



รายงานประจำปี 2552

# Annual Report 2009



บริษัท ซีพี ออลล์ จำกัด (มหาชน)  
CP ALL PUBLIC COMPANY LIMITED

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### ปรัชญาองค์กร Corporate Philosophy

เราปรารถนารอยยิ้มจากลูกค้าด้วยทีมงานที่มีความสุข

*Through happy employees, we desire to see smiles from customers.*

### วิสัยทัศน์ Vision

เราให้บริการความสะดวกกับทุกชุมชน

*We serve convenience to all communities.*

### พันธกิจ Mission

มุ่งสร้างความผูกพันกับลูกค้าด้วยการสรรหาสินค้าและบริการที่มีคุณภาพ ภายใต้การบริหารงานแบบ Harmony พร้อมสร้างสัมพันธ์ภาพที่ดีกับสังคมและชุมชน

*To create customer engagement with quality product and service assortment by "Harmony" management and to enhance good relations with society and community.*



บริษัท ซีพี ออลล์ จำกัด (มหาชน) และบริษัทย่อย

สำหรับงวดปีสิ้นสุดวันที่ 31 ธันวาคม 2550 ถึง 31 ธันวาคม 2552

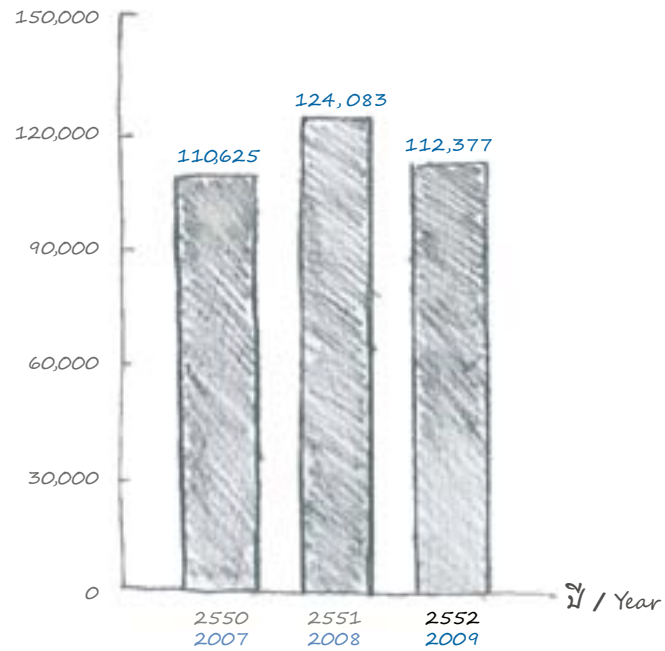
**CP All Public Company Limited and its Subsidiaries**

For Fiscal Years Ending December 31, 2007 to December 31, 2009

	2550/2007	2551/2008	2552/2009
<b>ข้อมูลจากงบการเงินรวม</b> <b>Consolidated Financial Information</b>			(ล้านบาท) (Baht Million)
ยอดขายสุทธิและรายได้ค่าบริการ Net Sales and Services Income	110,625	124,083	112,377
รายได้รวม Total Revenue	115,358	129,454	117,761
กำไรสุทธิ Net Profit	1,460	3,301	4,992
เงินสดสุทธิได้มาจากกิจกรรมดำเนินงาน Net Cash Provided by Operating Activities	6,027	9,410	9,005
สินทรัพย์รวม Total Assets	45,220	40,159	44,441
หนี้สินรวม Total Liabilities	39,589	23,259	25,505
ส่วนของผู้ถือหุ้นรวม Total Equity	5,631	16,900	18,937
<b>ข้อมูลหุ้น</b> <b>Share Information</b>			(บาท) (Baht)
มูลค่าตามบัญชีต่อหุ้น Book Value per Share	2.1	3.7	4.2
กำไรสุทธิต่อหุ้น Earnings per Share	0.33	0.74	1.11
<b>อัตราส่วนทางการเงิน</b> <b>Financial Ratios</b>			(ร้อยละ) (%)
อัตรากำไรขั้นต้น Gross Margin (Sales and Services)	22.1	24.0	26.4
อัตรากำไรจากการดำเนินงาน Ebit Margin	0.1	3.1	5.8
อัตรากำไรสุทธิ Net Profit Margin	1.3	2.5	4.2
ผลตอบแทนต่อสินทรัพย์รวม Return on Total Assets	3.3	7.7	11.8
ผลตอบแทนต่อส่วนของผู้ถือหุ้น Return on Total Shareholder's Equity	16.3	25.5	28.1

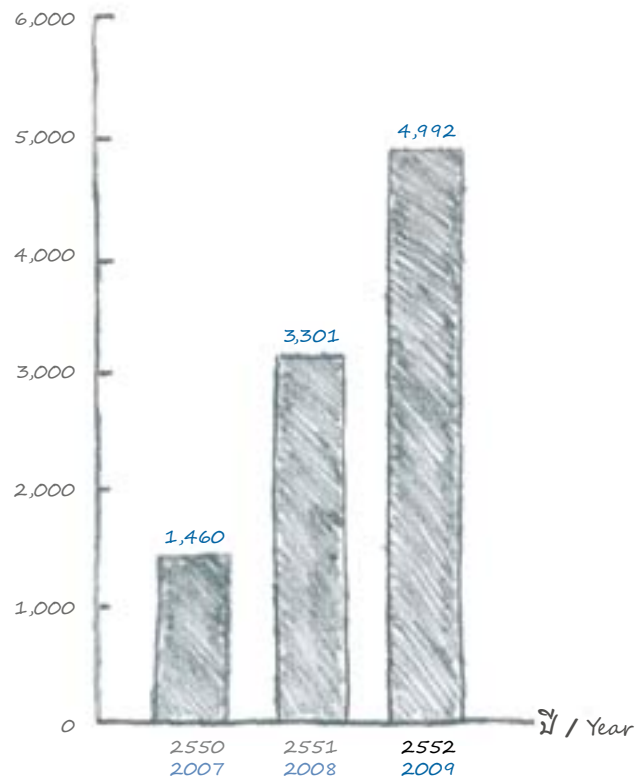
ยอดขายสุทธิและบริการ  
Net Sales and Services Income

ล้านบาท / Baht Million



กำไรสุทธิ  
Net Profit

ล้านบาท / Baht Million





CP All Plc. ("the Company") was established in 1988, which is the flagship company of the Charoen Pokphand Group's marketing and distribution business. The Company's main business is operating convenience stores under the "7-Eleven" trademark in Thailand. Furthermore, the Company operates other related businesses such as bill payment collection service ("Counter Service Co., Ltd."), manufacturing and sale of frozen foods and bakery ("C.P. Retailing and Marketing Co., Ltd."), sale and maintenance of retail equipment ("Retailink (Thailand) Co., Ltd."), payment for products and services through smart cards ("Thai Smart Card Co., Ltd."), information technology services ("Gosoft (Thailand) Co., Ltd."), logistics services ("Dynamic Management Co., Ltd."), marketing services ("MAM Heart Co., Ltd."), retailing vocational school ("Suksapiwat Co., Ltd."), and training and business seminar services ("Panyatara Co., Ltd."), etc.

