term loans to other parties	(5,400,000)	(206,208,137)	-	(204,208,137)
Proceeds from repayment of long-term loans to related parties	-	45,449,714	-	-
Dividends received	302,750,960	380,497,416	32,765,478,302	3,273,111,283
Interest received	284,345,595	904,077,563	456,248,025	591,453,707
<b>Net cash from (used in) investing activities</b>	<b>(13,588,079,553)</b>	<b>24,706,029,870</b>	<b>26,178,171,132</b>	<b>(18,669,291,658)</b>

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

**Central Retail Corporation Public Company Limited and its Subsidiaries**  
**(Formerly Central Retail Corporation Limited)**  
**Statement of cash flows**

	Consolidated financial statements		Separate financial statements	
	Year ended 31 December		Year ended 31 December	
	2019	2018	2019	2018
<i>(in Baht)</i>				
<b>Cash flows from financing activities</b>				
Proceeds from issue of shares	-	13,944,757,166	-	13,944,757,166
Acquisition of non-controlling interest	-	(335,893,883)	-	-
Proceeds from short-term loans from financial institution	289,410,014,533	205,130,451,857	202,078,973,450	124,726,320,000
Repayment of short-term loans from financial institution	(268,067,663,088)	(203,481,703,130)	(181,963,800,000)	(121,819,150,000)
Proceeds from short-term loans from related parties	-	20,628,126,379	60,549,255,116	76,401,095,304
Repayment of short-term loans from related parties	-	(71,136,378,349)	(83,608,080,789)	(68,801,005,151)
Proceeds from short-term loans from other parties	-	110,339	-	78,356
Repayment of short-term loans from other parties	-	(65,933,259)	-	(65,138,102)
Proceeds from long-term loans from financial institutions	137,275,485	7,333,045,885	-	1,500,000,000
Repayment of long-term loans from financial institutions	(3,202,980,955)	(10,837,435,060)	(1,000,000,000)	(4,000,000,000)
Proceeds from long-term loans from related parties	-	9,957	-	-
Repayment of long-term loans from related parties	-	(1,647,009)	-	-
Proceeds from long-term loans from other parties	-	943,347,211	-	-
Repayment of long-term loans from other parties	-	(185,997,253)	-	-
Payment by a lessee for reduction of the outstanding liability relating to a finance lease	(34,744,164)	(129,268,417)	-	-
Dividends paid to owners of the Company	(22,695,354,443)	(2,325,714,281)	(22,695,354,443)	(2,325,714,281)
Dividends paid to non-controlling interests	(935,005,464)	(1,770,480,107)	-	-
Interest paid	(1,091,353,402)	(1,451,828,635)	(775,603,152)	(863,059,094)
<b>Net cash from (used in) financing activities</b>	<b>(6,479,811,498)</b>	<b>(43,742,430,589)</b>	<b>(27,414,609,818)</b>	<b>18,698,184,198</b>
Net increase (decrease) in cash and cash equivalents, before effect of exchange rates	(1,682,293,047)	(2,019,709,166)	(897,516,973)	292,098,173
Effect of exchange rate changes on cash and cash equivalents	(315,907,802)	(38,837,754)	(90,085)	6,760,464
Translating foreign operations	1,006,294,703	2,060,634,342	-	-
Change in subsidiary's accounting period	-	307,829,680	-	-
<b>Net increase (decrease) in cash and cash equivalents,</b>	<b>(991,906,146)</b>	<b>309,917,102</b>	<b>(897,607,058)</b>	<b>298,858,637</b>
Cash and cash equivalents at 1 January	11,064,926,217	10,755,009,115	2,276,055,117	1,977,196,480
<b>Cash and cash equivalents at 31 December</b>	<b>10,073,020,071</b>	<b>11,064,926,217</b>	<b>1,378,448,059</b>	<b>2,276,055,117</b>
<b>Non-cash transactions</b>				
Payable for property, plant and equipment	1,544,825,130	1,368,206,397	762,406	2,052,877
Payable for other intangible assets	89,724,794	75,027,039	157,290	62,222,925
Payable for acquisitions of subsidiaries	480,343,965	-	2,320,965	-
Payable for property, plant and equipment under finance lease	170,748,090	-	-	-
Transfer from property, plant and equipment to investment property	912,160,310	2,101,254,268	-	-
Dividend payable	12,187,481,001	-	12,187,481,001	-

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

**Central Retail Corporation Public Company Limited and its Subsidiaries**  
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These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorized for issue by the Board of Directors on 27 February 2020.

## **1 General information**

Central Retail Corporation Public Company Limited (Formerly Central Retail Corporation Limited), the “Company”, is incorporated in Thailand and has its registered office at 22 Soi Somkid, Ploenchit Road, Kwang Lumpini, Khet Phatumvan, Bangkok, Thailand.

On 6 September 2019, the Company registered conversion into a public limited company under Public Limited Companies Act, B.E.2535 and changed the name as “Central Retail Corporation Public Company Limited”.

The principal activities of the Group are the operation of a multi format retailing business.

Details of the Group’s subsidiaries as at 31 December are as follows:

Name of the entity	Type of business	Country of incorporation	2019 Ownership interest (%)	2018 Ownership interest (%)
<b><i>Direct subsidiaries</i></b>				
Capital C Limited	Investing	Thailand	99.99	99.99
Cenergy Innovation Co., Ltd.	Computer system development	Thailand	99.99	99.99
Central Department Store Limited	Department store	Thailand	99.99	99.99
Central Global Service Joint Stock Company	Service	Vietnam	99.99	99.99
Central Group Online Limited	E-Commerce	Thailand	99.99	99.99
Central Marketing Group Co., Ltd.	Investing	Thailand	99.99	99.99
Central US Trading Ltd.	Trademark service	United States of America	100.00	-
CRC Holland B.V.	Investing	Netherlands	100.00	100.00
CRC Thai Watsadu Co., Ltd.	Retail	Thailand	99.99	99.99
Hillborough Group Ltd.	Investing	Belize	100.00	100.00
Mass Concept Company Limited	Investing	Thailand	99.99	99.99
PBHD Co., Ltd.	Investing	Thailand	99.99	99.99
SFM Holding Company Limited	Investing	Thailand	99.99	99.99
SSHD Co., Ltd.	Investing	Thailand	99.99	99.99

**Central Retail Corporation Public Company Limited and its Subsidiaries**

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Name of the entity	Type of business	Country of incorporation	2019 Ownership interest (%)	2018
<b><i>Indirect subsidiaries</i></b>				
C.R.G. Service Co., Ltd.	Rental and service	Thailand	99.99	99.99
Cavi Limited	Investing	Hong Kong	99.99	99.99
Cavi Real Estate Limited	Investing	Hong Kong	99.99	99.99
Cavi Retail Limited	Investing	Hong Kong	99.99	99.99
Cavinoi Limited	Investing	Hong Kong	99.99	99.99
CDF Holding Limited	Investing	Thailand	99.97	99.97
C-Discount Vietnam Limited Liability Company	E-Commerce	Vietnam	99.99	99.99
Central & Matsumoto Kiyoshi Limited	Department store	Thailand	51.00	51.00
Central Duty Free Shop Limited	Duty free products	Thailand	99.94	99.94
Central Family Mart Company Limited	Convenience stores and business member shops	Thailand	50.84	50.84
Central Food Retail Co., Ltd.	Supermarket	Thailand	99.99	99.99
Central Marketing Group (Shanghai) Co., Ltd.	Retail	China	99.99	99.99
Central Marketing Group Singapore Pte. Ltd.	Retail	Singapore	99.99	99.99
Central Online Limited	E-Commerce	Thailand	99.99	99.99
Central Retail Corporation (Vietnam) Joint Stock Company	Department store	Vietnam	99.99	99.99
Central Trading Co., Ltd.	Retail	Thailand	99.99	99.99
Cetrac International Co., Ltd.	Manufacturing	Thailand	99.99	99.99
CHG Marketing Limited.	E-Commerce	Thailand	99.97	99.97
Child Boutique Manufactory Sdn. Bhd.	Manufacturing	Malaysia	99.99	99.99
CMG Asia Three Ltd.	Investing	United States of America	99.99	99.99
CMG Asia Four Ltd.	Investing	United States of America	99.99	99.99
CMG Asia Five Co.Limited	Investing	Hong Kong	99.99	99.99
CMG Central Marketing Group Malaysia Sdn. Bhd.	Investing	Malaysia	99.99	99.99
CMG International Group Ltd.	Investing	United States of America	99.99	99.99
CMG Vietnam Company Limited	Retail	Vietnam	99.99	99.99
CRC Rinascente S.p.A.	Investing	Italy	99.99	99.99
CRC Sport Co., Ltd.	Retail	Thailand	81.53	81.53
CRC Sports (Vietnam) Joint Stock Company	Retail	Vietnam	81.53	81.53
Dong Duong Tra Vinh Real Estate and Retail Supermarket Joint Stock Company	Retail	Vietnam	99.99	-
Earth Care Company Limited	Retail	Thailand	99.99	99.99
E.B Phu Thanh Limited Liability Company	Supermarket	Vietnam	99.99	99.99
EB Binh Duong Limited Liability Company	Supermarket	Vietnam	99.99	99.99
EB Can Tho Limited Liability Company	Supermarket	Vietnam	99.99	99.99

**Central Retail Corporation Public Company Limited and its Subsidiaries**  
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Name of the entity	Type of business	Country of incorporation	2019 Ownership interest (%)	2018
EB Hai Duong Limited Liability Company	Supermarket	Vietnam	99.99	99.99
EB Hai Phong Joint Stock Company	Supermarket	Vietnam	99.99	99.99
EB Nam Dinh Limited Liability Company	Supermarket	Vietnam	99.99	99.99
EB New City Company Limited	Supermarket	Vietnam	99.99	99.99
EB Services Company Limited	Service	Vietnam	99.99	99.99
EB Tan Phu Limited Liability Company	Supermarket	Vietnam	99.99	99.99
EB Thanh Hoa Limited Liability Company	Supermarket	Vietnam	99.99	99.99
EB Vinh Limited Liability Company	Supermarket	Vietnam	99.99	99.99
E-Cavi Limited	Investing	Hong Kong	99.99	99.99
Espace Big C An Lac Company Limited	Supermarket	Vietnam	99.99	99.99
Espace Big C Dong Nai	Supermarket	Vietnam	65.00	65.00
Espace Big C Thang Long	Supermarket	Vietnam	65.00	65.00
Espace Business Hue Joint Stock Company	Supermarket	Vietnam	99.99	99.99
General Trading and Distribution Company Limited	Retail	Vietnam	99.99	99.99
General Trading Fashions One Member Company Limited	Retail	Vietnam	99.99	99.99
General Trading of Household Products One Member Company Limited	Retail	Vietnam	99.99	99.99
General Trading, Service and Distribution Co., Ltd.	Retail	Vietnam	99.99	99.99
Hung Cuong Retail Real Estate Investment Joint Stock Company	Retail	Vietnam	99.99	99.99
John Master (M) Sdn. Bhd.	Retail	Malaysia	99.99	99.99
Kiko Garments Sdn. Bhd.	Retail	Malaysia	99.99	99.99
Kiko Retail Sdn. Bhd.	Retail	Malaysia	99.99	99.99
la Rinascente S.p.A.	Department store	Italy	98.70	98.70
Lan Chi-Ha Nam Investment and Service Company Limited	Supermarket	Vietnam	51.00	51.00
Lan Chi Investment and Service Company Limited	Supermarket	Vietnam	51.00	51.00
Lan Chi Services and Trading Investment Company Limited	Supermarket	Vietnam	51.00	51.00
LCP Trading Services Joint Stock Company	Investing	Vietnam	51.00	51.00
Matter D Company Limited	Service	Thailand	99.98	99.98
New Grocery Company Limited	Supermarket	Vietnam	65.00	65.00
New Plan Company Limited	Construction and Service	Vietnam	99.99	99.99
New Plan Real Estate Investment Co., Ltd.	Construction and Service	Vietnam	99.99	99.99
Nguyen Kim Binh Duong One Member Company Limited	Retail	Vietnam	81.53	-

**Central Retail Corporation Public Company Limited and its Subsidiaries**

**(Formerly Central Retail Corporation Limited)**

**Notes to the financial statements**

**For the year ended 31 December 2019**

Name of the entity	Type of business	Country of incorporation	2019 Ownership interest (%)	2018
Nguyen Kim Buon Ma Thuot One Member Company Limited	Retail	Vietnam	81.53	-
Nguyen Kim Can Tho One Member Company Limited	Retail	Vietnam	81.53	-
Nguyen Kim Central Trading One Member Company Limited	Retail	Vietnam	81.53	-
Nguyen Kim Hai Phong Development Investment One Member Company Limited	Retail	Vietnam	81.53	-
Nguyen Kim Long Xuyen One Member Company Limited	Retail	Vietnam	81.53	-
Nguyen Kim Modern Trade Development Investment Joint Stock Company	Investing	Vietnam	81.53	-
Nguyen Kim Trading Joint Stock Company	Retail	Vietnam	81.53	-
NKT New Solution and Technology Development Investment Joint Stock Company	Investing	Vietnam	81.53	-
Orbit Avenue Sdn. Bhd.	Investing	Malaysia	100.00	100.00
PB Logistic Co., Ltd.	Logistics	Thailand	81.53	81.53
Power Buy Co., Ltd.	Retail	Thailand	81.53	81.53
PT Central Marketing Group Indonesia	Import and trading	Indonesia	99.35	99.35
Quinam B.V.	Investing	Netherlands	99.99	99.99
Recess Logistics and Retail Co., Ltd.	E-Commerce	Vietnam	99.99	99.99
Rins & Roy Sdn. Bhd.	Manufacturing	Malaysia	100.00	100.00
Robinson Public Company Limited and its Subsidiaries	Department store	Thailand	53.82	53.82
Sai Gon Industrial Corporation	Real estates	Vietnam	80.34	-
Textral Textile Co., Ltd.	Manufacturing	Thailand	99.99	99.99
Thai Watts Co., Ltd.	Retail	Thailand	51.00	51.00
Three Plus Service Co., Ltd.	Service	Thailand	81.53	81.53
TTS Dong Nai One Member Limited Liability Company	Rental and Service	Vietnam	99.99	99.99
Viet Nhat My Tho Company Limited	Retail	Vietnam	99.99	99.99
Viet Nhat Real Estate Joint Stock Company	Rental and Service	Vietnam	99.99	99.99
Viet Nhat Sai Gon – My Tho Company Limited	Retail	Vietnam	99.99	99.99
Vindemia SAS	Investing	France	99.99	99.99

**Central Retail Corporation Public Company Limited and its Subsidiaries**  
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**For the year ended 31 December 2019**

**2 Basis of preparation of the financial statements**

**(a) Statement of compliance**

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS) and guidelines promulgated by the Federation of Accounting Professions.

New and revised TFRS are effective for annual accounting periods beginning on or after 1 January 2019. The initial application of these new and revised TFRS has resulted in changes in certain of the Group's accounting policies. There is no material impact on the Group's financial statements. The Group has initially applied TFRS 15 Revenue from Contracts with Customers ("TFRS 15") which replaces TAS 18 Revenue ("TAS 18"), TAS 11 Construction Contracts ("TAS 11") and related interpretations. The details of accounting policies are disclosed in note 3(r).

In addition, the Group has not early adopted a number of new and revised TFRS which are not yet effective for the current period in preparing these financial statements. Those new and revised TFRS that are relevant to the Group's operations are disclosed in note 38.

**(b) Functional and presentation currency**

The financial statements are prepared in Thai Baht, which is the Company's functional currency, rounded in the notes to the financial statements to the nearest million unless otherwise stated.

**(c) Use of judgements and estimates**

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of the Group's accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

**(i) Judgements**

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

**3(r) Revenue recognition:**

- commission revenue: whether the Group acts as an agent in the transaction rather than as a principal;
- whether long-term advances received from customers have significant financing component;

**3(u) Recognition and classification of commercial support from supplier;**

**11 Equity-accounted investees: whether the Group has significant influence over an investee;**

**Central Retail Corporation Public Company Limited and its Subsidiaries**

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**Notes to the financial statements**

**For the year ended 31 December 2019**

**(ii) Assumptions and estimation uncertainties**

Information about assumption and estimation uncertainties at 31 December 2019 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- |         |   |
|---------|---|
| 8 and 9 | Measurement of allowance for doubtful debts of accounts receivable;   |
| 10      | Measurement of allowance for shrinkage/ obsolescence of inventories;  |
| 16      | Impairment test of goodwill: key assumptions underlying recoverable amounts;  |
| 21      | Measurement of defined benefit obligations: key actuarial assumptions; and  |
| 30      | Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be offset. |

**3 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

**(a) Basis of consolidation**

The consolidated financial statements include the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates and joint ventures.

*Business combinations*

The Group applies the acquisition method for all business combinations when control is transferred to the Group, as described in the subsidiaries section, other than those with entities under common control.

The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as at the acquisition date. Any gain on bargain purchase is recognized in profit or loss immediately.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination. If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognized in other expenses.

When share-based payment awards exchanged (replacement awards) for awards held by the acquiree’s employees (acquiree’s awards) relate to past services, then a part of the market-based measure of the awards replaced is included in the consideration transferred. If they require future services, then the difference between the amount included in consideration transferred and the market-based measure of the replacement awards is treated as post-combination compensation cost.

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Any contingent consideration is measured at fair value at the date of acquisition, and remeasured at fair value at each reporting date. Subsequent changes in the fair value are recognised in profit or loss.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

*Step acquisition*

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

*Acquisitions from entities under common control*

Business combinations under common control are accounted for using a method similar to the pooling of interest method. Under that method the acquirer recognizes assets and liabilities of the acquired businesses at their carrying amounts in the consolidated financial statements of the ultimate parent company at the moment of the transaction. The difference between the carrying amount of the acquired net assets and the consideration transferred is recognized as difference from business combinations under common control in equity. The difference from business combinations under common control will be transferred to retained earnings upon divestment of the businesses acquired.

The results from operations of the acquired businesses will be included in the consolidated financial statements of the acquirer from the beginning of the comparative period or the moment the businesses came under common control, whichever date is later, until control ceases.

*Disposals of entities under common control*

The difference between the carrying amount of disposal net assets and cash received is recognized in profit or loss.

*Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

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*Non-controlling interests*

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

*Loss of control*

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

*Interests in equity-accounted investees*

The Group's interests in equity-accounted investees comprise interests in associates and joint ventures.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

*Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealized income or expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

**(b) Foreign currencies**

*Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Non-monetary assets and liabilities measured at fair value in foreign currencies are translated to the functional currency at the exchange rates at the dates that the fair value was determined.

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Foreign currency differences are generally recognized in profit or loss. However, foreign currency differences arising from the translation of the following items are recognized in other comprehensive income:

- available-for-sale equity investments (except on impairment in which case foreign currency differences that have been recognized in other comprehensive income are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent the hedge is effective.

*Foreign operations*

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Thai Baht at the exchange rates at the reporting date.

The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the exchange rates at the dates of the transactions.