The Company office is located at 283 Sriboonrueng Building 1, Silom Road, Silom Sub-district, Bangrak District, Bangkok 10500. Telephone 0-2677-9000 Facsimile 0-2679-0050 Company Registration Number 0107542000011 Website [www.7eleven.co.th](http://www.7eleven.co.th) or [www.cpall.co.th](http://www.cpall.co.th)

CPALL, the retail operator of 7-Eleven in Thailand for over 20 years, provides various products and services in order to meet consumers' wants, having the vision of "We serve convenience to all communities."

In 2009, **CP All Public Company Limited**, the operator of 7-Eleven convenience stores which has been alongside Thai society for two decades, felt great pride in being a leading company both in Thailand and Asia. At present, Thailand ranks third in the world, behind Japan and the USA, with regards to the number of 7-Eleven stores as the Company has a network of over 5,200 stores serving more than six million people per day. The Company will continue to expand its business to cater to the increasing demands of customers of every gender and age with a wide array of products and services. Despite the world economic downturn due to the financial crisis and Thailand's expected GDP growth in 2009 of approximately negative three percent, the Company recorded continued growth with total revenue of separate financial statement of Baht 115,285 million, rising 17.5 percent and net profits of Baht 4,597 million, rising 22.9 percent.

In the past year, the Company was able to achieve its set targets, testifying favorable reception from consumers. Determined to be the **"convenience food store of Thais"** focusing on selection of high quality products demanded by customers and offerings of varied ready-to-eat foods, new products and products only available at 7-Eleven stores, the Company was able to distinguish itself and reconfirm its leadership in the convenience store business. In addition, the Company places high importance on the quality of products in its stores so that consumers feel confident that products from 7-Eleven stores are fresh, hygienic and safe, from the manufacturing process until delivery to customers.

The Company is confident in the future growth potential of the Thai retail industry. The Company expects the Thai economy and consumer confidence to recover in 2010, which will drive the retail market to expand further. The Company has plans to continue store expansion, at the same time creating a strong foundation through new regional distribution centers which will support future expansion. In 2009, the Company established a new distribution center in the southern region at Surat Thani Province, facilitating product distribution to 1,000 stores. For 2010-2011, the Company has plans to establish 2 new distribution centers in the northeastern region (Khon Kaen Province) and northern region, which will bring competitive advantage to the Company and allow it to satisfy the demands of customers faster and more effectively.



**Mr. Dhanin Chearavanont**  
Chairman



For the Company's sustainable growth, emphasis will be placed on organizational and human resource development. This year, the Company received the Top 10 Thailand's Most Innovative Companies 2009 Award from Chulalongkorn University's Faculty of Commerce and Accountancy and Krungthep Turakij newspaper. This award brought pride to the Company and all employees, who focused on developing products and services, improving work processes, effective management and searching for new businesses in order to achieve the Company's highest potential and future success.

No less important, the Company recognizes the importance of creating good values in Thai society and has organized many beneficial projects with both the government and private sectors in order to contribute to Thai society in the areas of education and intellectual development. These projects include the Schools that Love Reading Project, the 7 Book Awards, and collaboration with the Ministry of Commerce upon co-hosting the seminar about the retail business with local retail operators.

The Company would like to express sincere thanks to its customers, shareholders, supporters from all sectors, and dedicated employees who have contributed to the Company's continued sustainable growth. As a result, the Company recorded average net profit growth and average return on total shareholder's equity (separate financial statement) at 20 percent and 28 percent per year respectively, for the past 5 years. Furthermore, from the Stock Exchange of Thailand's Corporate Governance Report of Thai Listed Companies 2009, the Company continued to receive a "Very Good" CG score. The Company believes that good corporate governance will further enhance the Company's growth and create higher value for shareholders in the long run. The Company is committed to operating its business with transparency, integrity, and fairness to all stakeholders, striding forward together towards success based on good business ethics.

**Mr. Dhanin Chearavanont**  
*Chairman*

**Mr. Korsak Chairasmisak**  
*Chief Executive Officer*



**Mr. Korsak Chairasmisak**  
Chief Executive Officer



## คณะกรรมการบริษัท Board of Directors



- 1 ศ. ดร. โกเมน ภทธรภิรมย์  
(Prof. Dr. Komain Bhatrabhirom)  
ประธานกรรมการตรวจสอบและกรรมการอิสระ  
Chairman of the Audit Committee  
and Independent Director
- 2 นายปริดี บุญยัง  
(Mr. Pridi Boonyoung)  
กรรมการตรวจสอบและกรรมการอิสระ  
Audit Committee and Independent Director
- 3 นายผดุง เตชะศรีนทร์  
(Mr. Padoong Techasarintr)  
กรรมการตรวจสอบและกรรมการอิสระ  
Audit Committee and Independent Director
- 4 ศ. ศุภชัย พิเศษฐานิช  
(Prof. Suphachai Phisitvanich)  
กรรมการอิสระ  
Independent Director
- 5 นายธนินท์ เจียรวนนท์  
(Mr. Dhanin Chearavanont)  
ประธานกรรมการ  
Chairman



- 6 นายก่อศักดิ์ ไชยรัศมีศักดิ์  
(Mr. Korsak Chairasmisak)  
รองประธานกรรมการและประธานเจ้าหน้าที่บริหาร  
Vice Chairman and Chief Executive Officer
- 7 นายสุภกิต เจียรวนนท์  
(Mr. Soopakij Chearavanont)  
กรรมการ  
Director
- 8 นายอดิเรก ศรีประทักษ์  
(Mr. Adirek Sripratak)  
กรรมการ  
Director
- 9 นายอำรุง สรรพสิทธิ์วงศ์  
(Mr. Umroong Sanphasitvong)  
กรรมการ  
Director
- 10 นายณรงค์ เจียรวนนท์  
(Mr. Narong Chearavanont)  
กรรมการ  
Director
- 11 นายประเสริฐ จารุพนิช  
(Mr. Prasert Jarupanich)  
กรรมการ  
Director
- 12 นายพิทยา เจียรวิสิฐกุล  
(Mr. Pittaya Jearavisitkul)  
กรรมการและรองประธานเจ้าหน้าที่บริหาร  
Director and Deputy Chief Executive Officer
- 13 นายปิยะวัฒน์ ฐิตะสัทธาวรกุล  
(Mr. Piyawat Titasattavorakul)  
กรรมการและกรรมการผู้จัดการ  
Director and Managing Director
- 14 นายสุพจน์ ชิตเกษรพงษ์  
(Mr. Supot Shitgasornpongse)  
เลขานุการบริษัท  
Company Secretary

- นายก่อศักดิ์ ไชยรัศมีศักดิ์ 1  
(Mr. Korsak Chairasmisak)  
รองประธานกรรมการและประธานเจ้าหน้าที่บริหาร  
Vice Chairman and Chief Executive Officer
- นายพิทยา เจียรวิสิฐกุล 2  
(Mr. Pittaya Jearavisitkul)  
กรรมการและรองประธานเจ้าหน้าที่บริหาร  
Director and Deputy Chief Executive Officer
- นายปิยะวัฒน์ ฐิตะสัทธาวรกุล 3  
(Mr. Piyawat Titasattavorakul)  
กรรมการและกรรมการผู้จัดการ  
Director and Managing Director



- นายสุรพันธ์ ปุสสเด็จ 4  
(Mr. Suraphan Pussadej)  
ผู้ช่วยประธานเจ้าหน้าที่บริหาร สายงานทรัพยากรบุคคล  
Assistant Chief Executive Officer - Human Resource
- นายธำนิษฐ์ บุรณมานิต 5  
(Mr. Tanin Buranamanit)  
รองกรรมการผู้จัดการบริหาร สายงานปฏิบัติการและการตลาด  
Executive Vice President - Operation and Marketing
- นายทวีศักดิ์ แก้วรัตนปัทมา 6  
(Mr. Taweesak Kaewratthanapattama)  
รองกรรมการผู้จัดการอาวุโส สายงานบัญชีและการเงิน  
Senior Vice President - Accounting and Finance
- นายชวน นิมกิตติกุล 7  
(Mr. Chuan Nimkittikul)  
รองกรรมการผู้จัดการอาวุโส สายงานจัดซื้อและศูนย์กระจายสินค้า  
Senior Vice President - Purchasing and Distribution
- นายสุวิทย์ กิ่งแก้ว 8  
(Mr. Suwit Kingkaew)  
รองกรรมการผู้จัดการอาวุโส สายงานบริหารทั่วไป  
Senior Vice President - General Management
- นายโกษา พงศ์สุพัฒน์ 9  
(Mr. Kosa Pongsupath)  
รองกรรมการผู้จัดการ สายงานเทคโนโลยีสารสนเทศ  
Vice President - Information Technology





## Prof. Dr. Komain Bhatarabhirom

77 years old

**Position** Chairman of the Audit Committee and Independent Director

### Positions in other organization

- ❑ Chairman, The National Research Council of Thailand, Law Branch
- ❑ Chairman of the Law Committee, Ministry of Labour
- ❑ Chairman of the Audit Committee, Ministry of Labour
- ❑ Chairman of the Law Sub Committee, Ministry of Culture
- ❑ Professor, Faculty of Law, Chulalongkorn University
- ❑ Chairman of the Audit committee , Panyapiwat Institute of Technology

### Education

- ❑ Degree, National Defence College of Thailand
- ❑ Docteur de l'Université de Paris
- ❑ Doctor of Law (Honorary) Chulalongkorn University
- ❑ Barrister-at-Law, Thai Bar Association
- ❑ Bachelor of Law, Thammasat University

### Experiences

- 1998-2001 Judge, The Constitutional Court
- 1993-1997 Member of the Committee on Appeal, The Securities and Exchange Act 1992
- 1992-1997 Member of Legislative Committee, Office of the Council of State
- 1992-1996 Chairman of the Committee on Interior Administration, Senate
- 1987-1993 Attorney General
- 1987-1993 Director, Thai Airways PLC.
- 1985-1993 Director, Krung Thai Bank PLC.
- 1984-1993 Director, Provincial Electricity Authority

### Relationship -

### Training by the Thai Institute of Directors Association (IOD)

- 2007 Director Accreditation Program (DAP)
- 2007 Audit Committee Program (ACP)
- 2007 Accounting for Non-accounting Audit Committee

### Attendance at the Board of Directors' Meeting during 2009

5 times out of 5 meetings

(%) shareholding (as at December 30, 2009)

0.00000

## Mr. Pridi Boonyoung

71 years old

**Position** Audit Committee and Independent Director

### Positions in other organization

- ❑ Audit Committee , Panyapiwat Institute of Technology

### Education

- ❑ Master Degree in Laws, Yale University, USA
- ❑ Bachelor Degree in Laws, Thammasat University
- ❑ Degree, National Defence College of Thailand

### Experiences

- 1997-1998 Director - General, Treasury Department
- 1996-1997 Director - General, Customs Department
- 1993-1996 Director - General, The Comptroller General's Department

### Relationship -

### Training by the Thai Institute of Directors Association (IOD)

- 2005 Director Accreditation Program (DAP)

### Attendance at the Board of Directors' Meeting during 2009 :

5 times out of 5 meetings

(%) shareholding (as at December 30, 2009)

0.01014

## Mr. Padoong Techasarintr

68 years old

**Position** Audit Committee and Independent Director

### Positions in other organization

- ❑ Independent Director and Audit Committee, Textile Prestige PLC.
- ❑ Independent Director and Audit Committee, Kulthorn Kirby PLC.
- ❑ Independent Director and Audit Committee, Thanulux PLC.
- ❑ Independent Director and Chairman of Audit Committee, Lanna Resources PLC.
- ❑ Independent Director and Audit Committee, Thai Nam Plastic PLC.
- ❑ Independent Director and Audit Committee, Mitr Phol Co., Ltd.
- ❑ Audit Committee , Panyapiwat Institute of Technology

### Education

- ❑ Bachelor Degree in Business and Administration, Thammasat University

### Experiences

- 1995-1998 Executive Director, Siam City Bank PLC.
- 1994-1995 Director – Vice President, Siam City Bank PLC.

### Relationship -

### Training by the Thai Institute of Directors Association (IOD)

- 2001 The role of Chairman
- 2003 Director Certification Program (DCP)
- 2005 Director Accreditation Program (DAP)
- 2008 Audit Committee Program (ACP)
- 2008 Monitoring the Internal Audit Function

### Attendance at the Board of Directors' Meeting during 2009

5 times out of 5 meetings

(%) shareholding (as at December 30, 2009)

0.00011



## Prof. Suphachai Phisitvanich

69 years old

**Position** Independent Director

**Positions in other organization -**

- ❑ Chairman, Aira Securities PLC.
- ❑ Chairman, Sena Saithong Co., Ltd.
- ❑ Chairman, Samart I-Mobile PLC.
- ❑ Chairman and Chairman of the Audit Committee, Matching Studio PLC.
- ❑ Member of the Nomination and Compensation Committee, Bangkok Expressway PLC.
- ❑ Director and Chairman of the Audit Committee, Bangkok Expressway PLC.