Foreign exchange differences are recognized in other comprehensive income and accumulated in the translation reserve, except to the extent that the translation difference is allocated to non-controlling interest.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognized in other comprehensive income, and presented in the foreign currency translation reserve in equity until disposal of the investment.

**(c) Cash and cash equivalents**

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

**(d) Trade and other accounts receivable**

A receivable are measured at value less allowance for doubtful accounts which are assessed on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

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**(e) Inventories**

Inventories are measured at the lower of cost and net realizable value.

Cost is calculated using the weighted average cost principle except for convenience store business using the retail price method, and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs to make the sale.

Allowance is made for possible loss on shrinkage, which is estimated based on the percentage of estimated inventory sold and the possible loss on shrinkage of inventories. Allowance is made for possible loss on obsolescence and slow-moving items, which is estimated based on the percentage of inventory aging.

**(f) Investments**

*Investments in associates, joint ventures and subsidiaries*

Investments in associates, joint ventures and subsidiaries in the separate financial statements of the Company are accounted for using the cost method. Investments in associates and joint ventures in the consolidated financial statements are accounted for using the equity method.

*Investments in other debt and equity securities*

Debt securities and marketable equity securities held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognized in profit or loss.

Debt securities that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortized cost, less any impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortized using the effective interest rate method over the period to maturity.

Debt securities and marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses and foreign currency differences on available-for-sale monetary items, are recognized directly in equity. Impairment losses and foreign exchange differences are recognized in profit or loss. When these investments are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognized in profit or loss.

Equity securities which are not marketable are stated at cost less any impairment losses.

The fair value of financial instruments classified as held-for-trading and available-for-sale is determined as the quoted bid price at the reporting date.

*Disposal of investments*

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognized in profit or loss.

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If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

**(g) Investment properties**

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labor, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalized borrowing costs.

Depreciation is charged to profit or loss on a straight-line basis and the sum-of-the-years-digits method over the estimated useful lives of each property. The estimated useful lives are as follows:

Investment properties	5 - 50	years
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*Reclassification to property, plant and equipment*

When the use of a property changes such that it is reclassified as property, plant and equipment, its book value at the date of reclassification becomes its cost for subsequent accounting.

**(h) Property, plant and equipment**

*Recognition and measurement*

*Owned assets*

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs. Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized in profit or loss.

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*Leased assets*

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalized at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

*Reclassification to investment property*

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property at its book value.

*Subsequent costs*

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

*Depreciation*

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

The Group change the depreciation method of plant and equipment which purchase or acquire after 2018 from sum-of-the-years-digits to straight-line method. Such change of depreciation method will be effective since 1 January 2019, onward except for subsidiaries in foreign operation and two subsidiaries in Thailand which the depreciation method is a straight-line basis over the periods.

Depreciation is charged to profit or loss follow the depreciation method over the estimated useful lives of each component of an item of plant and equipment. The estimated useful lives are as follows:

Land improvements	5	years
Leasehold improvements	5 - 30	years
Building	10 - 50	years
Construction and improvements	5 - 20	years
Information system equipment	3 - 10	years
Utility and building system equipment	2 - 25	years
Furniture, fixtures and office equipment	2 - 20	years
Vehicles	2 - 12	years

No depreciation is provided on freehold land or assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted as appropriate.

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**(i) Leasehold rights**

Leasehold rights are stated at cost less any impairment losses and charged to profit or loss on a straight-line basis over the terms of the lease periods.

**(j) Intangible assets**

*Goodwill*

The measurement of goodwill at initial recognition is described in note 3(a). Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

*Trademarks*

Trademarks that have indefinite useful lives are measured at cost less accumulated impairment losses.

*Other intangible assets*

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

*Subsequent expenditure*

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

*Amortization*

Amortization is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Software licenses	3 - 10	years
Trademarks	5 and 10	years
System development cost	3 - 10	years

Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted as appropriate.

**(k) Impairment**

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

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An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognized in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

When a decline in the fair value of an available-for-sale financial asset has been recognized directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognized directly in equity is recognized in profit or loss even though the financial asset has not been derecognized. The amount of the cumulative loss that is recognized in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss.

*Calculation of recoverable amount*

The recoverable amount of held-to-maturity securities carried at amortized cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate.

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

*Reversals of impairment*

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized in profit or loss. For financial assets carried at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognized in other comprehensive income.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognized in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**(l) Interest-bearing liabilities**

Interest-bearing liabilities are recognized by contract.

**(m) Trade and other accounts payable**

Trade and other accounts payable are stated at cost.

**(n) Employee benefits**

*Defined contribution plans*

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

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*Defined benefit plans*

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed regularly by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gains or losses are recognized immediately in OCI. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

*Termination benefits*

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

*Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**(o) Provisions**

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance cost.

**(p) Measurement of fair values**

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

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Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1*: quoted prices in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- *Level 3*: inputs for the asset or liability that are based on unobservable input.

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

**(q) Deferred revenue**

*Unearned lease income*

Unearned lease income is stated at cost and recognized in profit or loss on a straight-line basis over the terms of the lease periods.

*Unearned service income*

Unearned service income is stated at cost and recognized in profit or loss as services are provided.

**(r) Revenue**

Where the Group acts as an agent in selling goods or services, only the commission income is included within revenue. Gross revenue consists of the Group's revenue together with the revenue accruing to the principals for which the Group acted as an agent.

*Accounting policies for revenue recognition in 2019*

Revenue is recognized when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax and is after deduction of any trade discounts and volume rebates.

*Sale of goods and services*

Revenue from sales of goods is recognized when a customer obtains control of the goods, generally on delivery of the goods to the customers. For contracts that permit the customers to return the goods, revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Therefore the amount of revenue recognized is adjusted for estimated returns, which are estimated based on the historical data.

Revenue for rendering of services is recognized over time as the services are provided. The related costs are recognized in profit or loss when they are incurred.

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***Accounting policies for revenue recognition in 2018***

Revenue excludes value added taxes and other sales taxes and is arrived at after deduction of trade discounts and volume rebates.

***Sale of goods***

Revenue is recognized in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognized if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

***Rendering of services***

The Group recognizes revenue from rendering of services in proportion to the stage of completion of the transaction at the reporting date.

***(s) Rental income***

Rental income from investment property is recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income. Contingent rentals are recognized as income in the accounting period in which they are earned.

***(t) Investment income***

Investment income comprises dividend and interest income from investments and bank deposits. Dividend income is recognized in profit or loss on the date the Group's right to receive payments is established. Interest income is recognized in profit or loss as it accrues.

***(u) Commercial support from supplier***

The Group has commercial support agreements with suppliers. The Group receive purchase rebate and commercial income from performing as specified in the agreements. Commercial support relating to purchase rebate are recognized as a reduction of a core cost price of a product, as such is considered part of the purchase price and recognized in cost of sales upon sale of those inventories.

Commercial income is recognized in other income when all conditional service has been provided.

***(v) Finance costs***

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalized as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

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**(w) Lease payments**

Payments made under operating leases are recognized in profit or loss on a straight line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

*Determining whether an arrangement contains a lease*

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognized at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognized using the Group's incremental borrowing rate.

**(x) Income tax**

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognized in profit or loss except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

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Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**(y) Discontinued operations**

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is restated as if the operation had been discontinued from the start of the comparative period.

**(z) Earnings per share**

The Group presents basic (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

**(aa) Related parties**

Related parties are a person or entity that has direct or indirect control or joint control, or has significant influence over the financial and managerial decision-making of the Group; a person or entity that are under common control or under the same significant influence as the Group; or the Group has direct or indirect control or joint control or has significant influence over the financial and managerial decision-making of a person or entity.

**(ab) Segment reporting**

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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**4 Business restructuring**

The Group restructured its businesses in 2018 through acquisitions and disposals of entities under common control as further detailed in sub (a) and (b) below.

*(a) Businesses acquired under common control*

The Group acquired certain entities under common control. The entity's name, acquisition dates and shareholding percentages were as follows:

Name of the entity	Acquisition date	Shareholding percentage (%)
<b>BigC Vietnam Group</b>		
Capital C Limited and its investees	12 September 2018	100.00
• Cavi Limited		100.00
• Cavi Real Estate Limited		100.00
• Cavi Retail Limited		100.00
• Cavinoi Limited		100.00
• C-Discount Vietnam Limited Liability Company		100.00
• E.B Phu Thanh Limited Liability Company		100.00
• EB Binh Duong Limited Liability Company		100.00
• EB Can Tho Limited Liability Company		100.00
• EB Hai Duong Limited Liability Company		100.00
• EB Hai Phong Joint Stock Company		100.00
• EB Nam Dinh Limited Liability Company		100.00
• EB New City Company Limited		80.00
• EB Services Company Limited		100.00
• EB Tan Phu Limited Liability Company		100.00
• EB Thanh Hoa Limited Liability Company		100.00
• EB Vinh Limited Liability Company		100.00
• E-Cavi Limited		100.00
• Espace Big C An Lac Company Limited		80.00
• Espace Big C Dong Nai		65.00
• Espace Big C Thang Long		65.00
• Espace Business Hue Joint Stock Company		100.00
• General Trading and Distribution Company Limited		100.00
• General Trading Fashions One Member Company Limited		100.00
• General Trading of Household Products One Member Company Limited		100.00
• General Trading, Service and Distribution Co., Ltd.		100.00
• New Grocery Company Limited		65.00
• New Plan Company Limited		100.00
• New Plan Real Estate Investment Co., Ltd.		100.00
• Quinam B.V.		100.00
• Recess Logistics and Retail Co., Ltd.		100.00
• TTS Dong Nai One Member Limited Liability Company		100.00
• Viet Nhat Real Estate Joint Stock Company		100.00
• Vindemia SAS		100.00
Hillborough Group Ltd. and its investee	8 August 2018	100.00
• Orbit Avenue Sdn. Bhd.		100.00

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Name of the entity	Acquisition date	Shareholding percentage (%)
<b><i>Central Marketing Group</i></b>		
Central Marketing Group Co., Ltd. and its investees	28 May 2018	99.99
• Board way Radio and Television Co., Ltd.		99.99
• Central Trading Co., Ltd.		99.99
• Matter D Company Limited		100.00
• Textral Textile Co., Ltd.		99.99
• Prin Intertrade Co., Ltd. ( <i>Associates</i> )		42.00
• Samsonite (Thailand) Co., Ltd. ( <i>Associates</i> )		50.41
• Kokuyo International (Thailand) Co., Ltd. ( <i>Associates</i> )		24.00
• Sunglass Hut (Thailand) Co., Ltd. ( <i>Joint venture</i> )		51.00
Cetrac International Co., Ltd. and its investees	25 July 2018	99.99
• Child Boutique Manufactory Sdn. Bhd.		100.00
• CMG Central Marketing Group Malaysia Sdn. Bhd.		99.99
• CMG Asia Three Ltd.		99.99
• CMG Asia Four Ltd.		99.99
• CMG Asia Five Co.Limited		99.99
• CMG International Group Ltd.		99.99
• CMG Vietnam Company Limited		99.99
• Central Marketing Group (Shanghai) Co., Ltd.		99.99
• Central Marketing Group Singapore Pte. Ltd.		99.99
• Baby Kiko Sdn. Bhd		99.99
• John Master (M) Sdn. Bhd.		99.99
• Kiko Garments Sdn. Bhd.		99.99
• Kiko Retail Sdn. Bhd.		99.99
• Rins & Roy SDN. BHD.		100.00
• Cemohinode TMK ( <i>Joint venture</i> )		50.00
• Kabushiki Kaisha Felice ( <i>Joint venture</i> )		50.00
Earth Care Company Limited	27 September 2018	99.99
<b><i>CRC Rinascente S.p.A. Group</i></b>		
CRC Rinascente S.p.A. and its investee	17 September 2018	99.99
• la Rinascente S.p.A.		98.70
<b><i>CRC Thai Watsadu Co., Ltd.</i></b>		
	26 April 2018	99.99
<b><i>PBHD Group</i></b>		
PBHD Co., Ltd. and its investees	1 January 2018	99.99
• PB Logistic Co., Ltd.		81.53
• Power Buy Co., Ltd.		81.53
• Three Plus Service Co., Ltd.		81.53
<b><i>SSHD Group</i></b>		
SSHD Co., Ltd. and its investees	1 January 2018	99.99
• CRC Sport Co., Ltd.		81.53
• CRC Sports (Vietnam) Joint Stock Company		81.53
<b><i>Others</i></b>		
Cenergy Innovation Co., Ltd.	28 September 2018	100.00
Central Group Online Limited and its investee	28 September 2018	100.00
• Z Retail Tech Limited		99.99
Central Online Limited	19 November 2018	99.99

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The carrying amounts of the major classes of assets acquired and liabilities assumed at the respective acquisition dates are as follows:

	<b>Big C Vietnam Group</b>	<b>Central Marketing Group</b>	<b>Rinascente S.p.A. Group</b>	<b>CRC</b>	<b>Watsadu Co., Ltd. (in million Baht)</b>	<b>PBHD Group</b>	<b>SSHD Group</b>	<b>Others</b>	<b>Total</b>
Cash and cash equivalents	1,661	186	448		341	370	335	93	3,434
Current investments	2,375	613	-		-	-	-	-	2,988
Trade accounts receivable	652	1,722	1,003	456	928	526	194		5,481
Other receivables	429	214	1,829	674	58	80	40		3,324
Short-term loans	66	52	-		866	1,618	36		2,638
Inventories	1,379	3,038	3,581	7,457	3,564	1,883	25		20,927
Investments in associates and joint ventures	-	483	-		3,528	-	-		4,011
Long-term loans	-	165	-		360	-	-		525
Investment properties	4,631	-	-		-	-	-		4,631
Property, plant and equipment	1,699	783	3,076	10,261	660	533	45		17,057
Goodwill	21,238	-	2,316	-	-	-	-		23,554
Leasehold rights	9,724	-	2,258	1,541	378	162	-		14,063
Other intangible assets	78	505	1,692	25	52	39	142		2,533
Deferred tax assets	75	14	222	268	41	41	1		662
Other non-current assets	2,386	383	1,137	229	367	204	28		4,734
Bank overdrafts and short-term loans	(1,482)	(3,600)	(868)	(2,800)	-	(159)	-		(8,909)
Trade accounts payable	(2,546)	(805)	(6,354)	(4,125)	(3,074)	(751)	(129)		(17,784)
Other payables	(1,184)	(1,079)	(1,631)	(1,151)	(918)	(545)	(129)		(6,637)
Current portion of long-term loans	-	(565)	-		(395)	(84)	(2)		(567)
Short-term loans	(12,415)	(695)	(1)	(9,008)	(1)	(55)	(67)		(23,275)
Income tax payable	(104)	(4)	(333)	-	(1)	(1)	-		(497)
Long-term loans	(874)	(919)	(4,853)	-	(3,795)	(1)	-		(10,442)
Non-current provisions for employee benefits	(31)	(309)	(398)	(62)	(37)	(16)	(7)		(860)

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	<b>Big C Vietnam Group</b>	<b>Central Marketing Group</b>	<b>CRC Rinascente S.p.A. Group</b>	<b>CRC Thai Watsadu Co., Ltd. (in million Baht)</b>	<b>PBHD Group</b>	<b>SSH Group</b>	<b>Others</b>	<b>Total</b>
Deferred tax liabilities	(1,640)	(88)	(932)	(16)	-	-	-	(2,676)
Other non-current liabilities	(239)	-	-	(27)	(25)	-	-	(291)
Non-controlling interests	(2,672)	-	(46)	-	(1,231)	(1,534)	-	(5,483)
<b>Total identifiable net assets</b>	<b>23,206</b>	<b>659</b>	<b>1,581</b>	<b>4,063</b>	<b>1,696</b>	<b>2,274</b>	<b>(338)</b>	<b>33,141</b>
Difference in value arising from restructuring transactions of entities under common control	3,629	979	(615)	1,366	(1,321)	(2,019)	374	2,393
<b>Purchase consideration transferred</b>	<b>26,835</b>	<b>1,638</b>	<b>966</b>	<b>5,429</b>	<b>375</b>	<b>255</b>	<b>36</b>	<b>35,534</b>



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**(b) Disposal of businesses under common control**

The Group disposed of a number of entities under common control. Information of the carrying amounts, cash received and the differences in values arising from these transactions as of the disposal date which recognized under profit or loss are as follows:

Name of the entity	Disposal date	Consolidated financial statements			
		Shareholding percentage (%)	Carrying amount	Cash received (in million Baht)	Profit (loss)
<b>Real estate group</b>					
Bangna Department Store Co., Ltd.	26 April 2018	70.25	381	235	(146)
Central Food Retail Ratchada Co., Ltd.	26 April 2018	99.99	53	52	(1)
Central Pinklao Department Store Co., Ltd. and its investee	26 April 2018	99.99	635	411	(224)
• Onward Holding Co., Ltd.		99.99			
CRC Property Company Limited	24 April 2018	99.99	2	1	(1)
Overseas Fashion Ltd. and its investee	26 April 2018	99.99	404	458	54
• Overseas Fashions Joint Stock Company		99.99			
<b>Luxembourg group</b>					
Anir One Ltd.	24 April 2018	100.00	10,862	11,081	219
CRC Luxembourg S.a.r.l and its investees	15 May 2018	99.99	(88)	351	439
• CRC Rinascente S.p.A.		99.99			
• Illum A/S		97.83			
• Illum Ostergade 52 ApS		99.99			
• la Rinascente S.p.A.		98.70			
• PT Central Retail Indonesia		99.99			
• Rina Estate Italia S.r.l.		99.99			
• Skyred Holding 9 S.a.r.l.		99.99			
• The KaDeWe Group GmbH		50.10			
• The KaDeWe Group Holding GmbH		50.10			
• The KaDeWe Group IPCo GmbH		50.10			
• Berlin Immobilien GmbH & Co KG - (Joint venture)		50.00			
• Berlin Management GmbH & Co KG - (Joint venture)		50.00			
<b>Others</b>					
Baby Kiko Sdn. Bhd.	26 September 2018	99.99	267	195	(72)
• Cemohinode TMK - (Joint venture)		50.00			
• Kabushiki Kaisha Felice - (Joint venture)		50.00			
Board way Radio and Television Co., Ltd.	28 May 2018	99.99	-	-	-
Central Insurance Services Limited	26 April 2018	50.00	94	27	(67)
Central Supermarket Co., Ltd.	26 April 2018	99.99	13	13	-
Central Online Limited.	26 April 2018	99.99	36	36	-
Dining Zensation Limited and its investee	28 May 2018	99.99	94	305	211
• Central People Development Center Limited		99.99			
San Simeon Investment Ltd. and its investee	31 May 2018	99.99	55	115	60
• Central Investment Consulting Co., Ltd.		99.99			
• Page One Holdings PTE LTD. - (Associate)		39.13			
Z Retail Tech Limited	28 September 2018	99.99	-	-	-

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Name of the entity	Disposal date	Consolidated financial statements			
		Share-holding percentage (%)	Carrying amount	Cash received (in million Baht)	Profit (loss)
<b><i>Associates and Joint ventures</i></b>					
Central Page One Co., Ltd.	26 April 2018	50.10	-	-	-
Prin Intertrade Co., Ltd.	28 May 2018	42.00	-	-	-
Shop Global (Thailand) Co., Ltd.	26 April 2018	30.00	37	42	5
			<b>12,845</b>	<b>13,322</b>	<b>477</b>
<b><i>Business disposal</i></b>					
The 1	30 November 2018		(940)	(921)	19
<b>Total</b>			<b>11,905</b>	<b>12,401</b>	<b>496</b>
<b>Separate financial statements</b>					
Name of the entity	Disposal date	Share-holding percentage (%)	Carrying amount	Cash received (in million Baht)	Profit (loss)
<b><i>Real estate group</i></b>					
Central Pinklao Department Store Co., Ltd. and its investee	26 April 2018	99.99	223	411	188
• Onward Holding Co., Ltd.		99.99			
Overseas Fashion Ltd. and its investee	26 April 2018	99.99	347	458	111
• Overseas Fashions Joint Stock Company		99.99			
<b><i>Luxembourg group</i></b>					
Anir One Ltd.	24 April 2018	100.00	11,964	11,081	(883)
CRC Luxembourg S.a.r.l and its investees	15 May 2018	99.99	361	351	(10)
• CRC Rinascente S.p.A.		99.99			
• Illum A/S		97.83			
• Illum Ostergade 52 ApS		99.99			
• la Rinascente S.p.A.		99.99			
• PT Central Retail Indonesia		99.99			
• Rina Estate Italia S.r.l.		99.99			
• Skyred Holding 9 S.a.r.l.		99.99			
• The KaDeWe Group GmbH		50.10			
• The KaDeWe Group Holding GmbH		50.10			
• The KaDeWe Group IPCo GmbH		50.10			
• Berlin Immobilien GmbH & Co KG - (Joint venture)		50.00			
• Berlin Management GmbH & Co KG - (Joint venture)		50.00			
<b><i>Others</i></b>					
Central Insurance Services Limited	26 April 2018	50.00	20	27	7
Central Online Limited	26 April 2018	99.99	24	36	12
Dining Zensation Limited and its investee	28 May 2018	99.99	-	305	305
• Central People Development Center Limited		99.99			
<b><i>Associate</i></b>					
Central Page One Co., Ltd.	26 April 2018	50.10	-	-	-
			<b>12,939</b>	<b>12,669</b>	<b>(270)</b>
<b><i>Business disposal</i></b>					
The 1	30 November 2018		(940)	(921)	19
<b>Total</b>			<b>11,999</b>	<b>11,748</b>	<b>(251)</b>

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During the year 2018, the Group has disposed of “The 1 Card” business (customer loyalty program) to an entity under common control by payment of Baht 921 million in cash. The carrying amount of “The 1 Card” business’s net liabilities was Baht 940 million which included equipment, intangible assets, provision for member card service agreement, other payables and non-current provisions for employee benefits. The Group recognized the difference between the carrying amount and cash paid, amounting to Baht 19 million, in profit or loss.