**Education**

- ❑ Ph.D. (Honorary Degree) in Accounting, Thammasat University
- ❑ M.B.A. Finance, Ohio State University, USA
- ❑ Bachelor Degree in Accounting, Thammasat University
- ❑ Bachelor Degree in Business Administration, Thammasat University

**Experiences**

- |           |   |
|-----------|---|
| 2005-2007 | Chairman of the Audit Committee, CPPC PLC.                                  |
| 2005-2007 | Chairman of the Audit Committee, Business Development Bank (Shanghai-China) |
| 2004-2008 | Member of Appellate Committee, The Securities and Exchange Commission (SEC) |
| 2004-2006 | Member of Committee, Board of Royal Thai Police                             |
| 2001-2003 | Chairman, Krungthai Bank PLC.   |
| 2001-2002 | Chairman, TOT PLC.  |
| 2001-2002 | Advisor, Ministry of Finance  |
| 1998-2001 | Permanent Secretary for Finance, Ministry of Finance                        |
| 1997      | Deputy Permanent Secretary, Ministry of Finance                             |
| 1993-1996 | Director General, Thai Customs Department                                   |

**Relationship -**

**Training by the Thai Institute of Directors Association (IOD)**

- |      |                                      |
|------|--------------------------------------|
| 2003 | Director Accreditation Program (DAP) |
| 2003 | Director Certification Program (DCP) |
| 2004 | Board Performance Evaluation         |
| 2006 | The Role of Chairman Program (RCP)   |

**Attendance at the Board of Directors' Meeting during 2009**

4 times out of 5 meetings

**(%) shareholding (as at December 30, 2009)**

0.00000

## Mr. Dhanin Chearavanont

70 years old

**Position** Chairman

**Positions in other organization**

- ❑ Chairman, Charoen Pokphand Food PLC.
- ❑ Chairman, True Corporation PLC.
- ❑ Chairman and CEO, Charoen Pokphand Group Co., Ltd.
- ❑ Honorary Chairman, True Move Co., Ltd.
- ❑ Director, Bangkok Inter Teletech PLC.
- ❑ Independent Director and Honorary Chairman, Siam Makro PLC.

**Education**

- ❑ Degree, National Defence College of Thailand
- ❑ Commercial School, Hong Kong
- ❑ Shantou Secondary School, China

**Experiences -**

**Relationship**

Mr. Soopakij Chearavanont and Mr. Narong Chearavanont's father

**Training by the Thai Institute of Directors Association (IOD)**

2005 Director Accreditation Program (DAP)

**Attendance at the Board of Directors' Meeting during 2009**

4 times out of 5 meetings

**(%) shareholding (as at December 30, 2009)**

0.01704

## Mr. Korsak Chairasmisak

57 years old

**Position** Vice Chairman and Chief Executive Officer

**Positions in other organization**

- ❑ Vice Chairman, Charoen Pokphand Group
- ❑ Chairman, Thai Go Association
- ❑ President, World Chinese Wei Qi Federation
- ❑ Honorable Member, Behavior Science Research Institute Srinakharinwirot University
- ❑ Committee, Songklanakarin University
- ❑ Consultant, Thammasat Association
- ❑ Financial Consultant, The Writers Association of Thailand
- ❑ Consultant, 7 Book Award
- ❑ Chairman, Panyapiwat Institute of Technology Council

**Education**

- ❑ Honorary Doctor of Business Administration in Management, Sripatum University
- ❑ Honorary Doctor of Arts, North Chiang Mai University
- ❑ Honorary Doctor of Business Administration in Management, Suan Dusit Rajabhat University
- ❑ Bachelor of Arts in Economics, Thammasat University
- ❑ Certificate of Commerce, Assumption Commerce College



## Experiences

- 1983-1987 Executive Vice President (Trading), Charoen Pokphand Group of Companies (Base in Hong Kong)
- 1979-1989 Managing Director,  
Bangkok Produce Merchandising Co., Ltd.,  
C.P. Agro-Industry Co., Ltd.,  
C.P. Intertrade Co., Ltd.  
Bangkok Fisheries Co., Ltd.
- 1973-1978 Feed Ingredient Purchasing Manager,  
Charoen Pokphand Group of Companies
- 1792 Clerk Supervisor, Hoechst-Pharmaceuticals Co., Ltd.

## งานสังคม

- Chairman ,Thai Go Association (Amateur 5 Dan), Representative of Thailand  
Participated in the World Amateur Go Championship in Japan in 1984, 1987, 1989, 1994, 1995, 1996 and 1997
- President, World Chinese Wei Qi Federation
- Honorary Chief, Panyapiwat Institute of Technology
- Western Philosophy Writer

## Relationship -

### Training by the Thai Institute of Directors Association (IOD)

- 2000 Director Certification Program (DCP)
- 2006 The Role of Chairman

### Attendance at the Board of Directors' Meeting during 2009

5 times out of 5 meetings

(%) shareholding (as at December 30, 2009)

0.12747

*\*Included Employee Joint Investment Program – EJIP*

## Mr. Soopakij Chearavanont

46 years old

### Position Director

### Positions in other organization

- Chairman, True Visions PLC.
- Chairman, True Visions Cable PLC.
- Executive Chairman, Telecom Holding Co., Ltd.
- Chairman, Chia Tai Land Holding Co., Ltd.
- Chairman, Chia Tai Property Management Co., Ltd.
- Chairman, Chia Tai Real Estate Group Co., Ltd.
- Chairman, Fortune Leasing Co., Ltd.
- Chairman, Mass Gain Investment Ltd.
- Chairman, Beijing Lotus Supermarket Chain Store Co., Ltd.
- Chairman, Chia Tai Lotus (Shanghai) Co., Ltd.
- Co – chairman, Shanghai Kinghill Limited – Super Brand Mall
- CEO & Executive Vice Chairman, Marketing and Distribution Business (China), Charoen Pokphand Group Co., Ltd.
- Chief Executive Officer, Real Estate & Land Development Business (China), Charoen Pokphand Group Co., Ltd.

- Chief Executive Officer & Executive Vice Chairman, Chia Tai Enterprises International Ltd.
- Executive Vice Chairman & CEO, Shanghai Lotus Supermarket Chain Store Co., Ltd.
- Vice Chairman, Automotive Industrial Products (China), Charoen Pokphand Group Co., Ltd.
- Vice Chairman, Chia Tai International Finance Co., Ltd.
- Vice Chairman, Chia Tai Vision Ltd.
- Vice Chairman, Shanghai Fortune World Development Co., Ltd.
- Vice Chairman, Chia Tai Trading (Beijing) Co., Ltd.
- Vice Chairman, Real Estate and Land Development Business (Thailand), Charoen Pokphand Group Co., Ltd.
- Director, True Corporation PLC.
- Director, True Move Co., Ltd.
- Director, Chia Tai Development Investment Co., Ltd.
- Director, Chia Tai Group Co., Ltd.
- Director, CP Pokphand Co., Ltd.
- Director, Fortune Shanghai Ltd.
- Director, Lotus-CPF (PRC) Investment Company Ltd.