**5 Acquisition of subsidiaries and non-controlling interests**

**(a) Acquisition of subsidiaries**

**In 2019**

**Dong Duong Tra Vinh Real Estate and Retail Supermarket Joint Stock Company**

On 15 January 2019, the Group obtained control of Dong Duong Tra Vinh Real Estate and Retail Supermarket Joint Stock Company, a retail company in Vietnam, by acquiring 100% of the total issued shares of Dong Duong Tra Vinh Real Estate and Retail Supermarket Joint Stock Company, for a total consideration of VND 72 billion (Baht 98.9 million) in cash.

During the period from acquisition date to 31 December 2019, Dong Duong Tra Vinh Real Estate and Retail Supermarket Joint Stock Company contributed revenue of Baht 0.1 million and loss of Baht 0.3 million to the Group’s results.

<b>Identifiable assets acquired and liabilities assumed</b>	<b>Note</b>	<b>Fair value (in million Baht)</b>
Other receivables		8
Property, plant and equipment	15	68
Other payables		(12)
<b>Total identifiable net assets</b>		<b>64</b>
Goodwill arising from the acquisition		35
<b>Purchase consideration transferred</b>		<b>99</b>

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***NKT New Solution and Technology Development Investment Joint Stock Company***

On 7 June 2019, the Group obtained control of NKT New Solution and Technology Development Investment Joint Stock Company and its subsidiaries, operate in retail business in Vietnam, by additionally acquiring 51% of the total issued shares from 49.00% to 100.00% through an indirect subsidiary, for a total consideration of VND 2,659 billion (Baht 3,560 million) in cash of Baht 3,083 million and consideration payable Baht 478 million which recorded under other non-current liabilities. As a result, the Group's equity interest in NKT New Solution and Technology Development Investment Joint Stock Company and its subsidiaries increased from 39.95% to 81.53%.

During the period from acquisition date to 31 December 2019, NKT New Solution and Technology Development Investment Joint Stock Company and its subsidiaries contributed revenue of Baht 8,051 million and profit of Baht 38 million to the Group's results. If the acquisition had occurred on 1 January 2019, management estimates that consolidated revenue would have increased by Baht 7,032 million and consolidated profit for the year ended 31 December 2019 would have decreased by Baht 161 million.

The gain recognized as a result of remeasuring to fair value of the previously held equity interest in NKT New Solution and Technology Development Investment Joint Stock Company and its subsidiaries is determined as follows:

	<i>Note</i>	<i>(in million Baht)</i>
Fair value of previously held equity interest		4,627
Carrying amount of previously held equity interest	11	4,522
Carrying amount of non-controlling interest		43
<b>Gain recognized as a result of remeasuring to fair value of the previously held equity interest</b>		<b>62</b>

The remeasurement to fair value of the Group's existing 49% interest in NKT New Solution and Technology Development Investment Joint Stock Company and its subsidiaries resulted in a gain of Baht 62 million which has been included in other income in the consolidated statement of comprehensive income for the year ended 31 December 2019.

<i>Consideration transferred</i>	<i>(in million Baht)</i>
Cash	3,083
Consideration payable	478
Fair value of pre-existing interest	4,627
Fair value of identifiable net assets	(4,031)
<b>Goodwill arising from the acquisition</b>	<b>4,157</b>

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<b><i>Identifiable assets acquired and liabilities assumed</i></b>	<b>Note</b>	<b>Fair value (in million Baht)</b>
Cash and cash equivalents		472
Trade accounts receivables		233
Other receivables		371
Inventories		2,352
Investments in associates	11	1
Property, plant and equipment	15	1,151
Goodwill	16	78
Leasehold rights	17	415
Other intangible assets	18	1,811
Deferred tax assets	30	14
Other non-current assets		312
Bank overdrafts and short-term loans from financial institutions		(805)
Trade accounts payables		(1,287)
Other payables		(281)
Current tax payable		(15)
Long-term loans		(343)
Non-current provisions for employee benefits		(7)
Deferred tax liabilities	30	(419)
Other non-current liabilities		(22)
<b>Total identifiable net assets received</b>		<b>4,031</b>
Net cash acquired		472
Cash paid		(3,083)
<b>Net cash outflows</b>		<b>(2,611)</b>

Management believes that such business acquisitions will help expand the Group's business and better meet the target customer's group expectation, in addition to being great opportunities to expand the Group's customer base to the overseas.

The Group engaged an independent appraiser to appraise the fair value of identifiable assets acquired and liabilities assumed, and allocation of acquisition date fair value at the acquisition date. The process of appraisement of the fair value and allocation had been completed during the year 2019.

The Group is continuing its review of these matters during the measurement period. If new information obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date identifies adjustments to the above provisional fair values, or any additional assets or liabilities that existed at the acquisition date, then the acquisition accounting will be revised.

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***In 2018***

***Viet Nhat Sai Gon – My Tho Company Limited. and its subsidiary***

On 6 September 2018, the Group obtained control of Viet Nhat Sai Gon – My Tho Company Limited., and Viet Nhat My Tho Company Limited, its subsidiary, retail companies in Vietnam, by acquiring 99.99% of the total issued shares of Viet Nhat Sai Gon – My Tho Company Limited., for a total consideration of VND 263 billion (Baht 368 million) in cash.

During the period from acquisition date to 31 December 2018, Viet Nhat Sai Gon – My Tho Company Limited. contributed revenue of Baht 14 million to the Group's results.

<b><i>Identifiable assets acquired and liabilities assumed</i></b>	<b><i>Fair value</i></b>	
	<i>Note</i>	<i>(in million Baht)</i>
Cash and cash equivalents		6
Trade accounts receivable		116
Other receivables		17
Property, plant and equipment	15	179
Other payables		(38)
<b>Total identifiable net assets</b>		<b>280</b>
Goodwill arising from the acquisition		88
<b>Purchase consideration transferred</b>		<b>368</b>
Net cash acquired with the subsidiary		6
Cash paid		(368)
<b>Net cash outflows</b>		<b>(362)</b>

***Hung Cuong Retail Real Estate Investment Joint Stock Company***

On 10 December 2018, the Group obtained control of Hung Cuong Retail Real Estate Investment Joint Stock Company, a retail company in Vietnam, by acquiring 99.99% of the total issued shares of Hung Cuong Retail Real Estate Investment Joint Stock Company, for a total consideration of VND 68 billion (Baht 95 million) in cash.

<b><i>Identifiable assets acquired and liabilities assumed</i></b>	<b><i>Fair value</i></b>	
	<i>Note</i>	<i>(in million Baht)</i>
Trade accounts receivable		45
Other receivables		3
Property, plant and equipment	15	67
Trade accounts payable		(45)
Other payables		(24)
<b>Total identifiable net assets</b>		<b>46</b>
Goodwill arising from the acquisition		49
<b>Purchase consideration transferred</b>		<b>95</b>

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***(b) Acquisition of non-controlling interests***

***In 2018***

***Espace Big C An Lac Company Limited***

In June 2018, the Group acquired an additional 19.99% interest in Espace Big C An Lac Company Limited for VND 211 billion (Baht 296 million) in cash, increasing its ownership interest from 80% to 99.99%. The carrying amount of Espace Big C An Lac Company Limited's net assets in the Group's consolidated financial statements on the date of the acquisition was VND 478 billion (Baht 669.6 million). The Group recognized a decrease in non-controlling interests of VND 96 billion (Baht 134 million) and a decrease in shareholding in subsidiaries before business restructuring of VND 115 billion (Baht 162 million).

***EB New City Company Limited***

In June 2018, the Group acquired an additional 19.99% interest in EB New City Company Limited for VND 14 billion (Baht 20 million) in cash, increasing its ownership interest from 80% to 99.99%. The carrying amount of EB New City Company Limited's net liabilities in the Group's consolidated financial statements on the date of the acquisition was VND 12 billion (Baht 16.9 million). The Group recognized an increase in non-controlling interests of VND 2 billion (Baht 3 million) and a decrease in shareholding in subsidiaries before business restructuring of VND 16 billion (Baht 23 million).

***CR Hadyai (Thailand) Co., Ltd.***

In December 2018, the Group acquired an additional 24% interest in CR Hadyai (Thailand) Co., Ltd. (an indirect subsidiary) for Baht 20 million in cash, increasing its ownership interest from 76% to 100%. The carrying amount of CR Hadyai (Thailand) Co., Ltd's net assets in the Group's consolidated financial statements on the date of the acquisition was Baht 228 million. The Group recognized a decrease in non-controlling interests of Baht 29 million and an increase in retained earnings of Baht 9 million.

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**6 Related parties**

Relationships with subsidiaries, associates and joint ventures are described in notes 1, 11 and 12. Other related parties that the Group had significant transactions with during the year were as follows:

Name of entities	Country of incorporation / nationality	Nature of relationships
Key management personnel	Thai	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group
Harng Central Department Store Co., Ltd.	Thailand	Parent, 45% of shareholding and some common directors
Baby Kiko Sdn. Bhd.	Malaysia	Common Parent
Bangna Department Store Co., Ltd.	Thailand	Some common directors
B2S Co., Ltd.	Thailand	Some common directors
Bangna Central Property Co., Ltd.	Thailand	Some common directors
Broadway Radio and Television Co., Ltd.	Thailand	Some common directors
C.D.S. Restaurant Co., Ltd.	Thailand	Some common directors
Centara Import-Export Co., Ltd.	Thailand	Some common directors
Central Condominium Co., Ltd.	Thailand	Some common directors
Central Food Retail Ratchada Co., Ltd.	Thailand	Some common directors
Central Embassy Hotel Co., Ltd.	Thailand	Some common directors
Central Garment Factory Co., Ltd.	Thailand	Some common directors
Central Holding Co., Ltd.	Thailand	Some common directors
Central Insurance Services Limited	Thailand	Some common directors
Central Inter Pattana Co., Ltd.	Thailand	Some common directors
Central JD Commerce Co., Ltd.	Thailand	Some common directors
Central JD Money Co., Ltd.	Thailand	Some common directors
Central Pattana Chiangmai Co., Ltd.	Thailand	Some common directors
Central Pattana Chonburi Co., Ltd.	Thailand	Some common directors
Central Pattana Development Co., Ltd.	Thailand	Some common directors
Central Pattana Khonkaen Co., Ltd.	Thailand	Some common directors
Central Pattana Nine Square Co., Ltd.	Thailand	Some common directors
Central Pattana Public Company Limited	Thailand	Some common directors
Central Pattana Rama 3 Co., Ltd.	Thailand	Some common directors
Central Pattana Rattanatibeth Co., Ltd.	Thailand	Some common directors
Central Pattana Realty Co., Ltd.	Thailand	Some common directors
Central Payment Co., Ltd.	Thailand	Some common directors
Central People Development Center Limited	Thailand	Some common directors
Central Pinklao Department Store Co., Ltd.	Thailand	Some common directors
Central Restaurants Group Co., Ltd.	Thailand	Some common directors
Central Wealth Solution Co., Ltd.	Thailand	Some common directors
Central WHA Alliance Co., Ltd.	Thailand	Some common directors
Central World Co., Ltd.	Thailand	Some common directors
Cha Am Seaview Co., Ltd.	Thailand	Some common directors
COL Public Company Limited	Thailand	Some common directors
CPN Korat Co., Ltd.	Thailand	Some common directors
CPN Pattaya Co., Ltd.	Thailand	Some common directors
CPN Rayong Co., Ltd.	Thailand	Some common directors

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<b>Name of entities</b>	<b>Country of incorporation / nationality</b>	<b>Nature of relationships</b>
CPN Residence Khon Kaen Co., Ltd.	Thailand	Some common directors
CRC Luxembourg S.a.r.l	Luxembourg	Common Parent
CRC Power Retail Co., Ltd.	Thailand	Some common directors
CRC Property Company Limited	Thailand	Some common directors
CRG Manufacturing Co., Ltd.	Thailand	Some common directors
CRG International Food Co., Ltd.	Thailand	Some common directors
Dining Zensation Limited	Thailand	Some common directors
Evergrow Asia Limited	British Virgin Islands	Common Parent
Federic World Sales Company Limited	Thailand	Some common directors
Hold COL Limited	Thailand	Some common directors
Illum A/S	Denmark	Common Parent
Lagrange Estate	Italy	Common Parent
MEB Corporation Co., Ltd.	Thailand	Some common directors
OAL Holding Limited	British Virgin Islands	Common ultimate parent
Office Club (Thai) Co., Ltd.	Thailand	Some common directors
Onward Holding Co., Ltd.	Thailand	Some common directors
Overseas Fashion Ltd.	Thailand	Some common directors
Overseas Fashions Joint Stock Company	Vietnam	Common Parent
Prin Intertrade Co., Ltd.	Thailand	Some common directors
Paton 1 Co., Ltd.	Thailand	Some common directors
Paton 3 Co., Ltd.	Thailand	Some common directors
Peter and Jeannie Company Limited	Thailand	Some common directors
Phuket Hill Resort Co., Ltd.	Thailand	Some common directors
Ploen Ruedee Co., Ltd.	Thailand	Some common directors
PT Central Retail Indonesia	Indonesia	Common Parent
Rina Estate Italia S.r.l.	Italy	Common Parent
Suan Na Klua Co., Ltd.	Thailand	Some common directors
The 1 Central Limited	Thailand	Some common directors
The Kadewe Group Holding GmbH	Germany	Common Parent
TeeNee KhonKaen Limited	Thailand	Some common directors
TeeNee WongSawang Limited	Thailand	Some common directors
Tiang Chirativat Real Estate Co., Ltd.	Thailand	Some common directors
Vivi File Co., Ltd.	Thailand	Some common directors
Z Retail Tech Limited	Thailand	Some common directors

The pricing policies for transactions with related parties are explained further below:

<b>Transactions</b>	<b>Pricing policies</b>
Revenue from sale of goods	Market prices not lower than the cost of goods
Interest income/interest expense	Minimum loan rates or saving rates or fixed deposit rate of certain local financial institutions plus a spread not exceeding 7% per annum depending on the finance cost of each company
Rental and service income	Certain percentages of sales with a reference to the related market prices or fixed amount
Royalty income	Certain percentages of net revenue with a reference to percentage as specified in the agreements
Sales promotion income/expense	Contractually agreed prices

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<b>Transactions</b>	<b>Pricing policies</b>
Utility income/expense	Actual usage plus markup which depends on each company
Management fee income/expense	Cost plus margin allocate by headcount of each company
Rental and service expense	Contractually agreed prices
Other income/expense	Contractually agreed prices
Key management personnel compensation	As determined by the nomination and remuneration committee
Dividend income/ dividend payment	Declared amount
Disposal of entities under common control	Contractually agreed prices
Disposal of investment	Contractually agreed prices

Significant transactions for the years ended 31 December with related parties were as follows:

<b>Year ended 31 December</b>	<b>Note</b>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>		
		<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	
<i>(in million Baht)</i>						
<b>Parent</b>						
Rental and service income		31	32	-	-	
Revenue from sales of goods		36	1	-	-	
Interest income		-	373	-	373	
Gain on disposal of entities under common control	4(b)	-	562	-	-	
Other income		45	59	1	-	
Interest expense		-	14	-	-	
Rental and service expenses		552	540	-	-	
Sales promotion expenses		13	27	-	-	
Management fee expense		809	1,021	8	79	
Loss on disposal of entities under common control	4(b)	-	-	-	762	
Other expenses		166	176	1	5	
<b>Subsidiaries</b>						
Sales promotion income		-	-	-	776	
Royalty income		-	-	297	278	
Dividend income		-	-	32,576	385	
Interest income		-	-	520	234	
Management fee income		-	-	779	40	
Other income		-	-	23	12	
Interest expense		-	-	203	291	
Rental and service expenses		-	-	9	6	
Sales promotion expense		-	-	-	882	
Other expenses		-	-	23	48	
<b>Associates</b>						
Rental and service income		129	101	-	-	
Sales promotion income		-	-	-	4	
Dividend income		253	250	189	166	
Interest income		14	35	-	-	
Other income		20	11	-	-	

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**Notes to the financial statements**

For the year ended 31 December 2019

<b>Year ended 31 December</b>	<b>Note</b>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>		
		<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	
<i>(in million Baht)</i>						
<b>Joint ventures</b>						
Rental and service income		118	108	-	-	
Management fee income		81	55	-	-	
Dividend income		46	33	-	-	
Interest income		2	-	-	-	
Other income		14	14	-	-	
Rental and service expenses		5	-	-	-	
<b>Other related parties</b>						
Rental and service income		717	630	-	-	
Revenue from sales of goods		308	409	-	-	
Sales promotion income		6	30	-	30	
Utility income		66	61	-	-	
Management fee income		192	163	4	31	
Interest income		1	81	-	3	
Gain on disposal of entities under common control	4(b)	-	-	-	511	
Gain on disposal fixed assets		2	2,012	-	-	
Other income		91	172	-	45	
Royalty income		23	22	22	22	
Interest expense		-	120	-	36	
Rental and service expenses		3,659	3,226	10	-	
Sales promotion expense		119	61	-	37	
Utility expenses		633	635	-	-	
Management fee expense		197	25	1	-	
Loss on disposal of entities under common control	4(b)	-	66	-	-	
Other expenses		298	261	8	2	
<b>Key management personnel</b>						
Short-term employee benefits		1,481	1,187	239	97	
Post-employment benefits		52	26	7	3	
Termination benefits		6	-	-	-	

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Balances as at 31 December with related parties were as follows:

<i>Trade accounts receivable</i>	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in million Baht)			
Parent	1	4	-	-
Subsidiaries	-	-	770	98
Associates	15	3	-	-
Joint ventures	13	11	-	-
Other related parties	231	282	5	41
	260	300	775	139
<i>Less allowance for doubtful accounts</i>	(7)	(1)	(2)	(2)
<b>Net</b>	<b>253</b>	<b>299</b>	<b>773</b>	<b>137</b>
<i>Other receivables</i>	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in million Baht)			
Parent	295	223	-	-
Subsidiaries	-	-	254	312
Associates	2	5	-	-
Joint ventures	14	-	-	-
Other related parties	725	1,023	16	24
	1,036	1,251	270	336
<i>Less allowance for doubtful accounts</i>	-	-	(3)	(9)
<b>Net</b>	<b>1,036</b>	<b>1,251</b>	<b>267</b>	<b>327</b>
<i>Short-term loans</i>	Interest rate		Consolidated financial statements	
	2019	2018	2019	2018
	(% per annum)			
Joint ventures	5.00	2.50-4.75	35	35
Other related parties	-	1.70	-	65
<b>Total</b>			<b>35</b>	<b>100</b>
Reversal of bad and doubtful debts expense for the year			-	(85)

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<b>Short-term loans</b>	<b>Interest rate</b>		<b>Separate financial statements</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<i>(% per annum)</i>		<i>(in million Baht)</i>	
Subsidiaries	1.80-4.35	1.70-4.34	<b>26,495</b>	<b>23,770</b>
<b>Movement of short-term loans to</b>				
	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<i>(in million Baht)</i>			
<b>Parent</b>				
At 1 January	-	24,835	-	24,835
Increase	-	31,997	-	31,897
Decrease	-	(56,732)	-	(56,732)
Discontinued operations	-	(100)	-	-
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Subsidiaries</b>				
At 1 January	-	-	23,770	780
Increase	-	-	62,529	44,234
Increase from business restructuring	-	-	-	394
Decrease	-	-	(59,782)	(21,636)
Effect of movements in exchange rates	-	-	(22)	(2)
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>26,495</b>	<b>23,770</b>
<b>Associates</b>				
At 1 January	-	85	-	394
Current portion of long-term loan	352	-	-	-
Decrease from business combination is achieved in stages	(333)	-	-	-
Decrease from business restructuring	-	-	-	(394)
Discontinued operations	-	(85)	-	-
Effect of movements in exchange rates	(19)	-	-	-
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Joint ventures</b>				
At 1 January	35	35	-	-
<b>At 31 December</b>	<b>35</b>	<b>35</b>	<b>-</b>	<b>-</b>
<b>Other related parties</b>				
At 1 January	65	19,042	-	-
Increase	-	1,678	-	839
Increase from business restructuring	-	13,140	-	-
Decrease	(61)	(21,566)	-	(839)
Discontinued operations	-	(12,229)	-	-
Effect of movements in exchange rates	(4)	-	-	-
<b>At 31 December</b>	<b>-</b>	<b>65</b>	<b>-</b>	<b>-</b>

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<i>Movement of short-term loans to</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018 (in million Baht)	2019	2018
<b>Total short-term loans</b>				
At 1 January	100	43,997	23,770	26,009
Current-portion of long-term loan	352	-	-	-
Increase	-	33,675	62,529	76,970
Increase from business restructuring	-	13,140	-	394
Decrease	(61)	(78,298)	(59,782)	(79,207)
Decrease from business combination is achieved in stages	(333)	-	-	-
Decrease from business restructuring	-	-	-	(394)
Discontinued operations	-	(12,414)	-	-
Effect of movements in exchange rates	(23)	-	(22)	(2)
<b>At 31 December</b>	<b>35</b>	<b>100</b>	<b>26,495</b>	<b>23,770</b>
<i>Long-term loans</i>				
	<b>Interest rate</b>		<b>Consolidated financial statements</b>	
	2019	2018 (% per annum)	2019	2018 (in million Baht)
Associates	-	10.00	-	<b>352</b>
<i>Movements of long-term loans to</i>				
<b>Associates</b>	<b>Consolidated financial statements</b>			
	2019		2018	
	(in million Baht)			
At 1 January	352		360	
Current-portion of long-term loan	(352)		-	
Decrease	-		(8)	
<b>At 31 December</b>	<b>352</b>			
<b>Other related parties</b>				
At 1 January	-		38	
Decrease	-		(38)	
<b>At 31 December</b>	<b>-</b>		<b>-</b>	
<b>Total long-term loans</b>				
At 1 January	352		398	
Current-portion of long-term loan	(352)		-	
Decrease	-		(46)	
<b>At 31 December</b>	<b>352</b>			
<i>Leasehold rights</i>				
	<b>Consolidated financial statements</b>			
	2019	2018		
	(in million Baht)			
Parent	313		238	
Joint ventures	2		-	
Other related parties	5,266		4,258	
<b>Total</b>	<b>5,581</b>		<b>4,496</b>	

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	<b>Consolidated financial statements</b>					
	<b>2019</b>	<b>2018</b>				
	<i>(in million Baht)</i>					
<b><i>Other non-current assets</i></b>						
<b>Deferred expense</b>						
Parent	5	-				
Associates	1	-				
Other related parties	2,300	2,399				
<b>Total</b>	<b>2,306</b>	<b>2,399</b>				
<b><i>Trade accounts payable</i></b>						
	<b>Consolidated financial statements</b>					
	<b>2019</b>	<b>2018</b>				
	<i>(in million Baht)</i>					
Parent	2	2				
Other related parties	159	327				
<b>Total</b>	<b>161</b>	<b>329</b>				
<b><i>Other payables</i></b>						
	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>			
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>		
	<i>(in million Baht)</i>					
Parent	334	781	24	28		
Subsidiaries	-	-	12	69		
Joint ventures	2	-	-	-		
Other related parties	9,057	905	8,260	2		
<b>Total</b>	<b>9,393</b>	<b>1,686</b>	<b>8,296</b>	<b>99</b>		
<b><i>Short-term loans</i></b>						
	<b>Interest rate</b>		<b>Separate financial statements</b>			
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>		
	<i>(% per annum)</i>					
Subsidiaries	1.60	0.55-3.50	<b>5,759</b>	<b>28,818</b>		

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<i>Movements of short-term loans from</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
<b>Parent</b>				
At 1 January	-	987	-	-
Increase	-	564	-	-
Decrease	-	(1,476)	-	-
Discontinued operations	-	(75)	-	-
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Subsidiaries</b>				
At 1 January	-	-	28,818	10,647
Increase	-	-	60,549	69,316
Increase from business restructuring	-	-	-	1,109
Decrease	-	-	(83,608)	(51,263)
Decrease from business restructuring	-	-	-	(452)
Decrease from liquidation	-	-	-	(539)
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>5,759</b>	<b>28,818</b>
<b>Associates</b>				
At 1 January	-	72	-	1,109
Decrease	-	(72)	-	-
Decrease from business restructuring	-	-	-	(1,109)
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other related parties</b>				
At 1 January	-	48,899	-	10,001
Increase	-	20,064	-	7,085
Increase from business restructuring	-	13,139	-	452
Decrease	-	(69,588)	-	(17,538)
Decrease from business restructuring	-	(121)	-	-
Discontinued operations	-	(12,393)	-	-
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total short-term loans</b>				
At 1 January	-	49,958	28,818	21,757
Increase	-	20,628	60,549	76,401
Increase from business restructuring	-	13,139	-	1,561
Decrease	-	(71,136)	(83,608)	(68,801)
Decrease from business restructuring	-	(121)	-	(1,561)
Discontinued operations	-	(12,468)	-	-
Decrease from liquidation	-	-	-	(539)
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>5,759</b>	<b>28,818</b>

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<i>Movements of unearned lease income</i>	<b>Consolidated</b> <b>financial statements</b>	
	2019	2018 (in million Baht)
<b>Other related parties</b>		
At 1 January	5,347	5,535
Increase	990	33
Decrease	(253)	(221)
<b>At 31 December</b>	<b>6,084</b>	<b>5,347</b>

<i>Other non-current liabilities</i>	<b>Consolidated</b> <b>financial statements</b>		<b>Separate</b> <b>financial statements</b>	
	2019	2018 (in million Baht)	2019	2018
Parent	255	217	-	-
Subsidiaries	-	-	1	1
Associates	37	38	-	-
Other related parties	582	305	-	-
<b>Total</b>	<b>874</b>	<b>560</b>	<b>1</b>	<b>1</b>

<i>Future minimum lease payments under non-cancellable operating leases</i>	<b>Consolidated</b> <b>financial statements</b>	
	2019	2018 (in million Baht)
Within 1 year	2,869	2,563
1 - 5 years	7,262	7,014
After 5 years	5,796	5,606
<b>Total</b>	<b>15,927</b>	<b>15,183</b>

#### *Guarantor for credit facilities*

As at 31 December 2019, the Company acted as guarantor for credit facilities from financial institutions for its related parties totaling Baht 11,570 million (2018: Baht 19,671 million).

#### *Significant agreements with related parties*

##### *Service agreements*

The Group entered into service agreements with a related party whereby the related party will provide services relating to accounting, taxation, financial and other related services for a period of 3 years. The Group agreed to pay service fees as specified in the agreements. Either party may give advance written notice of termination by 180 days and the agreements are automatically renewed for successive periods of 1 year each.

##### *Area rental services agreement*

The Group has entered into the lease agreement to rent area in the department store with related parties. The Group received lease income in advance as specified in agreements. The lease period is 30-40 years and the longest lease period will expire in 2056.

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*Warehouse management service agreements*

The Group has entered into warehouse management service agreements with related parties for a period of 1 year and 3 years. The related parties agreed to pay service fees as specified in the agreements. Either party may give advance written notice of termination by 90 days and 12 months.

The Group had entered into several building lease and service agreement with a related party for storage and distribution of goods for periods of 3 years, ending in 2020. The related party agreed to pay rental and service charges as specified in the agreement.

*Rental and service rendered agreements*

The Group has entered into retail space rental and service agreements with related parties for a period of 1 year. The related parties agreed to pay rental and management fees at percentages of sales and/or size of occupied areas. Either party may give advance written notice for renew.

*Rental and service agreements*

The Group has entered into area rental and service agreements from related parties for a period of 1 - 10 years. The Group agreed to pay rental and service fees as specified in the agreements.

*Car park rental agreements*

The Group entered into car park rental agreements with related parties for a period of 29 - 30 years. The Group paid the compensation in advance as specified in the agreements and present as part of other non-current assets.

*Member card service agreement*

The Company has entered into member card service agreement "The 1 Card" with related parties. The Company will provide service to members, marketing management, member database management and provide the reward or other benefits for The 1 Card point redemption. The Company received service fee at the rates as specified in the agreement. The agreement expired on 31 December 2018.

During 2018, the Company has disposed "The 1 Card" business (customer loyalty program) to a related party.

The Group has entered into member card service agreement "The 1 Card" with a related party. The said related party will provide service to members, marketing management, member database management and provide the reward or other benefits for The 1 Card point redemption. The Group agreed to pay service fee at rates specified in the agreement. The agreement has a term of 2 years and is automatically renewed for successive periods of 2 years each.

*Trademark agreements*

The Company entered into agreements to provide trademark rights to related parties. The related parties agreed to pay service fee at a percentage of net revenue as specified in the agreements.

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*Legal service agreements*

The Group has entered into legal service agreements with a related party for a period of 3 years. The Group agreed to pay service fees as specified in the agreements. Either party may give notice of termination within 180 days prior to expiry date of these agreements, otherwise the agreements are automatically renewed for successive periods of 3 years each.

*Human resource management service agreements*

The Group has entered into human resource management service agreements with a related party for a period of 1 year. The Group agreed to pay service fees at actual cost-plus allocation method as specified in the agreements. Either party may give notice of termination within 6 months prior to expiry date of these agreements, otherwise the agreements are automatically renewed for successive periods of 1 year each.

*Business strategy and develop retail business management agreements*

The Company has entered into agreements to provide business and investment strategy, technology for strategy e-commerce, omni channel and big data, corporate relations and corporate social responsibility, research and development, human resource management, corporate finance, analysis and finance report, internal audit, business process improvement, risk management and corporate procurement to related parties for a period of 1 year. The related parties agreed to pay service fee at cost plus method as specified in the agreements. Either party may give advance written notice of termination by 6 months.

**7 Cash and cash equivalents**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018 <i>(in million Baht)</i>	2019	2018
Cash on hand	1,047	1,440	-	-
Cash at banks - current accounts	4,586	3,669	189	369
Cash at banks - savings accounts	4,434	5,055	1,189	1,907
Highly liquid short-term investments	6	901	-	-
<b>Total</b>	<b>10,073</b>	<b>11,065</b>	<b>1,378</b>	<b>2,276</b>

**8 Trade accounts receivable**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018 <i>(in million Baht)</i>	2019	2018
Within credit terms	2,894	3,374	675	80
Overdue:				
Less than 3 months	1,389	917	28	-
3-6 months	166	115	7	-
6-12 months	119	175	6	-
Over 12 months	129	325	59	59
	<b>4,697</b>	<b>4,906</b>	<b>775</b>	<b>139</b>
<i>Less allowance for doubtful accounts</i>	<i>(237)</i>	<i>(360)</i>	<i>(2)</i>	<i>(2)</i>
<b>Net</b>	<b>4,460</b>	<b>4,546</b>	<b>773</b>	<b>137</b>

The normal credit term granted by the Group ranges from 30 days to 60 days.

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**9 Other receivables**

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
(in million Baht)				
Receivables from supplier	3,090	2,747	-	-
Prepaid expenses	2,820	2,404	89	5
Revenue Department receivables	2,200	1,510	-	-
Deferred promotion income	1,966	1,587	172	367
Interest receivable	1	38	173	92
Others	1,847	2,029	33	14
	<b>11,924</b>	<b>10,315</b>	<b>467</b>	<b>478</b>
<i>Less allowance for doubtful accounts</i>	<i>(185)</i>	<i>(170)</i>	<i>(20)</i>	<i>(45)</i>
<b>Net</b>	<b>11,739</b>	<b>10,145</b>	<b>447</b>	<b>433</b>

**10 Inventories**

	Consolidated financial statements	
	2019	2018
(in million Baht)		
Merchandise	38,859	33,506
Goods in transit	887	1,054
Work in process	122	105
Raw material	51	57
Factory supplies and others	13	12
	<b>39,932</b>	<b>34,734</b>
<i>Less allowance for shrinkage/obsolescence</i>	<i>(2,496)</i>	<i>(2,485)</i>
<b>Net</b>	<b>37,436</b>	<b>32,249</b>
 Inventories recognized as an expense in 'administrative expense':		
- (Reversal of) write-down to obsolescence and slow moving	(63)	203
- Write-down to shrinkage and damage inventories	1,117	1,044
<b>Total</b>	<b>1,054</b>	<b>1,247</b>

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## 11 Investments in associates and joint ventures

	Type of business	Ownership interest 2019 (%)	Paid-up capital 2019 (in million Baht)	Consolidated financial statements				Dividend income for the year 2019 2018
				Cost 2019	2018	Equity 2019 (in million Baht)	2018	
						2019	2018	
<b>Direct associates</b>								
Central Watson Co., Ltd.	Retail	28.90	28.90	182	182	53	53	189 166
<b>Indirect associates</b>								
Associate under “Power Buy Co., Ltd.”								
NKT New Solution and Technology Development Investment Joint Stock Company	Investing	-	39.95	-	800,000	-	4,333	- 4,481
Associate under “NKT New Solution and Technology Development Investment Joint Stock Company”								
COL Vietnam Joint Stock Company	Retail	39.94	-	61,600	-	1	-	1 -
Associate under “Central Department Store Limited” and “Robinson Public Company Limited”								
VAT Refund Center (Thailand) Company Limited	Service	38.46	38.46	30	30	14	14	10 14 -
Associate under “Central Marketing Group Co., Ltd.”								
Samsonite (Thailand) Co., Ltd. <sup>(1)</sup>	Fashion	50.41	50.41	21	21	9	9	248 220 64 84
Associate under “Central Trading Co., Ltd.” Kokkyo International (Thailand) Co., Ltd.	Fashion	24.00	24.00	10	10	2	2	42 32 - -
<b>Total associates</b>								
				<b>79</b>	<b>4,411</b>	<b>517</b>	<b>4,972</b>	<b>253</b> <b>250</b>

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Type of business	Ownership interest		Paid-up capital (in million Baht)		Consolidated financial statements			Dividend income for the year 2019	Dividend income for the year 2018	
	2019	2018	2019	2018	Cost	2018	2019	Equity (in million Baht)		
<b><i>Indirect joint ventures</i></b>										
Joint ventures under “Central Department Store Limited”										
MUJI Retail (Thailand) Co.,Ltd. <sup>(1)</sup>	Retail	50.00	50.00	400	200	283	275	33	33	
Luxury Goods (Thailand) Ltd.	Retail	25.00	25.00	300	75	134	83	13	-	
Botttega Veneta (Thailand) Ltd.	Retail	25.00	25.00	100	25	13	23	-	-	
Central DFS Co., Ltd. <sup>(1)</sup>	Retail	51.00	51.00	71	36	16	35	-	-	
Morningbliss SDN. BHD.	Retail	49.00	-	0.1	-	-	-	-	-	
Joint ventures under “Central Trading Co., Ltd.”										
Sunglass Hut (Thailand) Co.,Ltd. <sup>(1)</sup>	Fashion	51.00	51.00	85	43	18	27	-	-	
<b>Total joint ventures</b>				<b>85</b>	<b>379</b>	<b>464</b>	<b>443</b>	<b>46</b>	<b>33</b>	
<b>Total</b>				<b>458</b>	<b>4,790</b>	<b>981</b>	<b>5,415</b>	<b>299</b>	<b>283</b>	
<b><i>Separate financial statements</i></b>										
Type of business		Ownership interest		Paid-up capital (in million Baht)		Dividend income for the year 2019				
		2019	2018	2019	2018	Cost	2018	2019		
<b><i>Associates</i></b>		<b>(%)</b>		<b>(in million Baht)</b>		<b>(in million Baht)</b>				
Central Watson Co., Ltd.	Retail	28.90	28.90	182	53	53	53	189	166	
<b>Total</b>				<b>53</b>	<b>53</b>	<b>53</b>	<b>53</b>	<b>189</b>	<b>166</b>	

All associates were incorporated and mainly operate in Thailand, except for NKT New Solution and Technology Development Joint Stock Company and COL Vietnam Joint Stock Company which were incorporated and mainly operate in Vietnam.