### Community Services

- 2009 Committee Members, The Build Foundation
- 2009 Advisor, Minister of Culture
- 2008 Honorary Consulate, The Russian Federation - Phuket
- 2006 Award of Bai Yu Lan from Shanghai Government
- 2006 Member, Fudan Incentive Management Fund Committee of Fudan University
- 2006 Management Committee, Chia Tai International Center of Peking University
- 2006 Advisor, The Standing Committee on Public Health, The House of Representatives
- 2005 Member, Young Thai Entrepreneurs Association (YTEA)
- 2005 Vice President, Thai-Chinese Promotion of Investment and Trade Association
- 2004 Committee, Cultural Promotion Fund of Office of The National Cultural Commission
- 2004 Vice President, Thailand Equestrian Federation
- 2002 Member, Young Thai Entrepreneurs Assembly
- 2002 Vice Chairman, Thailand-China Business Council
- 1993 Committee, Children Youth, Women and The Elderly

### Education

- Bachelor of Science Degree in the College of Business and Public Administration of New York University, USA

### Experiences -

### Relationship

Mr. Dhanin Chearavanont's son and Mr. Narong Chearavanont's brother

### Training by the Thai Institute of Directors Association (IOD) -

### Attendance at the Board of Directors' Meeting during 2009

1 time out of 5 meetings

(%) shareholding (as at December 30, 2009)

0.00247



## Mr. Adirek Sripratak

64 years old

Position Director

### Positions in other organization

- ❑ Honor President, Thai Broiler Processing Exporters Association
- ❑ President and CEO, Charoen Pokphand Foods PLC.
- ❑ Acting Chief Operating Office, Livestock Business, Charoen Pokphand Foods PLC.
- ❑ Vice Chairman, Charoen Pokphand Group Co., Ltd.
- ❑ Senior Director, Chiang Mai University Council
- ❑ Advisor to Executives, Chiang Mai University

### Education

- ❑ Honorary Doctorate in Science, Maejo University
- ❑ Honorary Doctorate in Economics, Chiang Mai University
- ❑ Honorary Doctorate in Science and Food Science, Rajamangala University of Technology Isan

Experiences -

Relationship -

### Training by the Thai Institute of Directors Association (IOD)

2001 Director Certification Program (DCP)

2005 Director Accreditation Program (DAP)

### Attendance at the Board of Directors' Meeting during 2009

3 times out of 5 meetings

(%) shareholding (as at December 30, 2009)

0.00000

## Mr. Umroong Sanphasitvong

56 years old

Position Director

### Positions in other organization

- ❑ Deputy Group CFO, Charoen Pokphand Group Co., Ltd.
- ❑ Director, True Corporation PLC.
- ❑ Director, Ayudhya Allianz C.P. Life PLC.
- ❑ Director, CPPC PLC.
- ❑ Director, Vinasiam Bank
- ❑ Director, Chia Tai Enterprises International Ltd.

### Education

- ❑ Master Degree Accounting, Thammasat University
- ❑ Bachelor Degree Accounting, Thammasat University

Experiences

1980 Deputy Division Manager - Accounting and Finance, Charoen Pokphand Group Co., Ltd.

Relationship -

### Training by the Thai Institute of Directors Association (IOD)

2001 Director Certification Program (DCP)

2003 Company Secretary

2006 Board Performance Evaluation

2006 DCP Refresher

2007 Role of the Compensation Committee

### Attendance at the Board of Directors' Meeting during 2009

4 times out of 5 meetings

(%) shareholding (as at December 30, 2009)

0.00000

## Mr. Narong Chearavanont

44 years old

Position Director

### Positions in other organization

- ❑ Director, Cineplex Co., Ltd.
- ❑ Director, Satellite Service Co., Ltd.
- ❑ Director, CPPC PLC.
- ❑ Director, True Corporation PLC.
- ❑ Director, True Visions PLC.
- ❑ Director, True Visions Cable PLC.
- ❑ Director, Panther Entertainment Co., Ltd.
- ❑ Executive Vice Chairman, Chia Tai Enterprises International Limited
- ❑ Executive Vice Chairman, Chia Tai (China) Investment Co., Ltd.
- ❑ Executive Vice Chairman, Shanghai Lotus Supermarket Chain Store Co., Ltd.
- ❑ Executive Director, C.P. Pokphand Co., Ltd.
- ❑ Chairman, Qingdao Lotus Supermarket Chain Store Co., Ltd.
- ❑ Chairman, Jinan Lotus Supermarket Chain Store Co., Ltd.
- ❑ Chairman, Shantou Lotus Supermarket Chain Store Co., Ltd.
- ❑ Chairman, Guangzhou Lotus Supermarket Chain Store Co., Ltd.
- ❑ Vice Chairman, Foshan Nanhai Hua Nan Tong Trading Development Co., Ltd.
- ❑ Vice Chairman, Guangdong Hua Nan Tong Trading Development Co., Ltd.
- ❑ Chairman, Xi'an Lotus Supermarket Chain Store Co., Ltd.
- ❑ Chairman, Tai'an Lotus Supermarket Chain Store Co., Ltd.
- ❑ Chairman, Chester Food (Shanghai) Co., Ltd.
- ❑ Vice Chairman, CP Food Product (Shanghai) Co., Ltd.
- ❑ Chairman, Beijing Lotus Supermarket Chain Store Co., Ltd.
- ❑ Chairman, Tianjin Lotus Supermarket Chain Store Co., Ltd.
- ❑ Vice Chairman, Chia Tai Enterprises International Ltd.
- ❑ Director, Hong Kong Fortune Ltd.
- ❑ Chairman, Yangtze Supermarket Investment Co., Ltd.
- ❑ President, Ek-Chor Trading (Shanghai) Co., Ltd.
- ❑ President, Ek-Chor Distribution (Thailand) Co., Ltd.



#### Education

- Advance Management Program: Transforming Proven Leaders into Global Executives, Harvard Business School, Harvard University
- Bachelor of Science, Business Administration Major, New York University, USA

#### Experience

- Oct. 2006-2008 Executive Vice Chairman, Shanghai Lotus Supermarket Chain Store Co., Ltd.
- 2002-Aug. 2006 President, Shanghai Lotus Supermarket Chain Store Co., Ltd.

#### Relationship

Mr. Dhanin Chearavanont's son and Mr. Soopakij Chearavanont's brother

#### Training by the Thai Institute of Directors Association (IOD)

2007 Director Accreditation Program (DAP)

#### Attendance at the Board of Directors' Meeting during 2009

1 times out of 5 meetings

(%) shareholding (as at December 30, 2009)

0.00434

### Mr. Prasert Jarupanich

61 years old

Position Director

#### Positions in other organization

- Director, Siam Makro
- Director, Freewill Solutions Co., Ltd.
- Director, Chester Food Co., Ltd.
- Director, Perfect Companion Group Co., Ltd.
- Director, Pokphand Enterprise Co., Ltd.
- Director, Star Animal Co., Ltd.
- Vice President – Marketing and Distribution Group, Charoen Pokphand Group Co., Ltd.