All joint ventures were incorporated and mainly operate in Thailand, except for Morningbliss SDN. BHD. which were incorporated and mainly operate in Malaysia.

None of the Group’s and the Company’s associates and joint ventures are publicly listed and consequently they do not have published price quotations.

(1) The Group has no power to govern the financial and operation policies over those companies. Therefore, the Group treats those companies as associates or joint ventures.

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***Investments in associates***

***Additional investment***

On 9 January 2015, the Group invested 49% in NKT New Solution and Technology Development Investment Joint Stock Company which is incorporated in Vietnam acquiring 37,662,745 shares, amounting to Baht 3,404 million. Under the share purchase agreement, the Group had an obligation for additional payments contingent on conditions as specified in the agreement. During 2018, the Group paid an additional amount of Baht 929 million after the conditions as specified in the agreement were met.

During 2019, the Group additionally acquiring 51% of the issued share capital of this company as disclosed in note 5(a).

***Acquisitions***

During 2018, the Group made a new investment in 38.46% of the issued and paid up capital of VAT Refund Center (Thailand) Company Limited incorporated in Thailand, for a consideration of Baht 14 million, which became an associate of the Group.

***Investments in joint ventures***

***Acquisitions***

During 2019, the Group made a new investment in 49.00% of the issued and paid up share capital of Morningbliss SDN. BHD., which is incorporated in Malaysia for a consideration of MYR 49,000, which became a joint venture of the Group.

During 2018, the Group made a new investment in 51.00% of the issued and paid up capital of Central DFS Co., Ltd. incorporated in Thailand, for a consideration of Baht 36 million, which became a joint venture of the Group.

During 2018, the Group made a new investment in 50.00% of the issued and paid up capital of Berlin Immobilien GmbH & Co KG and Berlin Management GmbH & Co KG, incorporated in Germany, for a consideration of Baht 97 million, which became joint ventures of the Group.

***Increase in share capital***

During 2018, the Group made payments for an increase in share capital of Cemohinode TMK of 400,000 shares, amounting to Baht 115 million.

During 2018, the Group made payments for the increase in share capital of MUJI Retail (Thailand) Co., Ltd. of 300,000 shares, amounting to Baht 30 million.

***Disposals***

During 2019, the Group made a new investment in 66.67% of the issued and paid up share capital of Porto Worldwide Limited, a holding company incorporated in Hong Kong for a consideration of Baht 4,105 million, which became a joint venture between the Group and Central Pattana Public Company Limited (CPN). The purpose of this joint venture is to invest 40% shareholding in Grabtaxi Holdings (Thailand) Co., Ltd.

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In December 2019, the Group sold its entire 66.67% interest in this joint venture to a related party, for a consideration of Baht 4,271 million. Porto Worldwide Limited was no longer a joint venture of the Group as at 31 December 2019. The Group has the call option within three years after the closing date and the purchaser has put option within two years after the closing date. Price for both options equal to the sale price under the Share Purchase Agreement, adjusted for certain percentage and others, any additional investments in Porto Worldwide Limited made by the purchaser and agreed to by the Group and less by any dividends paid by Porto Worldwide Limited in the interim as specified in the agreement. The exercising of options may not result in either parties being in contravention of any relevant law or regulation and prior to exercising of options, the parties shall have obtained relevant corporate approval as required by the applicable laws from both parties.

During 2018, the Group disposed the businesses under common control as disclosed in note 4(b).

*Associates*

The following table summarizes the financial information of the associates as included in their own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarized financial information to the carrying amount of the Group's interest in NKT New Solution and Technology Development Investment Joint Stock Company.

	2019 (in million Baht)	2018
Revenue	7,032	16,132
Profit (loss) from continuing operations	106	(44)
<b>Total comprehensive income (100%)</b>	<b>106</b>	<b>(44)</b>
Total comprehensive income of the Group's interest	42	(18)
Current assets	-	4,554
Non-current assets	-	3,201
Current liabilities	-	(3,569)
Non-current liabilities	-	(382)
<b>Net assets (100%)</b>	<b>-</b>	<b>3,804</b>
<b>Carrying amount of interest in investee at 31 December</b>	<b>-</b>	<b>4,481</b>
Group's interest in net assets of investee at 1 January	4,481	3,573
Additional investment	-	929
Total comprehensive income attributable to the Group	42	(18)
Currency translation differences	(1)	(3)
Business combination achieved in stage	(4,522)	-
<b>Carrying amount of interest in investee at 31 December</b>	<b>-</b>	<b>4,481</b>

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During the year 2018, NKT New Solution and Technology Development Investment Joint Stock Company, the Group's associate, has been assessed by the Ho Chi Minh Tax Department for falsely declared personal income taxes for its employees during the periods from 2012 to 2018 amounting to Baht 247.3 million and additional assessed in 2019 amounting to Baht 15.2 million. During the years 2018 and 2019, the said company has paid for income taxes amounting to Baht 212.9 million and Baht 49.6 million, respectively. The associate will recognize the effect of the expense only the period after the Group's acquisition date. Under the Master Sale and Purchase Agreement will be reimbursed by the seller for the expense incurred before the acquisition date. The Group's already recognized the proportionate effect of the expense for the period from the date of acquisition until 31 December 2018 amounting to Baht 69.5 million and for the period end 31 December 2019 amounting to Baht 3.6 million in share of profit of associates and joint ventures.

*Immaterial associates and joint ventures*

The Group also has interests in a number of individually immaterial associates and joint ventures.

The following summarizes the financial information of the Group's interest in immaterial associates and joint ventures based on the amounts reported in the Group's consolidated financial statements:

	Immaterial associates and joint ventures 2019                  2018 (in million Baht)	
Carrying amount of interests in immaterial associates and joint ventures	981	934
Group's share of:		
Profit from continuing operations	349	305
<b>Total comprehensive income</b>	<b>349</b>	<b>305</b>

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## 12 Investments in subsidiaries

	Separate financial statements										Dividend income for the year	
	Ownership interest		Paid-up capital (in million Baht)		Cost		Impairment		At cost - net			
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018		
<b>Direct subsidiaries</b>												
Central Department Store Limited	99.99	99.99	3,335	3,335	3,807	3,807	-	-	3,807	3,807	25,429	
SFM Holding Company Limited	99.99	99.99	436	436	3,560	3,560	-	-	3,560	3,560	-	
Mass Concept Company Limited	65.58	65.58	262	262	237	237	-	-	237	237	1,153	
SSHD Co., Ltd.	99.99	99.99	255	255	255	255	-	-	255	255	2,853	
PBHD Co., Ltd.	99.99	99.99	375	375	375	375	-	-	375	375	1,307	
CRC Thaiwatsadu Co., Ltd.	99.99	99.99	5,430	5,430	5,429	5,429	-	-	5,429	5,429	-	
Capital C Limited	99.99	99.99	13,800	13,800	13,815	13,815	-	-	13,815	13,815	-	
Central Marketing Group Co., Ltd.	99.99	99.99	1,876	1,876	1,901	1,901	-	-	1,901	1,901	173	
Central Group Online Limited	51.00	51.00	300	300	-	-	-	-	-	-	-	
Cenergy Innovation Co., Ltd.	99.99	99.99	50	50	-	-	-	-	-	-	-	
CRC Holland B.V.	100.00	100.00	26	26	989	989	-	-	989	989	-	
Central Global Service Joint Stock Company	99.99	99.99	4,200	4,200	6	6	-	-	6	6	-	
Hillborough Group Ltd.	100.00	100.00	527	394	17,255	13,020	-	-	17,255	13,020	-	
Central US Trading Ltd.	100.00	-	-	3	-	-	-	3	-	-	-	
<b>Indirect subsidiaries</b>												
Robinson Public Company Limited and its Subsidiaries <sup>(1)</sup>	27.75	27.75	3,943	3,943	804	804	-	-	804	804	416	
C.R.G. Service Co., Ltd. <sup>(1)</sup>	38.08	38.08	1,089	1,089	218	218	-	-	218	218	1,245	
<b>Total</b>					<b>48,654</b>	<b>44,416</b>	-	-	<b>48,654</b>	<b>44,416</b>	<b>385</b>	

<sup>(1)</sup> Management believes that the Group has control over these two subsidiaries since the Group has more than half of the voting rights in each company through other subsidiaries.



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None of the Company's subsidiaries are publicly listed and consequently they do not have published price quotations, except for Robinson Public Company Limited which is listed on the Stock Exchange of Thailand. Based on the closing price of Baht 66.00 at 31 December 2019 (*2018: Baht 63.50*), the fair value of the Company's investment in Robinson Public Company Limited was Baht 20,339 million (*2018: Baht 19,568 million*).

*Acquisition*

During 2019, the Company made a new investments in Central US Trading Ltd., amounting to Baht 3 million.

During 2018, the Company made additional investments in SSHD Company Limited of 2,549,998 shares, amounting to Baht 255 million.

During 2018, the Company made additional investments in PBHD Company Limited of 3,749,998 shares, amounting to Baht 375 million.

During 2018, the Company made additional investments in CRC Thaiwatsadu Company Limited of 542,925,000 shares, amounting to Baht 5,429 million.

During 2018, the Company made additional investments in Capital C Limited of 1,379,999,998 shares, amounting to Baht 13,815 million.

During 2018, the Company made additional investments in Central Marketing Group Company Limited of 187,599,998 shares, amounting to Baht 1,201 million.

During 2018, the Company made a new investments in CRC Holland B.V. amounting to Baht 989 million, which became a subsidiary of the Company.

During 2018, the Company made additional investments in Hillborough Group Ltd. of 393,665,320 shares, amounting to Baht 13,020 million.

*Increase in share capital*

During 2019, the Company made payments for the increase in share capital of Hillborough Group Ltd. of 13,353,468 shares, amounting to Baht 4,235 million.

During 2018, the Company made payments for the increase in share capital of Retail Value Company Limited of 1,470,000 shares amounting to Baht 412 million. During 2018, Retail Value Company Limited has been liquidated.

During 2018, the Company made payments for the increase in share capital of Central Pinklao Department Store Company Limited of 27,000,000 shares, amounting to Baht 202 million.

During 2018, the Company made payments for the increase in share capital of Central Marketing Group Co., Ltd. of 70,000,000 shares, amounting to Baht 700 million.

*Disposals*

During 2018, the Group disposed the businesses under common control as disclosed in note 4(b).

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### 13 Non-controlling interests

The following table summarizes the information relating to each of the Group's subsidiaries which has a material non-controlling interest, before any intra-group eliminations:

	<b>Robinson Public Company Limited and its Subsidiaries</b>	
	<b>2019</b>	<b>2018</b>
	<i>(in million Baht)</i>	
<b>Non-controlling interest percentage</b>	<b>46.18%</b>	<b>46.18%</b>
Current assets	9,112	5,459
Non-current assets	22,003	22,846
Current liabilities	(9,332)	(8,033)
Non-current liabilities	(1,778)	(1,450)
<b>Net assets (100%)</b>	<b>20,005</b>	<b>18,822</b>
<b>Carrying amount of non-controlling interest</b>	<b>9,238</b>	<b>8,692</b>
Other individually immaterial subsidiaries	695	1,571
Intra-group eliminations	2,776	1,707
<b>Total</b>	<b>12,709</b>	<b>11,970</b>
Revenue	17,152	16,830
Profit	2,915	3,096
Other comprehensive income	(95)	(47)
<b>Total comprehensive income (100%)</b>	<b>2,820</b>	<b>3,049</b>
Profit allocated to non-controlling interest	1,346	1,430
Other individually immaterial subsidiaries	88	(141)
Intra-group eliminations	292	120
<b>Total</b>	<b>1,726</b>	<b>1,409</b>
Other comprehensive income allocated to non-controlling interest	(44)	(22)
Other individually immaterial subsidiaries	(7)	(11)
Intra-group eliminations	-	-
<b>Total</b>	<b>(51)</b>	<b>(33)</b>
Cash flows from operating activities	4,284	5,113
Cash flows used in investing activities	(4,426)	(2,163)
Cash flows used in financing activities	(520)	(2,861)
Dividends to non-controlling interest amounted to Baht 139 million (2018: Baht 340 million)		
Effect on exchange rate changes on balances held in foreign currencies	(4)	-
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(666)</b>	<b>89</b>

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**14 Investment properties**

	<i>Note</i>	<b>Consolidated financial statements</b> 2019      2018 <i>(in million Baht)</i>	
<b><i>Cost</i></b>			
At 1 January		16,030	13,546
Additions		41	639
Transfer from property, plant and equipment	15	1,093	2,755
Disposals - discontinued operations	31	-	(648)
Disposals		(31)	(248)
Effect of movements in exchange rates		(399)	(14)
<b>At 31 December</b>		<b>16,734</b>	<b>16,030</b>
<b><i>Depreciation</i></b>			
At 1 January		4,899	3,420
Depreciation charge for the year		873	1,072
Transfer from property, plant and equipment	15	180	654
Disposals		(26)	(245)
Effect of movements in exchange rates		(58)	(2)
<b>At 31 December</b>		<b>5,868</b>	<b>4,899</b>
<b><i>Net book value</i></b>			
<b>At 31 December</b>		<b>10,866</b>	<b>11,131</b>

The fair value of investment properties as at 31 December 2019 of Baht 68,461 million (2018: Baht 66,990 million) was determined by independent professional valuers, at open market values on an existing use basis and discounted cash flow using risk-adjusted discount rates. The fair value measurement for investment property has been categorized as a level 3 fair value.

Investment properties comprise a number of commercial properties that are leased to third parties. Each of the leases contains an initial non-cancellable period of 1-30 years. Subsequent renewals are negotiated with the lessee.

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**15 Property, plant and equipment**

<b>Cost</b>	<b>Note</b>	Land and land improve- ments	Leasehold improve- ments	Building, Construction and improvements	<b>Consolidated financial statements</b>			Assets under construction	Total
					Utility and building system	Information system equipment	Furniture, fixtures and office equipment <i>(in million Baht)</i>		
At 1 January 2018		9,405	10,104	55,709	3,205	20,898	23,652	372	4,455
Additions	3	3	529	1,115	251	1,006	1,623	20	6,255
Acquired through business combinations	5(a)	-	-	489	3,168	80	1,460	-	246
Transfers		-	-	(19)	(1,760)	-	(803)	-	(5,667)
Transfer from (to) investment property	14	76		(2,263)	(18,183)	(88)	(897)	-	(249)
Disposals - discontinued operations	31	(6,081) (683)	(322)	(2,159)	(193)	(548)	(2,933) (1,603)	-	(2,755)
Disposals							(30)	(2,617) (34)	(5,572)
Effect of movements in exchange rates		(123)	(284)	(407)	(29)	(52)	(199)	(1)	(1,185)
<b>At 31 December 2018 and 1 January 2019</b>		<b>2,597 558</b>	<b>8,234 507</b>	<b>37,483 934</b>	<b>3,226 187</b>	<b>21,064 924</b>	<b>21,010 1,535</b>	<b>361 47</b>	<b>96,274 10,020</b>
Additions								2,299 5,328	
Acquired through business combinations	5(a)	-	-	151	596 3,042	42	275 1,361	36 723	95 (5,319)
Transfers									1,219
Transfer from (to) investment property	14	16	2 (293)	(785) (343)	- (159)	(263) (325)	(2) (1,316)	(8) (41)	(1,093) (46)
Disposals		-							(2,523)
Effect of movements in exchange rates							(143)	(412)	(1,258)
<b>At 31 December 2019</b>		<b>3,171</b>	<b>-</b>	<b>(474) 8,127</b>	<b>(99) 40,828</b>	<b>(67) 3,229</b>	<b>(143) 22,893</b>	<b>21,574 562</b>	<b>(49) 2,255</b>
									<b>(1,258) 102,639</b>



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Note	Land and land improvements	Leasehold improvements	Building, Construction and improvements	Consolidated financial statements Furniture, fixtures and office equipment Utility and building system equipment					Assets under construction	Total
				Information system equipment	Vehicles	(in million Baht)				
<b>Depreciation and impairment losses</b>										
At 1 January 2018	3	6,630	18,689	2,698	13,987	16,581	274	-	58,862	
Depreciation charge for the year	-	694	2,783	294	1,945	2,188	30	-	7,934	
(Reversal of) impairment losses	-	13	-	5	(3)	222	-	-	237	
Transfer to investment property	14	-	(24)	(431)	-	(199)	-	-	(654)	
Disposals - discontinued operations	31	-	(636)	(4,027)	(44)	(430)	(816)	-	(5,953)	
Disposals	(1)	(275)	(497)	(123)	(461)	(1,428)	(28)	-	(2,813)	
Effect of movements in exchange rates	-	-	(192)	(53)	(24)	(29)	(182)	-	(480)	
<b>At 31 December 2018 and 1 January 2019</b>	<b>2</b>	<b>6,210</b>	<b>16,464</b>	<b>2,806</b>	<b>14,810</b>	<b>16,565</b>	<b>276</b>	<b>-</b>	<b>57,133</b>	
Depreciation charge for the year	-	538	2,307	257	1,954	1,808	50	-	6,914	
(Reversal of) impairment losses	-	(84)	10	2	17	(218)	-	-	(273)	
Transfer from (to) investment property	14	-	7	(139)	-	(39)	(2)	(7)	-	
Disposals	-	(229)	(247)	(152)	(253)	(1,031)	(39)	-	(1,951)	
Effect of movements in exchange rates	-	(367)	(20)	(61)	(62)	(349)	(7)	-	(866)	
<b>At 31 December 2019</b>	<b>2</b>	<b>6,075</b>	<b>18,375</b>	<b>2,852</b>	<b>16,427</b>	<b>16,773</b>	<b>273</b>	<b>-</b>	<b>60,777</b>	

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		Consolidated financial statements								
		Land and land improvements	Leasehold improvements	Building, Construction and improvements	Information system equipment	Utility and building system equipment	Furniture, fixtures and office equipment	Vehicles	Assets under construction	Total
<i>Net book value</i>										
<b>At 31 December 2018</b>										
Owned assets	2,595	1,956	21,019	420	6,254	4,210	85	2,299	38,838	
Assets under finance leases	-	68	-	-	-	235	-	-	-	303
	<b>2,595</b>	<b>2,024</b>	<b>21,019</b>	<b>420</b>	<b>6,254</b>	<b>4,445</b>	<b>85</b>	<b>2,299</b>	<b>39,141</b>	
<b>At 31 December 2019</b>										
Owned assets	3,169	2,011	22,453	376	6,314	4,668	289	2,255	41,535	
Assets under finance leases	-	41	-	1	152	133	-	-	-	327
	<b>3,169</b>	<b>2,052</b>	<b>22,453</b>	<b>377</b>	<b>6,466</b>	<b>4,801</b>	<b>289</b>	<b>2,255</b>	<b>41,862</b>	

The gross amount of the Group's fully depreciated property, plant and equipment that was still in use as at 31 December 2019 amounted to Baht 17 million for the Group (2018: Baht 32,960 million).

Capitalised borrowing costs relating to the acquisition of the land and the construction of the new department store is amounted to Baht 17 million for the Group (2018: nil) with a capitalization rate of 1.53% - 6.90% per annum (2018: nil).

*Disposal of land*

During 2018, the Group sold land with net book value of Baht 262.3 million to related parties in amount of Baht 1,806.8 million and recognized gain from sales in profit or loss.

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**16 Goodwill**

		<b>Consolidated financial statements</b>	
	<i>Note</i>	2019	2018
		<i>(in million Baht)</i>	
<b><i>Cost</i></b>			
At 1 January		29,841	30,316
Acquired through business combinations	5(a)	4,270	137
Discontinued operations	31	-	(473)
Effect of movements in exchange rates		(907)	(139)
<b>At 31 December</b>		<b><u>33,204</u></b>	<b><u>29,841</u></b>
<b><i>Impairment losses</i></b>			
At 1 January		(2,804)	(2,804)
<b>At 31 December</b>		<b><u>(2,804)</u></b>	<b><u>(2,804)</u></b>
<b><i>Net book value</i></b>			
<b>At 31 December</b>		<b><u>30,400</u></b>	<b><u>27,037</u></b>

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*Impairment testing for CGUs containing goodwill*

For the purposes of impairment testing, goodwill has been allocated to the Group's CGUs (operating divisions) as follows.

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		Quinam B.V. and its subsidiaries		NKT New Solution and Technology Development Investment Joint Stock Company and its subsidiaries		Multiple units without significant goodwill		2019		Total	
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
At 1 January	5,143	5,260	21,352	21,236	-	-	-	542	1,016	27,037	27,512
Acquired through business combinations	-	-	35	137	4,235	-	-	-	(473)	4,270	137
Disposal	-	-	-	-	-	-	-	-	-	-	(473)
Effect of foreign currency exchange differences	<u>(208)</u>	<u>(117)</u>	<u>(696)</u>	<u>(21)</u>	<u>(2)</u>	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>(1)</u>	<u>(907)</u>	<u>(139)</u>
<b>At 31 December</b>	<b>4,935</b>	<b>5,143</b>	<b>20,691</b>	<b>21,352</b>	<b>4,233</b>	<b>-</b>	<b>-</b>	<b>541</b>	<b>542</b>	<b>30,400</b>	<b>27,037</b>

The recoverable amount of this CGU was based on fair value less costs of disposal, estimated using discounted cash flows. The fair value measurement was categorised as a Level 3 fair value.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

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	la Rinascente S.p.A.		Quinam B.V. and its subsidiaries		NKT New Solution and Technology Development Investment Joint Stock Company and its subsidiaries	
	2019	2018	2019	2018	2019	2018
Discount rate	9.65	9.65	10.00	10.00	10.75	-
Terminal value growth rate	0.00	0.00	4.00	7.00	4.00	-
Budgeted EBITDA growth rate (average of next five years)	3.60	9.24	30.50	23.08	23.51	-



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The discount rate was a post-tax measure estimated based on the historical industry average weighted-average cost of capital, with a possible debt leveraging of 75% at a market interest rate of 4.42% for la Rinascente S.p.A., a possible debt leveraging of 49.6% at a market interest rate of 4.65% for Quinam B.V. and its subsidiaries, and a possible debt leveraging of 67% at a market interest rate of 5.92% for NKT New Solution and Technology Development Investment Joint Stock Company and its subsidiaries.

The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

Budgeted EBITDA was estimated taking into account past experience, adjusted as follows.

- Revenue growth was projected taking into account the average growth levels experienced over the past five years and the estimated sales volume and price growth for the next five years. It was assumed that the sales price would increase in line with forecast inflation over the next five years.
- Significant one-off environmental costs have been factored into the budgeted EBITDA, reflecting various potential regulatory developments in a number of European countries in which the CGU operates. Other environmental costs are assumed to grow with inflation in other years.

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately Euro 302 million (*2018: Euro 323 million*) for la Rinascente S.p.A., VND 16,252 billion (*2018: VND 36,024 billion*) for Quinam B.V. and its subsidiaries, and VND 32 billion for NKT New Solution and Technology Development Investment Joint Stock Company and its subsidiaries. Management has identified that a reasonably possible change in a key assumption could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which an assumption would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

<b>Consolidated financial statements</b>			
NKT New Solution and Technology Development Investment Joint Stock Company and its subsidiaries 2019 2018			
la Rinascente S.p.A. 2019	Quinam B.V. and its subsidiaries 2019 2018 (%)	12.19 14.07 2.17 3.02	0.03 -
Discount rate			

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**17 Leasehold rights**

	<i>Note</i>	<b>Consolidated financial statements</b>	
		2019 <i>(in million Baht)</i>	2018
At 1 January		20,758	22,013
Addition from business acquisition	5(a)	415	-
Addition		1,595	790
Disposal		(14)	(85)
Disposal - discontinued operation	31	-	(350)
Amortization		(1,667)	(1,619)
Reversal of impairment loss		18	11
Effect of movement in exchange rates		(63)	(2)
<b>At 31 December</b>		<b>21,042</b>	<b>20,758</b>

The Group entered into lease agreement and sublease agreements for office building and department store areas with related and other parties to operate department stores for the longest period of 50 years which will be terminated in June 2064.

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**18 Other intangible assets**

		<b>Consolidated financial statements</b>				
	<i>Note</i>	Software licenses	Trademarks Franchise	System develop- ment	Asset under installment	Total
<b><i>Cost</i></b>						
At 1 January 2018		1,808	10,854	1,463	451	14,576
Additions		112	17	361	198	688
Transfers		292	-	81	(373)	-
Disposals - discontinued operations	31	(743)	(6,671)	(54)	-	(7,468)
Disposals		(124)	(212)	(222)	-	(558)
Effect of movements in exchange rates		(22)	(1)	(15)	-	(38)
<b>At 31 December 2018 and 1 January 2019</b>		<b>1,323</b>	<b>3,987</b>	<b>1,614</b>	<b>276</b>	<b>7,200</b>
Acquisition through business combinations	5(a)	76	1,735	-	-	1,811
Additions		352	2	101	394	849
Transfers		25	1	173	(199)	-
Disposals		(40)	(88)	(159)	(19)	(306)
Effect of movements in exchange rates		(28)	(1)	(21)	-	(50)
<b>At 31 December 2019</b>		<b>1,708</b>	<b>5,636</b>	<b>1,708</b>	<b>452</b>	<b>9,504</b>
<b><i>Amortization and impairment losses</i></b>						
At 1 January 2018		912	499	1,074	26	2,511
Amortization for the year		231	67	200	-	498
(Reversal of) impairment loss		8	(113)	44	-	(61)
Transfers		116	-	(116)	-	-
Disposals - discontinued operations	31	(480)	(8)	-	-	(488)
Disposals		(23)	(106)	(38)	-	(167)
Effect of movements in exchange rates		(9)	(1)	(11)	-	(21)
<b>At 31 December 2018 and 1 January 2019</b>		<b>755</b>	<b>338</b>	<b>1,153</b>	<b>26</b>	<b>2,272</b>
Amortization for the year		180	42	201	-	423
(Reversal of) impairment loss		(3)	(10)	(2)	12	(3)
Disposals		(15)	(49)	(154)	-	(218)
Effect of movements in exchange rates		(17)	(2)	(17)	-	(36)
<b>At 31 December 2019</b>		<b>900</b>	<b>319</b>	<b>1,181</b>	<b>38</b>	<b>2,438</b>
<b><i>Net book value</i></b>						
<b>At 31 December 2018</b>		<b>568</b>	<b>3,649</b>	<b>461</b>	<b>250</b>	<b>4,928</b>
<b>At 31 December 2019</b>		<b>808</b>	<b>5,317</b>	<b>527</b>	<b>414</b>	<b>7,066</b>

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**19 Interest-bearing liabilities**

	Consolidated financial statements					
	2019			2018		
	Secured	Unsecured	Total (in million Baht)	Secured	Unsecured	Total
Bank overdrafts	3,547	-	3,547	1	-	1
Short-term loans from financial institutions	10,427	37,130	47,557	23,676	5,423	29,099
Current portion of long-term loans from financial institutions	8,271	-	8,271	5,189	1	5,190
Current portion of finance lease liabilities	-	31	31	-	34	34
Long-term loans from financial institutions	1,552	-	1,552	7,827	-	7,827
Finance lease liabilities	-	197	197	-	58	58
<b>Total interest-bearing liabilities</b>	<b>23,797</b>	<b>37,358</b>	<b>61,155</b>	<b>36,693</b>	<b>5,516</b>	<b>42,209</b>

Note	Separate financial statements					
	2019			2018		
	Secured	Unsecured	Total (in million Baht)	Secured	Unsecured	Total
Short-term loans from financial institutions	2,000	34,890	36,890	13,000	3,775	16,775
Short-term loans from related parties	6	-	5,759	5,759	-	28,818
Long-term loans from financial institutions	1,500	-	1,500	2,500	-	2,500
<b>Total interest-bearing liabilities</b>	<b>3,500</b>	<b>40,649</b>	<b>44,149</b>	<b>15,500</b>	<b>32,593</b>	<b>48,093</b>

As at 31 December 2019, the Group had unutilized credit facilities from financial institutions totaling Baht 83,452 million (2018: Baht 71,916 million).

As at 31 December 2019, the Company had unutilized credit facilities from financial institutions totaling Baht 40,631 million (2018: Baht 27,877 million).

As at 31 December 2019, the Group had short-term loans from financial institutions representing promissory notes, packing credits, letters of credit and trust receipts which will be repayable within 2020. Interest was charged at rates from 0.40% to 7.00% per annum (2018: 0.45% to 9.00% per annum).

As at 31 December 2019, the Group had long-term loan agreements with local and foreign financial institutions, which were repayable as stipulated in the agreements for the longest period of 10 years which will be expired in December 2029. Interest was charged at rates from 0.85% to 6.95% per annum (2018: 0.85% to 9.00% per annum). The loans are guaranteed by its subsidiaries. Accordingly, the Group must comply with the conditions outlined in the agreements e.g. maintain the ratios of liabilities to equity, maintain the ratios of shareholding of investments in certain subsidiaries.

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As at 31 December 2019, the Company had short-term loans from financial institutions representing promissory notes repayable within 2020. Interests was charged at rates from 1.40% to 1.90% per annum (*2018: 1.80% to 2.34% per annum*).

As at 31 December 2019, the Company had long-term loan agreements with a local financial institution, which were repayable as stipulated in the agreements which will be expired in October 2021. Interest was charged at a rate of 2.50% per annum (*2018: 2.50% to 3.09% per annum*). The loans are guaranteed by a subsidiary. Accordingly, the Company must comply with the conditions outlined in the agreements e.g. maintain the ratios of liabilities to equity, maintain the ratios of net debt to EBITDA.

<i>Assets pledged as security for liabilities as at 31 December</i>	<b>Consolidated financial statements</b>	
	<b>2019</b>	<b>2018</b>
	<i>(in million Baht)</i>	
Fixed deposit	1,384	1,513
Inventories	1,163	-
Investment properties	543	599
Property, plant and equipment	61	71
<b>Total</b>	<b>3,151</b>	<b>2,183</b>

## 20 Other payables

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<i>(in million Baht)</i>			
Dividend payable	12,187	-	12,187	-
Accrued other tax expense	4,809	2,935	1,829	36
Accrued operating expenses	4,608	3,960	56	137
Rental and service payable	3,767	4,405	6	54
Payable for purchase of assets	1,635	1,443	1	64
Deposits and advances received	1,613	1,282	-	-
Accrued bonus	1,246	1,291	115	60
Others	158	158	23	1
<b>Total</b>	<b>30,023</b>	<b>15,474</b>	<b>14,217</b>	<b>352</b>

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**21 Non-current provisions for employee benefits**

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in million Baht)			
Defined benefit plan	<b>2,467</b>	<b>1,681</b>	<b>109</b>	<b>42</b>

***Defined benefit plan***

The Group and the Company operate a defined benefit plan based on the requirements of the Thai Labor Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service. The defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

<b>Present value of the defined benefit obligations</b>	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in million Baht)			
At 1 January	1,681	1,708	42	2
<b>Include in profit or loss:</b>				
Current service costs and interest on obligation from continuing operation	291	316	4	-
Current service costs and interest on obligation from discontinued operation	-	35	-	-
Past service cost	<b>375</b>	<b>-</b>	<b>10</b>	<b>-</b>
	<b>666</b>	<b>351</b>	<b>14</b>	<b>-</b>
<b>Included in other comprehensive income</b>				
Actuarial loss				
- Demographic assumptions	(2)	(115)	-	-
- Financial assumptions	359	57	11	1
- Experience adjustment	27	164	43	4
Effect of movements in exchange rates	-	1	-	-
	<b>384</b>	<b>107</b>	<b>54</b>	<b>5</b>
Benefit paid	(264)	(378)	(1)	-
Transfer	-	35	-	35
Discontinued operations	-	(142)	-	-
	<b>(264)</b>	<b>(485)</b>	<b>(1)</b>	<b>35</b>
<b>At 31 December</b>	<b>2,467</b>	<b>1,681</b>	<b>109</b>	<b>42</b>

On 5 April 2019, the Labor Protection Act was amended to include a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate. The Group has therefore amended its retirement plan in accordance with the changes in the Labor Protection Act in 2019. As a result of this change, the provision for retirement benefits as well as past service cost recognised increased.

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<i>Principal actuarial assumptions</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
Discount rate	0.65-1.5	1.6-3.9	1.5	3.3
Future salary growth	5.0-8.0	5.0-8.0	5.0-8.0	5.0-8.0

Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 31 December 2019, the weighted-average duration of the defined benefit obligation was 9 years (2018: 16 years).

**Sensitivity analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

<i>Effect to the defined benefit obligation</i> <i>At 31 December</i>	<b>Consolidated financial statements</b>			
	1% increase in assumption		1% decrease in assumption	
	2019	2018	2019	2018
Discount rate	(194)	(147)	228	168
Future salary growth	213	122	(187)	(107)

<i>Effect to the defined benefit obligation</i> <i>At 31 December</i>	<b>Separate financial statements</b>			
	1% increase in assumption		1% decrease in assumption	
	2019	2018	2019	2018
Discount rate	(6)	(4)	7	5
Future salary growth	7	5	(6)	(4)

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## 22 Share capital

	Par value per share (in Baht)	Number	2019 Amount (million shares / million Baht)	2018 Number (million shares / million Baht)	2018 Amount (million Baht)
<b><i>Authorized</i></b>					
At 1 January					
- ordinary shares	10	470	4,700	211	2,114
Increase of new shares	10	-	-	259	2,586
Reduction in par value					
- from Baht 10 to Baht 1	1	4,700	4,700	-	-
Increase of new shares	1	<u>1,620</u>	<u>1,620</u>	-	-
<b><i>At 31 December</i></b>					
- ordinary shares	10	-	-	<b>470</b>	<b>4,700</b>
- ordinary shares	1	<b><u>6,320</u></b>	<b><u>6,320</u></b>	-	-
<b><i>Issued and paid-up</i></b>					
At 1 January					
- ordinary shares	10	470	4,700	211	2,114
Increase of new shares	10	-	-	259	2,586
Reduction in par value					
- from Baht 10 to Baht 1	1	<u>4,700</u>	<u>4,700</u>	-	-
<b><i>At 31 December</i></b>					
- ordinary shares	10	-	-	<b>470</b>	<b>4,700</b>
- ordinary shares	1	<b><u>4,700</u></b>	<b><u>4,700</u></b>	-	-

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

On 6 September 2019, the Company changed in par value of the Company's ordinary shares from Baht 10 per share to Baht 1 per share. The Company has already registered the change of par value and newly issue of 1,620 million ordinary shares amounting to Baht 1,620 million as approved by Board of Director's meeting of the Company with the Ministry of Commerce. Therefore, the Company's ordinary shares have been changed from 470 million shares, par value at Baht 10 per share to 6,320 million shares, par value at Baht 1 per share.

On 6 September 2018, the extraordinary meeting of shareholders approved the issue of 259 million ordinary shares of the Company at an issue price of Baht 53.93 per share amounting to Baht 13,944.8 million with share premium Baht 11,359.0 million.

### ***Share premium***

Share premium represents share subscription monies received in excess of the par value of the shares issued. Share premium is not available for dividend distribution.

### ***Share premium on treasury shares***

The share premium on treasury shares represents the accumulated surplus on sale of treasury shares, net of any deficits on sale or cancellation of treasury shares. The surplus on treasury shares is not available for dividend distribution.

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## **23 Reserves**

Reserves comprise:

### ***Appropriations of profit and/or retained earnings***

#### **Legal reserve**

Section 116 of the Public Companies Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

#### ***Other components of equity***

##### **Currency translation differences**

The currency translation differences account within equity comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

##### **Fair value changes in available-for-sale investments**

The fair value changes in available-for-sale investments account within equity comprises the cumulative net change in the fair value of available-for-sale investments until the investments are derecognized or impaired.

## **24 Segment information and disaggregation of revenue**

Management determined that the Group has four reportable segments which are the Group’s three strategic businesses and a set of businesses that were transferred out of the Group (and not be part of the Group beyond 2018). These four strategic divisions offer different products and services and cater to different and various needs of customers, but together offer a complete retail experience to consumers. For each of the strategic divisions, the chief operating decision maker (CODM) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group’s reportable segments.

<i>Segment 1 Fashion</i>	Operating fashion business mostly under department store format in Thailand and overseas
<i>Segment 2 Food Products</i>	Operating food retailing such as supermarket and convenience store
<i>Segment 3 Hardline</i>	Operating hardline retailing including consumer electronic, construction material and home products
<i>Segment 4 Discontinued Operation</i>	Operating and managing of shopping center, managing of property etc.; this segment was sold during 2018

Each segment's performance is measured based on segment earnings before interest, taxes, depreciation and amortization “EBITDA”, as included in the internal management reports that are reviewed by the Group’s CODM. Segment EBITDA is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm’s length basis.