#### Education

- Program for Management Development (PMD), Harvard Business School
- Ph.D. Industrial Engineering and Management, Oklahoma State University
- Master Degree in Computer Science, University of Missouri at Rolla
- Bachelor Degree in Computer Science, University of Missouri at Rolla

#### Experiences -

#### Relationship -

#### Training by the Thai Institute of Directors Association (IOD)

2004 Director Certification Program (DCP)

2004 Finance for Non-finance Director

2008 Role of the Compensation Committee

#### Attendance at the Board of Directors' Meeting during 2009

5 times out of 5 meetings

(%) shareholding (as at December 30, 2009)

0.00000

### Mr. Pittaya Jearavisitkul

54 years old

Position Director and Deputy Chief Executive Officer

#### Positions in other organization -

#### Education

- Master Degree in Business Administration, Thammasat University
- Bachelor Degree in Economics (Honor), Thammasat University

#### Experiences

- 1993-1998 Vice President - Marketing and Distribution Group, Charoen Pokphand Group Co., Ltd.

#### Relationship -

#### Training by the Thai Institute of Directors Association (IOD)

2000 Director Certification Program (DCP)

#### Attendance at the Board of Directors' Meeting during 2009

5 times out of 5 meetings

(%) shareholding (as at December 30, 2009)

0.01441

*\*Included Employee Joint Investment Program – EJIP*

### Mr. Piyawat Titasattavorakul

56 years old

Position Director and Managing Director

#### Positions in other organization -

#### Education

- Bachelor Degree in Marketing, Ramkhamhaeng University

#### Experiences

- 1996-1998 Vice President - Operation, C.P. Seven Eleven PLC.

#### Relationship -

#### Training by the Thai Institute of Directors Association (IOD)

2001 Director Certification Program (DCP)

#### Attendance at the Board of Directors' Meeting during 2009

5 times out of 5 meetings

(%) shareholding (as at December 30, 2009)

0.00077

*\*Included Employee Joint Investment Program – EJIP*



## Mr. Supot Shitgasornpongse

56 years old

**Position** Company Secretary and Vice President - Accounting and Finance

**Positions in other organization**

- ❑ Member, Accounting Systems Formulation Committee, Federation of Accounting Professions
- ❑ Member, Accounting Standards Technical Assistance Sub-committee, Federation of Accounting Professions

**Educations**

- ❑ Master of Science in Accounting, Thammasat University
- ❑ Bachelor of Accounting (First Class Honor), Chulalongkorn University

**Experiences**

- 1990-1997 General Manager, Thailand Fishery Cold Storage PLC. and its subsidiaries
- 1978-1990 Administrative Manager, Hoechst Thai Co., Ltd. and its subsidiaries
- 1975-1977 Programmer, Siam Cement Group Co., Ltd.

**Relationship -**

**Training by the Thai Institute of Directors Association (IOD)**

- 2003 Company Secretary Program
- 2004 Director Certification Program (DCP)

**(%) shareholding (as at December 30, 2009)**

0.00034

*\*Included Employee Joint Investment Program – EJIP*

## Mr. Suraphan Pussadej

61 years old

**Position** Assistant Chief Executive Officer – Human Resource

**Positions in other organization**

- ❑ Advisor, Civil Servant Commission for Bureaucratic Development
- ❑ Advisor, Walailuk University

**Education**

- ❑ Master of Art, Political Science, University of Detroit, USA
- ❑ Bachelor of Law (Honor), Thammasat University
- ❑ Barrister of Law, Thai Bar Association

**Experiences**

- 2004-2005 Deputy Chief Executive Officer, S Khonkaen PLC.
- 1996-2004 Corporate Human Resource Director, Paper & Packaging Business, Siam Cement Group (SCG)
- 1974-1996 Human Resource Manager Siam Cement Group (SCG)

**Relationship -**

**Training by the Thai Institute of Directors Association (IOD) -**

**(%) shareholding (as at December 30, 2009)**

0.00032

*\*Included Employee Joint Investment Program – EJIP*

## Mr. Tanin Buranamanit

45 years old

**Position** Executive Vice President – Operation and Marketing

**Positions in other organization -**

**Education**

- ❑ Bachelor Degree in Marketing, Thammasat University

**Experiences**

- 1999 Assistant Vice President – Marketing, C.P. Seven Eleven PLC.
- 1998 Assistant Vice President, Sunny Supermarket Co., Ltd.

**Relationship -**

**Training by the Thai Institute of Directors Association (IOD) -**  
**(%) shareholding (as at December 30, 2009)**

0.00046

*\*Included Employee Joint Investment Program – EJIP*

## Mr. Taweesak Kaewrathtanapattama

53 years old

**Position** Senior Vice President – Accounting and Finance

**Positions in other organization -**

**Education**

- ❑ Bachelor Degree in Accountancy, Thammasat University
- ❑ Bachelor Degree in Law, Thammasat University

**Experiences**

- 1981-2005 Vice President, Bangkok Produce PLC.

**Relationship -**

**Training by the Thai Institute of Directors Association (IOD)**

- 2007 Director Certification Program (DCP)

**(%) shareholding (as at December 30, 2009)**

0.00067

*\*Included Employee Joint Investment Program – EJIP*



## Mr. Chuan Nimkittikul

58 years old

**Position** Senior Vice President – Purchasing and Distribution

**Positions in other organization -**

**Education**

- Master Degree in Business Administration, Thammasat University
- Bachelor Degree in Economics, Thammasat University

**Experiences**

1996-1998 Assistant Vice President - Purchasing and Distribution,  
Human resource and Administration,  
C.P. Seven Eleven PLC.

**Relationship -**

**Training by the Thai Institute of Directors Association (IOD)**

2006 Finance for Non-finance Director

2006 Director Certification Program (DCP)

(%) shareholding (as at December 30, 2009)

0.00638

*\*Included Employee Joint Investment Program – EJIP*

## Mr. Suwit Kingkaew

60 years old

**Position** Senior Vice President – General Management

**Positions in other organization -**

**Education**

- Master Degree in Business Administration, Kasetsart University
- Bachelor Degree in Economics, Kasetsart University

**Experiences**

1996-1998 Assistant Vice President - General Management,  
C.P. Seven Eleven PLC.

**Relationship -**

**Training by the Thai Institute of Directors Association (IOD)**

2005 Director Certification Program (DCP)

(%) shareholding (as at December 30, 2009)

0.01024

*\*Included Employee Joint Investment Program – EJIP*

## Mr. Kosa Pongsupath

59 years old

**Position** Vice President - Information Technology

**Positions in other organization -**

**Education**

Bachelor Degree in Statistics, Kasetsart University

**Experiences**

2000-2001 Assistant Vice President - Information Technology,  
C.P. Seven Eleven PLC.

**Relationship -**

**Training by the Thai Institute of Directors Association (IOD) -**  
(%) shareholding (as at December 30, 2009)

0.00173

*\*Included Employee Joint Investment Program – EJIP*



เปิด 24 ชม

ประตูบานเลื่อนอัตโนมัติ (AU





## ร้านอิมสะดวกของคนไทย

ความสะดวกใกล้บ้านที่ผูกพันกันมานานกว่า 20 ปี เสมือนมิตรแท้ที่มอบสิ่งดีๆ ให้กันเสมอมา  
จาก “ซื้อ” สะดวกในวันวาน...บริการอย่างรู้ใจ เติมเต็มความ “อิม” สะดวกในวันนี้  
“หิวเมื่อไหร่ก็แวะมา อิม...สะดวกที่ 7-Eleven”

## *The Convenience Store catering to Thai people*

With care and convenience close to you for more than 20 years, Always like a true friend who gives nothing but great things, From the 'giving' of convenience and caring services in yesterdays... to the 'fulfilling' of daily appetite nowadays.  
“Anytime at your appetite. Anytime at 7-Eleven”

## Overview of Business Operations

CP All Plc. (the “Company”) was established in 1988 by the Charoen Pokphand Group to operate the convenience store business in Thailand under the “7-Eleven” trademark. The Company was granted a license to use the trademark from 7-Eleven, Inc., USA. In 1989, the first 7-Eleven outlet in Thailand was opened on Patpong Road.

At the end of the year 2009, the Company had a total of 5,270 7-Eleven stores nationwide, making Thailand the country with the third largest 7-Eleven network in the world after Japan and the USA. Of the total 2,603 stores are in Bangkok and vicinity (49 percent) and 2,667 stores are in provincial areas (51 percent). According to type of store, there are 2,794 corporate stores (53 percent), 2,130 franchise stores (40 percent) and 346 sub-area license stores (7 percent). Presently, an average of 6.1 million customers visit 7-Eleven stores each day.

In 2010, the Company plans to establish another 450 new outlets both as stand-alone stores and stores located in PTT gas stations to reach more target customers both in Bangkok, the vicinity and provincial areas. At the end of 2009, the Company had 4,462 stand-alone stores (85 percent) and 808 stores in PTT gas stations (15 percent).



At the end of 2009, CPALL has 7-Eleven stores of 5,270 stores nationwide. The Company strives for continuous expansion in the future, moving toward being convenient food store for Thais with more ready-to-eat products.



In addition, the Company has continuously invested in businesses supporting the convenience store business in Thailand as follows:

- ❑ **Counter Service Company Limited (CS)**  
provides a bill payment service business
- ❑ **C.P. Retailing and Marketing Company Limited (CPRAM)**  
manufactures and sells of frozen food and bakery
- ❑ **Retailink (Thailand) Company Limited (RTL)**  
distributes and repairs retail equipment
- ❑ **Thai Smart Card Company Limited (TSC)**  
(with business alliances) offers product and service payment through Smart Purse electronic cash cards
- ❑ **Gosoft (Thailand) Company Limited (GOSOFT)**  
provides information technology services
- ❑ **MAM Heart Company Limited (MAM)**  
provides marketing consulting services
- ❑ **Dynamic Management Company Limited (DM)**  
provides logistics services
- ❑ **Suksapiwat Company Limited (SPW)**  
provides educational services through Panyapiwat Techno Business School, a retailing vocational school for retail education, and Panyapiwat Institute of Technology, an institute in bachelor and master degrees concentrating on 3 majors: retailing business management, logistics management and food business management
- ❑ **Panyatara Company Limited (PTR)**  
provides training and seminar services





นอกจากนี้ บริษัทยังมีการขยายช่องทางธุรกิจภายใต้การบริหารจัดการของบริษัทเองอีก อาทิเช่น

- ❑ ธุรกิจ 7-Catalog Order เพื่อเป็นการขยายช่องทางธุรกิจด้านการสั่งซื้อสินค้าผ่านทาง “วารสารแคตตาล็อก”
- ❑ ธุรกิจ บুকสไมล์ (Book Smile) เพื่อเป็นช่องทางในการจำหน่ายหนังสือและวารสาร
- ❑ ธุรกิจ เอ็กซ์ต้า (eXta) โดยเป็นร้านสุขภาพและความงามดำเนินธุรกิจจัดจำหน่ายสินค้าประเภทยาและเวชภัณฑ์ สินค้าสุขภาพ และเครื่องสำอาง
- ❑ ธุรกิจ คัดสรร (Kudsan) เพื่อเป็นช่องทางจำหน่ายสินค้าที่คัดสรรพิเศษทั้งกาแฟและเบเกอรี่

Besides investment in other businesses through subsidiaries and affiliates, the Company has also expanded its own business operations as follows:

- ❑ 7-Catalog Order as a distribution channel in purchasing products from catalog magazines
- ❑ Book Smile as a new distribution channel for books and magazines
- ❑ eXta as a health and beauty shop offering pharmaceuticals and medical supplies, health products and cosmetics
- ❑ Kudsan as a channel to sell special selected products including coffee and bakery



## โครงสร้างการถือหุ้นของ กลุ่มบริษัท ซีพี ออลล์ จำกัด (มหาชน)

ณ วันที่ 31 ธันวาคม 2552

บริษัทได้จดทะเบียนแปรสภาพเป็นบริษัทมหาชนจำกัด  
เลขทะเบียน 0107542000011 เมื่อวันที่ 12 มีนาคม 2542 โดย  
ณ วันที่ 30 ธันวาคม 2552 บริษัทมีกลุ่มบริษัทในเครือเจริญ-  
โภคภัณฑ์ถือหุ้นอยู่ร้อยละ 44.33 ของทุนจดทะเบียนที่เรียก  
ชำระแล้ว

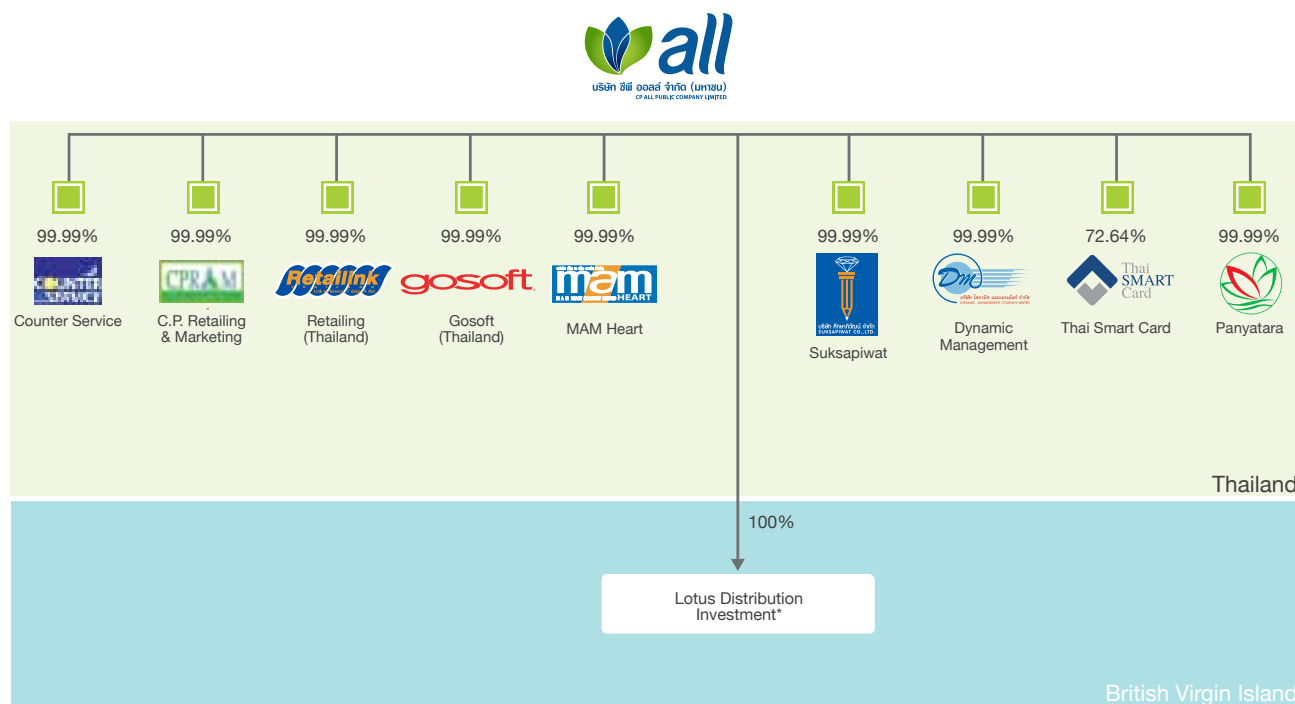
ณ วันที่ 31 ธันวาคม 2552 บริษัทมีแผนภาพโครงสร้างการถือ  
หุ้นของกลุ่มบริษัท ดังนี้