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	Consolidated financial statements						Discontinued Operation	2019	2018	Total
	Fashion	Food Products	Hardline	2019 (in million Baht)	2018	2019				
<b>For the year ended 31 December</b>										
<b>Information about reportable segments</b>										
External revenue	70,269	68,625	82,927	80,634	51,063	39,922	-	11,842	204,259	201,023
Inter-segment revenue	49,253	7,636	2,369	2,837	2,183	460	-	841	53,805	11,774
<b>Total revenue</b>	<b>119,522</b>	<b>76,261</b>	<b>85,296</b>	<b>83,471</b>	<b>53,246</b>	<b>40,382</b>	<b>-</b>	<b>12,683</b>	<b>258,064</b>	<b>212,797</b>
<i>Disaggregation of revenue</i>										
Primary geographical markets										
Thailand	54,900	51,968	53,944	54,262	43,148	39,922	-	6	151,992	146,158
Italy	14,907	16,005	-	-	-	-	-	-	14,907	16,005
Vietnam	273	362	28,970	26,370	7,915	-	-	-	37,158	26,732
Others	189	290	13	2	-	-	-	-	202	12,128
<b>Total revenue</b>	<b>70,269</b>	<b>68,625</b>	<b>82,927</b>	<b>80,634</b>	<b>51,063</b>	<b>39,922</b>	<b>-</b>	<b>11,842</b>	<b>204,259</b>	<b>201,023</b>
Major products/service lines										
Sale of goods	64,280	62,765	80,492	78,299	50,583	39,550	-	11,356	195,355	191,970
Rental services	4,976	4,544	1,674	1,580	329	291	-	479	6,979	6,894
Rendition of services	913	795	629	579	132	39	-	-	1,674	1,413
Investing	100	521	132	176	19	42	-	7	251	746
<b>Total revenue</b>	<b>70,269</b>	<b>68,625</b>	<b>82,927</b>	<b>80,634</b>	<b>51,063</b>	<b>39,922</b>	<b>-</b>	<b>11,842</b>	<b>204,259</b>	<b>201,023</b>
<i>Timing of revenue recognition</i>										
At a point in time	65,293	64,081	81,253	79,054	50,734	39,631	-	11,363	197,280	194,129
Over time	4,976	4,544	1,674	1,580	329	291	-	479	6,979	6,894
<b>Total revenue</b>	<b>70,269</b>	<b>68,625</b>	<b>82,927</b>	<b>80,634</b>	<b>51,063</b>	<b>39,922</b>	<b>-</b>	<b>11,842</b>	<b>204,259</b>	<b>201,023</b>
Segment profit (loss) before tax expense and amortization										
Segment profit (loss) before interest, taxes, depreciation and amortization	9,440	9,155	2,550	2,158	2,865	2,380	-	(1,068)	14,855	12,625
Other income	15,458	15,526	5,823	5,680	4,533	3,916	-	(129)	25,814	24,993
Interest income	3,917	4,484	8,063	7,765	3,214	2,779	-	521	15,194	15,549
Interest expense	97	515	132	175	19	42	-	6	248	738
Depreciation and amortization	732	759	194	236	159	191	-	75	1,085	1,261
Share of profit (loss) of investments in associates and joint ventures	5,286	5,612	3,079	3,286	1,509	1,345	-	864	9,874	11,107
Tax expense	1,768	2,284	497	246	45	(17)	-	-	391	287
					230	58	-	6	2,495	2,594

**Central Retail Corporation Public Company Limited and its Subsidiaries**  
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<i>For the year ended 31 December</i>	Consolidated financial statements						<b>Total</b>	
	<b>Fashion</b>		<b>Food Products</b>		<b>Hardline</b>			
	2019	2018	2019	2018	2019	2018		
<i>(in million Baht)</i>								
Other material non-cash items:								
- (Reversal of) impairment losses on property, plant and equipment and other intangible assets	(39)	101	(254)	67	-	(3)	-	
- Losses on inventories devaluation	8	143	952	995	94	25	-	
Investments in associates and joint ventures	980	934	-	-	1	4,481	3	
Segment assets	79,358	77,240	66,345	67,371	41,319	32,746	981	
Segment liabilities	103,102	70,665	23,974	23,966	18,987	15,399	5,415	
							187,022	
							177,357	
							110,030	
							146,063	
							146,063	

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***Reconciliations of reportable segment revenues and profit or loss***

	<b>Consolidated financial statements</b>			
	<b>Revenues</b>		<b>Profit or loss</b>	
	2019	2018	2019	2018
(in million Baht)				
Reportable segments	258,064	212,797	14,855	12,625
Elimination of inter-segment transactions	(53,805)	(11,774)	-	-
Elimination of discontinued operations	-	(11,842)	-	1,068
<b>Total</b>	<b>204,259</b>	<b>189,181</b>	<b>14,855</b>	<b>13,693</b>

***Geographical segments***

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

<b>Geographical information</b>	<b>Consolidated financial statements</b>			
	<b>Revenues</b>		<b>Non-current assets</b>	
	2019	2018	2019	2018
(in million Baht)				
Thailand	151,992	146,152	77,098	70,084
Italy	14,907	16,005	10,823	11,789
Vietnam	37,158	26,732	22,551	19,470
Other countries	202	292	9,708	10,412
Investments in associates and joint ventures	-	-	981	5,415
Discontinued operations	-	11,842	-	-
<b>Total</b>	<b>204,259</b>	<b>201,023</b>	<b>121,161</b>	<b>117,170</b>

***Major customer***

For the years 2019 and 2018, the Group had no customers with revenue greater than 10% of the Group's revenues.

**25 Investments income**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2019	2018	2019	2018
(in million Baht)				
Dividend income	3	7	32,766	551
Interest income	248	732	537	628
<b>Total</b>	<b>251</b>	<b>739</b>	<b>33,303</b>	<b>1,179</b>

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## 26 Other income

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Promotional and advertising income	7,513	7,093	115	92
Logistic and distribution income	2,816	2,694	-	-
Utilities income	561	495	-	-
Royalty income	455	468	320	300
Income sharing	344	357	-	-
Management fee income	296	282	-	-
Reversal of impairment of assets	293	-	-	-
Gain on sales of investments	189	586	-	-
Net gain on foreign exchange	60	240	-	68
Reversal of allowance for doubtful accounts	-	-	25	-
Reversal of impairment of investment	-	-	-	130
Others	2,667	2,813	29	17
<b>Total</b>	<b>15,194</b>	<b>15,028</b>	<b>489</b>	<b>607</b>

### *Impact from a fire incidence as a result of political demonstration*

On 16 December 2011, the Group filed a law suit against an insurance company related to a fire incident at Zen Department Store. The Group claimed indemnity from Industrial All Risks policy included interest and punitive damages for the Group itself and/or The Bureau of the Crown Property. As at 31 December 2018, the Group and the insurance company appealed to the Supreme Court. During 2019, the Group received the compensation from the insurance company totaling Baht 3,283 million which have been recognized in profit or loss.

## 27 Selling expenses

	<b>Consolidated financial statements</b>	
	2019	2018
	<i>(in million Baht)</i>	
Employee benefit	14,859	14,069
Rental and service expense	8,997	8,265
Depreciation	8,479	8,780
Utilities	4,500	4,311
Marketing and promotion	3,880	3,559
Others	5,470	5,629
<b>Total</b>	<b>46,185</b>	<b>44,613</b>

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## 28 Administrative expenses

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in million Baht)			
Employee benefit	6,076	5,232	572	311
Management fee	2,346	2,155	10	61
Loss from shrinkage and obsolescence	1,054	1,163	-	-
Rental and service expense	804	639	19	15
Computer expenses	737	640	3	88
Depreciation and amortization	656	577	8	34
Professional	592	640	48	62
Other tax expenses	544	570	-	-
Maintenance	508	499	-	-
Impairment loss	-	165	-	-
Others	3,150	3,267	129	109
<b>Total</b>	<b>16,467</b>	<b>15,547</b>	<b>789</b>	<b>680</b>

## 29 Employee benefit expenses

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in million Baht)			
Wages and salaries	15,045	14,168	364	224
Bonus	1,700	1,507	125	60
Defined contribution plans	164	153	11	5
Defined benefit plans	666	316	14	-
Others	3,503	3,288	58	22
<b>Total</b>	<b>21,078</b>	<b>19,432</b>	<b>572</b>	<b>311</b>

### *Defined contribution plans*

The defined contribution plans comprise provident funds established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3% to 15% of their basic salaries and by the Group at rates ranging from 3% to 5% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

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**30 Income tax**

<i>Income tax recognized in profit or loss</i>	<i>Note</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>		
		2019	2018	2019	2018	
<i>(in million Baht)</i>						
<b><i>Income tax from continuing operations</i></b>						
<b>Current tax expense</b>						
Current year		2,581	2,676	22	-	
Under (over) provided in prior years		130	(25)	-	-	
<b>Deferred tax expense</b>						
Movements in temporary differences		(216)	(63)	2	158	
		<u>2,495</u>	<u>2,588</u>	<u>24</u>	<u>158</u>	
<b><i>Income tax from discontinued operation</i></b>						
<b>Current tax expense</b>						
Current year		-	78	-	-	
<b>Deferred tax expense</b>						
Movements in temporary differences		-	(73)	-	-	
		<u>-</u>	<u>5</u>	<u>-</u>	<u>-</u>	
<b>Total</b>		<b><u>2,495</u></b>	<b><u>2,593</u></b>	<b><u>24</u></b>	<b><u>158</u></b>	
<b><i>Income tax</i></b>						
		<b>Consolidated financial statements</b>				
		2019	2018	2018		
<i>Income tax</i>		Before tax	Tax benefit	Net of tax	Before tax	
					Tax benefit	
					Net of tax	
<i>(in million Baht)</i>						
<b><i>Recognized in other comprehensive income</i></b>						
Defined benefit plan actuarial losses		(384)	77	(307)	(106)	
<b>Total</b>		<u>(384)</u>	<u>77</u>	<u>(307)</u>	<u>(106)</u>	
		<u>(384)</u>	<u>77</u>	<u>(307)</u>	<u>(106)</u>	
<b><i>Separate financial statements</i></b>						
		<b>2018</b>				
		Before tax	Tax benefit	Net of tax	Before tax	
<i>Defined benefit plan actuarial losses</i>					Tax benefit	
					Net of tax	
<b>Total</b>		<b>(54)</b>	<b>11</b>	<b>(43)</b>	<b>(5)</b>	
		<u>(54)</u>	<u>11</u>	<u>(43)</u>	<u>(5)</u>	
		<u>(54)</u>	<u>11</u>	<u>(43)</u>	<u>(5)</u>	

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<i>Reconciliation of effective tax rate</i>		<b>Consolidated financial statements</b>			
		2019		2018	
		Rate (%)	(in million Baht)	Rate (%)	(in million Baht)
Profit before tax expense			14,855		13,693
Income tax using the Thai corporation tax rate	20		2,971	20	2,739
Effect of different tax rates in foreign jurisdictions			136		54
Difference in effective tax rate of investments in associates and joint ventures			(35)		(62)
Income not subject to tax			(698)		(286)
Expenses not deductible for tax purposes			114		124
Recognition of previously unrecognized tax losses			(94)		(24)
Current year losses for which no deferred tax asset was recognized			272		439
Deferred tax asset in prior year which recognized in this period			(5)		(74)
Expenses with additional deduction for tax purposes			(296)		(297)
(Over) under provided in prior years			130		(25)
<b>Total</b>		<b>16.80</b>	<b>2,495</b>	<b>18.90</b>	<b>2,588</b>
<i>Reconciliation of effective tax rate</i>		<b>Separate financial statements</b>			
		2019		2018	
		Rate (%)	(in million Baht)	Rate (%)	(in million Baht)
Profit (loss) before tax expense			33,052		(26)
Income tax using the Thai corporation tax rate	20		6,610	20	(5)
Income not subject to tax			(6,553)		(205)
Expenses with additional deduction for tax purposes			(1)		(1)
Recognition of previously unrecognized tax losses			(32)		-
Current year losses for which no deferred tax asset was recognized			-		369
<b>Total</b>		<b>-</b>	<b>24</b>	<b>607.69</b>	<b>158</b>
<i>Corporation tax rate in other countries</i>					
Countries of the Group's subsidiaries using significantly different corporation tax rate from the Company are Italy, Malaysia, France, Hong Kong and Denmark which use corporate income tax rates of 24%-27.9%, 18%-24%, 28%-33.33%, 16.50% and 22%, respectively.					
<b>Consolidated financial statements</b>					
<i>Deferred tax</i>		<b>Assets</b>		<b>Liabilities</b>	
<i>At 31 December</i>		2019	2018 (in million Baht)	2019	2018
Total		1,915	1,767	(3,526)	(3,266)
Set off of tax		(311)	(295)	311	295
<b>Net deferred tax assets (liabilities)</b>		<b>1,604</b>	<b>1,472</b>	<b>(3,215)</b>	<b>(2,971)</b>

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<b>Deferred tax</b>	<b>At 1 January</b>	<b>Consolidated financial statements</b> <b>(Charged) / Credited to:</b>				<b>At 31 December</b>		
		Profit or loss	comprehensive income	Business acquisition	Other (in million Baht)			
<b>2019</b>								
<b>Deferred tax assets</b>								
Trade and other accounts receivable ( <i>allowance for doubtful accounts</i> )	121	(33)	-	-	-	88		
Inventories ( <i>allowance for decline in value</i> )	432	35	-	-	-	467		
Loans to other parties ( <i>allowance for doubtful accounts</i> )	10	(10)	-	-	-	-		
Property, plant and equipment ( <i>allowance for impairment</i> )	86	(49)	-	-	-	37		
Leasehold rights ( <i>allowance for impairment</i> )	11	(3)	-	-	-	8		
Non-current provisions for employee benefits	305	87	77	-	-	469		
Loss carry forward	119	(102)	-	-	-	17		
Others	683	132	-	14	-	829		
<b>Total</b>	<b>1,767</b>	<b>57</b>	<b>77</b>	<b>14</b>	<b>14</b>	<b>1,915</b>		
<b>Deferred tax liabilities</b>								
Property, plant and equipment ( <i>depreciation gap</i> )	(206)	(13)	-	-	-	(219)		
Fair value from business combination ( <i>fair value</i> )	(2,952)	172	-	(419)	(419)	(3,199)		
Others	(108)	-	-	-	-	(108)		
<b>Total</b>	<b>(3,266)</b>	<b>159</b>	<b>-</b>	<b>(419)</b>	<b>(419)</b>	<b>(3,526)</b>		
<b>Net</b>	<b>(1,499)</b>	<b>216</b>	<b>77</b>	<b>(405)</b>	<b>(405)</b>	<b>(1,611)</b>		

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<b>Deferred tax</b>	<b>At 1 January</b>	<b>Consolidated financial statements</b> <u>(Charged) / Credited to:</u>			<b>At 31 December</b>		
		Profit or loss	comprehensive income	Discontinued operations <i>(in million Baht)</i>			
<b>2018</b>							
<b>Deferred tax assets</b>							
Trade and other accounts receivable ( <i>allowance for doubtful accounts</i> )	74	47	-	-	121		
Inventories ( <i>allowance for decline in value</i> )	447	(8)	-	(7)	432		
Loans to other parties ( <i>allowance for doubtful accounts</i> )	43	(33)	-	-	10		
Property, plant and equipment ( <i>allowance for impairment</i> )	255	31	-	(200)	86		
Leasehold rights ( <i>allowance for impairment</i> )	14	(3)	-	-	11		
Non-current provisions for employee benefits	272	30	21	(18)	305		
Deferred income	158	(158)	-	-	-		
Loss carry forward	208	(89)	-	-	119		
Others	595	99	-	(11)	683		
<b>Total</b>	<b>2,066</b>	<b>(84)</b>	<b>21</b>	<b>(236)</b>	<b>1,767</b>		
<b>Deferred tax liabilities</b>							
Property, plant and equipment ( <i>depreciation gap</i> )	(2,366)	(22)	-	2,182	(206)		
Fair value from business combination ( <i>fair value</i> )	(6,530)	257	-	3,321	(2,952)		
Others	(101)	(15)	-	8	(108)		
<b>Total</b>	<b>(8,997)</b>	<b>220</b>	<b>-</b>	<b>5,511</b>	<b>(3,266)</b>		
<b>Net</b>	<b>(6,931)</b>	<b>136</b>	<b>21</b>	<b>5,275</b>	<b>(1,499)</b>		
<b>Separate financial statements</b> <u>(Charged) / credited to:</u>							
<b>Deferred tax</b>	<b>At 1 January</b>	<b>Other</b>			<b>At 31 December</b>		
		Profit or loss	comprehensive income				
<b>2019</b>							
<b>Deferred tax assets</b>							
Trade and other accounts receivable ( <i>allowance for doubtful accounts</i> )	9	(5)	-	4			
Non-current provisions for employee benefits	1	3	11	15			
<b>Total</b>	<b>10</b>	<b>(2)</b>	<b>11</b>	<b>19</b>			

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<b>Deferred tax</b>	<b>At 1 January</b>	<b>Separate financial statements</b> <u>(Charged) / credited to:</u>			<b>At 31 December</b>		
		Profit or loss	comprehensive income	Other			
<b>2018</b>							
<b>Deferred tax assets</b>							
Trade and other accounts receivable <i>(allowance for doubtful accounts)</i>	9	-	-	-	9		
Provisions member card services agreements	158	(158)	-	-	-		
Non-current provisions for employee benefits	-	-	1	1	1		
<b>Total</b>	<b>167</b>	<b>(158)</b>	<b>1</b>	<b>10</b>			
 <b>Unrecognized deferred tax assets</b>							
<b>Consolidated financial statements</b>							
	2019	2018	2019	2018			
<i>(in million Baht)</i>							
Loss carry forward	<b>1,134</b>	<b>1,225</b>	<b>415</b>	<b>448</b>			

The tax losses expire in 2020 - 2024. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

### **31 Discontinued operation**

During 2018, the Group sold a number of its subsidiaries, comprising of a property management businesses and retail businesses in five countries (Denmark, Germany, China, Luxemburg and Indonesia) and others. The comparative consolidated statements of comprehensive income have been re-presented to show the discontinued operations separately from the continuing operations.

<b>Results of discontinued operation</b> <b>Year ended 31 December</b>	<b>Note</b>	<b>Consolidated financial statements</b>	
		2018	<i>(in million Baht)</i>
Revenue		12,363	
Expenses		(13,431)	
<b>Results from operating activities</b>		<b>(1,068)</b>	
Tax expense		(5)	
<b>Results from operating activities, net of tax</b>		<b>(1,073)</b>	
 <b>Loss attributable to:</b>			
Owners of the parent		(891)	
Former shareholders before business restructuring		(2)	
Non-controlling interests		(180)	
<b>Loss for the year from discontinued operations</b>		<b>(1,073)</b>	
Loss per share ( <i>in Baht</i> )	32	(0.31)	

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<i>Cash flows from (used in) discontinued operations</i>		<b>Consolidated financial statements</b>
<i>Year ended 31 December</i>		<b>2018</b>
		<i>(in million Baht)</i>
Net cash from operating activities		21,594
Net cash used in investing activities		(18,125)
Net cash used in financing activities		(3,224)
<b>Net cash flows from discontinued operations</b>		<b>245</b>
 <i>Effect of disposal on the financial position of the Group</i>		
	<i>Note</i>	<b>Disposals during the year</b>
		<b>2018</b>
		<i>(in million Baht)</i>
Cash and cash equivalents		1,602
Current investments		40
Trade and other receivables		2,070
Inventories		2,802
Short-term loans to related parties	6	12,329
Other long-term investments		95
Investment properties	14	648
Property, plant and equipment	15	27,109
Goodwill	16	473
Leasehold rights	17	350
Other intangible assets	18	6,980
Deferred tax assets	30	236
Other non-current assets		214
Short-term loans from financial institutions		(13,940)
Trade and other payables		(2,267)
Short-term loans from related parties	6	(12,468)
Current portion of long-term loans		(123)
Income tax payable		(131)
Other current liabilities		(6,489)
Long-term loans		(4,671)
Non-current provisions for employee benefits	21	(142)
Deferred tax liabilities	30	(5,511)
Other non-current liabilities		(77)
<b>Net assets</b>		<b>9,129</b>
Consideration received, satisfied in cash		13,052
Cash and cash equivalents disposed of		(1,602)
<b>Net cash inflows</b>		<b>11,450</b>

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**32 Basic earnings (loss) per share**

	Consolidated financial statements			
	2019	Discontinued operations	Total (in million Baht / million shares)	2018
<i>Profit (loss) attributable to ordinary shareholders for the year ended 31 December</i>	<b>10,633</b>	<b>10,633</b>	<b>11,822</b>	<b>(891)</b>
Number of ordinary shares outstanding				
at 1 January	470	-	470	211
Effect of shares issued on 13 September 2018	-	-	-	78
Effect of the change in par value	<b>4,230</b>	<b>-</b>	<b>4,230</b>	<b>2,605</b>
<b>Weighted average number of ordinary shares outstanding</b>	<b>4,700</b>	<b>-</b>	<b>4,700</b>	<b>2,894</b>
<b>Basic earnings (loss) per share (in Baht)</b>	<b>2.26</b>	<b>-</b>	<b>2.26</b>	<b>2.894</b>
				<b>3.78</b>

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	<b>Separate financial statements</b>	
	2019	2018
<i><b>Profit (loss) attributable to ordinary shareholders for the year ended 31 December</b></i>	<b>33,028</b>	<b>(185)</b>
Number of ordinary shares outstanding at 1 January	470	211
Effect of shares issued on 13 September 2018	-	78
Effect of the change in par value	4,230	2,605
<b>Weighted average number of ordinary shares outstanding</b>	<b>4,700</b>	<b>2,894</b>
<b>Basic (loss) earnings per share (in Baht)</b>	<b>7.03</b>	<b>(0.06)</b>

On 6 September 2019, the Company had changed the par value of the Company's shares (see note 22). As a result, the weighted average number of ordinary shares which was used in the computation of basic earnings per share for year ended 31 December 2018 was restated for comparative purpose, as if the change of the par value occurred in the previous periods.

### 33 Dividends

The shareholders/Board of Directors of the Company have approved dividends as follows:

	Approval date	Payment schedule	Dividend rate per share (Baht)	No. of share (in million shares)	Amount (in million Baht)
<i><b>2019</b></i>					
Interim dividend	10 December 2019	December 2019 to January 2020	0.90	4,700	4,230
Interim dividend	14 November 2019	December 2019	5.96	4,700	28,012
Annual dividend	30 April 2019	May 2019	8.50	470	3,995
<b>Total</b>					<b>36,237</b>
<i><b>2018</b></i>					
Interim dividend	1 March 2018	March 2018	11.00	211	<b>2,326</b>

### 34 Financial instruments

#### *Financial risk management policies*

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivatives financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

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***Capital management***

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

***Interest rate risk***

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because debt securities and loan interest rates are mainly fixed. The Group is primarily exposed to interest rate risk from its borrowings.

<b>At 31 December</b>	Effective interest rate  (% per annum)	<b>Consolidated financial statements</b>			<b>Total</b>		
		<b>Maturity period</b>	<b>Within 1 year</b>	<b>After 1 year but within 5 years</b>			
<b><i>2019</i></b>							
<b><i>Financial Assets</i></b>							
Loans receivable - related parties	5.00	35	-	-	35		
Loans receivable - other parties	6.25	5	-	-	5		
<b>Total</b>		<b>40</b>	<b>-</b>	<b>-</b>	<b>40</b>		
<b><i>2018</i></b>							
<b><i>Financial Assets</i></b>							
Loans payable - financial institutions	0.40 - 7.00	59,375	1,526	26	60,927		
Financial lease liabilities	1.58 - 11.93	31	38	159	228		
<b>Total</b>		<b>59,406</b>	<b>1,564</b>	<b>185</b>	<b>61,155</b>		
<b><i>Financial Liabilities</i></b>							
Loans payable - financial institutions	1.70 - 10.00	101	352	-	453		
Financial lease liabilities	6.25 - 6.78	3	11	-	14		
<b>Total</b>		<b>104</b>	<b>363</b>	<b>-</b>	<b>467</b>		
<b><i>Financial Liabilities</i></b>							
Loans payable - financial institutions	0.45 - 9.00	34,290	7,827	-	42,117		
Financial lease liabilities	1.58 - 4.00	34	58	-	92		
<b>Total</b>		<b>34,324</b>	<b>7,885</b>	<b>-</b>	<b>42,209</b>		

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	At 31 December	Effective interest rate (% per annum)	Separate financial statements Maturity period				Total			
			Within 1 year	After 1 year but within 5 years	After 5 years					
<b>2019</b>										
<b>Financial Assets</b>										
Loans receivable - related parties	1.80 - 4.35	26,495	-	-	-	26,495				
<b>Total</b>		<b>26,495</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26,495</b>				
<b>Financial Liabilities</b>										
Loans payable - financial institutions	1.40 - 2.50	36,890	1,500	-	-	38,390				
Loans payable - related parties	1.60	5,759	-	-	-	5,759				
<b>Total</b>		<b>42,649</b>	<b>1,500</b>	<b>-</b>	<b>-</b>	<b>44,149</b>				
<b>2018</b>										
<b>Financial Assets</b>										
Loans receivable - related parties	1.70 - 4.34	23,770	-	-	-	23,770				
<b>Total</b>		<b>23,770</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,770</b>				
<b>Financial Liabilities</b>										
Loans payable - financial institutions	1.80 - 3.09	16,775	2,500	-	-	19,275				
Loans payable - related parties	0.55 - 3.50	28,818	-	-	-	28,818				
<b>Total</b>		<b>45,593</b>	<b>2,500</b>	<b>-</b>	<b>-</b>	<b>48,093</b>				

**Foreign currency risk**

At 31 December, the Group and the Company were exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

		Consolidated financial statements					
		2019		2018			
		(in million Baht)					
		United States Dollars	Others	Total	United States Dollars	Others	Total
<b>Assets and liabilities denominated in the foreign currencies as at 31 December</b>							
Cash and cash equivalents	50	9	59	743	51	794	
Trade and other accounts receivable	36	3	39	3	-	3	
Short-term loans to related parties	-	-	-	388	-	388	
Trade and other accounts payable	(621)	(339)	(960)	(773)	(128)	(901)	
Short-term loan from financial institutions	-	-	-	-	(11)	(11)	
Short-term loan from related parties	-	-	-	-	(10)	(10)	
<b>Gross balance sheet exposure</b>	<b>(535)</b>	<b>(327)</b>	<b>(862)</b>	<b>361</b>	<b>(98)</b>	<b>263</b>	

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	Separate financial statements					
	2019			2018		
	(in million Baht)					
<i>Assets and liabilities denominated in the foreign currencies as at 31 December</i>	United States Dollars	Euro	Total	United States Dollars	Euro	Total
Cash and cash equivalents	-	1	1	742	40	782
Trade and other accounts receivable	5	15	20	-	-	-
Short-term loans to related parties	42	221	263	270	-	270
<b>Gross balance sheet exposure</b>	<b>47</b>	<b>237</b>	<b>284</b>	<b>1,012</b>	<b>40</b>	<b>1,052</b>

**Credit risk**

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the large number of parties comprising the Group's customer base, Management does not anticipate material losses from its debt collection.

**Liquidity risk**

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

**Carrying amount and fair values**

The following table shows the carrying amounts and fair values of financial assets, including their levels in the fair value hierarchy. It does not include fair value information for financial assets not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount	Consolidated financial statements					
		Fair value			Total		
		Level 1	Level 2	Level 3			
(in million Baht)							
<b>31 December 2019</b>							
<i>Financial assets measured at fair value</i>							
Equity securities held for trading	196	196	-	-	196		
<b>31 December 2018</b>							
<i>Financial assets measured at fair value</i>							
Equity securities held for trading	223	223	-	-	223		

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### **35 Commitments with non-related parties**

	<b>Consolidated financial statements</b>	
	<b>2019</b>	<b>2018</b>
	<i>(in million Baht)</i>	
<b><i>Capital commitments</i></b>		
<i>Contracted but not provided for:</i>		
Land	5	-
Buildings and other constructions	1,114	526
Leasehold right	690	802
System development	106	16
Furniture, fixtures and office equipment	22	44
<b>Total</b>	<b>1,937</b>	<b>1,388</b>
 <b><i>Future minimum lease payments under non-cancellable operating leases</i></b>		
Within 1 year	3,591	3,716
1 - 5 years	12,898	11,332
After 5 years	31,226	16,147
<b>Total</b>	<b>47,715</b>	<b>31,195</b>
 <b><i>Other commitments</i></b>		
Unused letters of credit for goods and supplies	1,654	1,820
Bank guarantees	897	700
Forward contract	57	349
<b>Total</b>	<b>2,608</b>	<b>2,869</b>

### **36 Contingent liabilities**

#### *Legal dispute involving the boundary of leased land*

During 2019, the owner of a plot of land for which the lease had expired served the Group with a claim amounting to Baht 3,815 million as compensation for a dispute with regard to the boundary of the plot. The case is pending before the Civil Court. Management believes the claims are unlikely to succeed and a provision for future payments is not necessary.

#### *Legal dispute involving the permits issued for the store construction*

The Group leases a constructed store from a related party. The related party was served with claims by third parties regarding the permits under which it constructed the store in Italy. The claims may require that the rebuilding and reconversion works to be demolished in whole or in part, or a demolition order could reduce the effective net selling space of the store or result in the temporary closure of the store, or to require the payment of a curing fine of at least Euro 40 million and/or for payment of damages in an amount of approximately Euro 5 million. On 2 October 2019, the Council of State of Italy annulled the permits issued for the store construction. On 12 December 2019, the Municipality of Rome issued an amnesty building permit. The litigation is still under consideration by the Council of State of Italy. However, it is impossible to reasonably estimate the potential impact.

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*Tax assessment in Italy*

On 15 February 2019, the Group received an assessment from the Italian Tax Authority in relation to VAT for the 2013 fiscal year. Specifically, the Italian Tax Authority disputed VAT for an amount of Euro 1.1 million plus penalties Euro 1.2 million with an interest of Euro 208 thousand. During the year, the Court judged in favor to the Group. However, the Provincial Tax Court of Milan able to appeal within March 2020.

On 29 November 2019, the Group received a tax assessment from the Italian Tax Authority in relation to VAT for the 2014 fiscal year. Specifically, the Italian Tax Authority disputed VAT for an amount of Euro 1.1 million plus penalties Euro 1.4 million with an interest of Euro 135 thousand. The Group appealed to the Provincial Tax Court of Milan on 24 January 2020.

The Group's legal advisors believe that there are strong arguments to oppose the tax assessments and therefore management does not deem it necessary to allocate any amount to the risk provision in the consolidated financial statements for the year ended 31 December 2019.

**37 Events after the reporting period**

*Acquisition of subsidiary*

On 8 January 2020, the Group made a new investments in VietNhat - Thai Nguyen Real Estate JSC, a real estate company in Vietnam by acquiring 100% of the total issued shares of VietNhat - Thai Nguyen Real Estate JSC, for a total consideration of VND 123 billion (Baht 160 million) in cash of Baht 128 million and payable of Baht 32 million, which became a subsidiary of the Group.

*Acquisition of non-controlling interests without a change in control*

On 27 January 2020, the Group acquired an additional 1.3% interest in la Rinascente S.p.A. for Euro 10 million (Baht 342 million) in cash, increasing its ownership interest from 98.7% to 100%.

*Share offering for directors, management and employees*

In February 2020, the Company offered not to exceed 12,793,100 ordinary shares to its directors, managements and employees (par value at Baht 1 per share) at the price of Baht 42 per share which is considered as reasonable fair value based on the selling price of ordinary share at the initial public offering. The ordinary shares offered to directors, managements and employees will not be subject to any lock-up restrictions.

*Tender offer and initial public offering*

At the Board of Director's meeting of the Company held on 25 July 2019, pursuant to the business restructuring of the subsidiaries and affiliates, the directors approved to make a tender offer to purchase all shares in Robinson Public Company Limited ("ROBINS") held by other shareholders and proposed to purchase at Baht 66.50 per share by issue new ordinary shares of the Company as consideration for the Conditional Exchange Offer, the newly issued ordinary share price at Baht 42 per share.

Tender offer period started from 27 December 2019 to 3 February 2020. After the completion of tender offer, the Company, the Tender Offeror of ROBINS accepted the shares offered for sale in 494,976,571 shares. As a result, the Company has increasing in investments in subsidiaries and equity in amounting to Baht 32,915.94 million, the direct shareholding in ROBINS increased from 27.75% to 72.31%, resulting to total shareholding included direct and indirect shareholding in ROBINS increased from 53.82% to 98.39% of the total issued and paid up shares of the Company.

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On 20 February 2020, the Board of Governors of the Stock Exchange of Thailand has accepted the ordinary shares of the Company as listed securities. The Company offered 1,691 million ordinary shares to the initial public offering (from existing shareholders of 360 million ordinary shares and issuance of new 1,331 million ordinary shares) which were sold at a price of Baht 42 per share. The 783,711,649 shares offered to the shareholders of Robins on the result of tender. Moreover, the Company has allocated 169.1 over-allotment million shares to investors, representing 10% of total issued and paid-up shares after the offering.

***Dividend payment***

At the Board of Director's meeting of the Company held on 27 February 2020, the directors approved the appropriation of annual dividends based on the operating profit for the year 2019 of Baht 0.16 per share.

**38 Thai Financial Reporting Standards (TFRS) not yet adopted**

New and revised TFRS, which are relevant to the Group's operations, expected to have material impact on the consolidated and separate financial statements when initially adopted, and will become effective for the financial statements in annual reporting periods beginning on or after 1 January 2020, are as follows:

TFRS	Topic
TFRS 7*	Financial Instruments: Disclosures
TFRS 9*	Financial Instruments
TFRS 16	Leases
TAS 32*	Financial Instruments: Presentation
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation
TFRIC 19*	Extinquishing Financial Liabilities with Equity Instruments

\* *TFRS - Financial instruments standards*

**(a) TFRS - Financial instruments standards**

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. When these TFRS are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

**(i) Classification – Financial assets**

TFRS 9 classifies financial assets into three categories: measured at amortized cost, fair value to other comprehensive income (FVOCI) and fair value to profit or loss (FVTPL). The standard eliminates the existing classification of held-to-maturity debt securities, available-for-sale securities, trading securities and general investment as specified by TAS 105. The classification under TFRS 9 will be based on the cash flow characteristics of the financial asset and the business model in which they are managed.

Under TFRS 9, derivatives will be measured at FVTPL. It shall replace current accounting policies of the Group on recognition when the derivatives were exercised.

**(ii) Measurement at amortized cost**

Under TFRS 9, interest income and interest expenses recognized from all financial assets and financial liabilities measured at amortized cost shall be calculated using effective interest rate

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method. TFRS 9 shall replace current accounting policies of the Group on recognition of both finance cost and finance income at the rate specified in the contract.

**(iii) Impairment – Financial assets and contract assets**

TFRS 9 introduces forward-looking ‘expected credit loss’ (ECL) model whereas currently the Group estimates allowance for doubtful account by analyzing payment histories and future expectation of customer payment. TFRS 9 requires considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortized cost or FVOCI, except for investments in equity instruments.

**(iv) Classification – Financial liabilities**

TFRS 9 introduces a new classification and measurement approach for financial liabilities consisting of two principal classification categories: amortized cost and FVTPL. A financial liability is classified as financial liabilities measured at FVTPL if it is held for trading, a derivative or designated as such on the initial recognition.

Under TFRS 9, changes in fair value of financial liabilities classified as FVTPL are generally presented as follows:

- the amount of fair value that changes due to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of fair value changed is presented in profit or loss.

**(v) Hedge accounting**

TFRS 9 introduces guidance on hedge accounting while current TFRSs are silent. There are three hedge accounting models and the type of model applied depends on the hedged exposures consisting of a fair value exposure, a cash flow exposure or a foreign currency exposure on a net investment in a foreign operation. Under TFRS 9, the Group is required to ensure that hedge accounting relationships are aligned with the Group’s risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assess hedge effectiveness.

Currently, the Group had derivative for currency exchange rate risk which was recognized when the derivative was exercised. However, TFRS 9 had an option to apply the hedge accounting for any transactions that meet the specific requirement of hedge accounting under TFRS 9 at date of initial application.

**(b) TFRS 16 Leases**

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognizes a right-of-use asset and a lease liability, with recognition exemptions for short-term leases and leases of low-value items. As a result, the Group will recognize new assets and liabilities for its operating leases. As at 31 December 2019, the Group’s future minimum lease payments under non-cancellable operating leases amounted to Baht 63,642 million, on an undiscounted basis. Lease accounting for lessor remains similar to the current standard, i.e. lessors continue to classify leases as finance or operating leases. When this TFRS is effective, some accounting standards and interpretations which are currently effective will be cancelled.

Management is currently considering the potential impact from these TFRS on the financial statements in the initial period adopted.

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**39 Reclassification of accounts**

Certain accounts in the 2018 financial statements have been reclassified to conform to the presentation in the 2019 financial statements.

	2018					
	Consolidated financial statements			Separate financial statements		
	Before reclass.	Reclass.	After reclass.	Before reclass.	Reclass.	After reclass.
<i>(in million Baht)</i>						
<b><i>Statement of financial position</i></b>						
<b>Assets</b>						
Trade accounts receivable	4,559	(13)	4,546	6	131	137
Other receivables	10,150	(5)	10,145	472	(39)	433
Short-term loans	141	(37)	104	23,862	(92)	23,770
Leasehold rights	20,934	(176)	20,758	-	-	-
Other non-current assets	6,686	28	6,714	-	-	-
<b>Liabilities</b>						
Trade accounts payable	(37,738)	1,601	(36,137)	-	-	-
Other payables	(14,056)	(1,418)	(15,474)	(314)	(38)	(352)
Short-term loans	-	-	-	(28,856)	38	(28,818)
Other non-current liabilities	(4,805)	<u>20</u>	(4,785)	-	<u>-</u>	<u>-</u>
		<u>—</u>			<u>—</u>	<u>—</u>
<b><i>Statement of comprehensive income</i></b>						
<b>Revenue</b>						
Revenue from rental services	(6,842)	427	(6,415)	-	-	-
Revenue from rendering of services	(1,574)	161	(1,413)	(1,232)	(17)	(1,249)
Other income	(14,394)	(634)	(15,028)	(624)	17	(607)
<b>Expenses</b>						
Cost of sale of goods	129,526	411	129,937	-	-	-
Cost of rental and rendering of services	3,161	(1,230)	1,931	-	-	-
Selling expenses	43,746	867	44,613	-	-	-
Administrative expenses	15,549	<u>(2)</u>	15,547	-	<u>-</u>	<u>-</u>
		<u>—</u>			<u>—</u>	<u>—</u>

The reclassifications have been made because, in the opinion of management, the new classification is more appropriate to the Group's business.





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