## Group Structure of CP All Public Company Limited

As at December 31, 2009

The Company became a public company limited  
registration number 0107542000011 on March 12, 1999.  
As at December 30, 2009, the Charoen Pokphand  
Group held 44.33 percent of the Company's paid-up  
capital.

As at December 31, 2009, the group structure of the  
Company is as follows:



\* As of October 31, 2008, the restructuring of the supercenter business in the PRC has been completed.



## Revenue Structure

The Company's revenue is generated from net sales and services income, which can be divided into 3 business groups as follows:

Groups of Business	2007 <sup>*</sup>		2008 <sup>*</sup>		2009 <sup>*</sup>	
	Million Baht	%	Million Baht	%	Million Baht	%
Convenience store (7-Eleven)	77,458	67	92,959	72	109,105	91
Supercenter (SLS)	29,932	26	27,726 <sup>/1</sup>	21	-	-
Other businesses <sup>/2</sup>	7,800	7	9,321	7	10,503	9
<b>Total net sales and service income</b>	<b>115,190</b>	<b>100</b>	<b>130,006</b>	<b>100</b>	<b>119,608</b>	<b>100</b>

\* Data before elimination

<sup>/1</sup> Data from January-October 2008

<sup>/2</sup> Consists of CPRAM frozen and bakery business, goods and bill payment collection service of CS, sale and maintenance business for retail equipment of RTL and other income from other subsidiaries

## Business Objectives

The Company aims to be the leader in the convenience store business in Thailand that can satisfy the ever-changing demands of customers. The Company will focus on its strength, offering "convenience" to customers in purchasing goods and services and move towards convenience food store through 7-Eleven outlets that expand across the country and most of which are open 24 hours a day. The Company plans to further open 450 new outlets per year in 2010 having the next milestone of 7,000 stores within 2014. The store expansion will focus on increasing more portion of franchise stores format. The Company places great importance on the location of every 7-Eleven store in order to serve different demands of customer in various locations such as residential areas, marketplaces, schools, offices, hospitals, gas stations, factories, tourist spots, nightspots and transport transfer areas, with stores coverage in Bangkok, Greater Bangkok and provincial. The Company strives for excellent products selection on new items in demand of good quality and safety. With a focus on increasing food portions under ready-to-eat products, the Company will attract more customers visiting the stores per day and will entice higher frequency, generating higher margins. In addition, the Company plans to expand its regional distribution center to support growth in the future.





## Nature of Business

### Convenience Store Business

#### Types of Products or Services

The Company is the sole operator of 7-Eleven convenience stores in Thailand, which has been granted an exclusive right from 7-Eleven, Inc., USA to conduct business under the Area License Agreement.

In the past, the Company managed the business as a network of stores scattered in communities such as residential areas, offices, educational institutes, tourist attractions and gas stations, having coverage over Bangkok, suburban, and provincial nationwide. In 2009, there were 7-Eleven stores with a total of 5,270 outlets.

#### Types of 7-Eleven Stores

The 7-Eleven stores are categorized into three types based on ownership as follows:

(Unit : stores)	2006	2007	2008	2009	No. of new store opening in 2009
Corporate Stores	2,119	2,462	2,671	2,794	123
Franchise Stores	1,449	1,562	1,813	2,130	317
Sub-Area License Stores	216	255	294	346	52
<b>Total</b>	<b>3,784</b>	<b>4,279</b>	<b>4,778</b>	<b>5,270</b>	<b>492</b>

**1) Corporate Stores:** The stores are wholly-owned and managed by the Company. The Company invests in retailing equipment, store decoration and inventory.

**2) Franchise Stores:** The Company offers an opportunity for any person including employees to operate their own 7-Eleven store under a franchise system. Franchisee is obligated to pay on the entrance fee and the deposit guarantee in which the guarantee will be given back after the contract terminated. The Company will be responsible for investment in retailing equipment, store decoration and inventory. In addition, the Company will provide close assistance in managing the operations at the store. A franchisee can either choose a new location or an existing store. In case a franchisee has his own location, the Company will help with the feasibility study without any charges. The term of the franchise agreement and the benefits depend on the type of franchise.

**3) Sub-Area License Stores:** The Company engages in sub-area license agreements with third parties to operate 7-Eleven stores in the territory where the sub-area licensees themselves will be responsible for the management of 7-Eleven stores. The Company will provide assistance and support under the agreed conditions. Presently, there are 4 sub-area license agreements in Phuket, Yala, Chiang Mai and Ubon Ratchathani.





### Product Mix Of 7-Eleven

The Company always studies customers' changing needs and expectations for making plans on products and services. The marketing team continuously attempts to search and select products and services that are of high quality, are different from those of competitors, satisfy the demands of different target groups, and are in line with new trends and market changes.

Products of the Company are categorized into the following 2 major groups: Foods & Beverage accounting for 72.3 percent and non-food products excluding phone card accounting for 27.7 percent.

At the same time, the Company has always developed and enhanced other services for customer convenience and for serving customers' daily routines. The Company continuously strives to expand its alliance partners to provide a wider range of services shown in its payment service which currently has as many as 685 services and a new online payment system through the Internet as a means to better provide convenience whereby customers can choose to pay for services by themselves. Furthermore, there are ATM machines at approximately 4,300 branches, money transfer, distributing life assurance, catalog order, and etc.

### Nature Of Customers

The Company provides purchasing convenience to customers through its store network which is scattered in every community. The Company's customer groups are varied, including people of every gender and age with different occupations, who live and engage in daily activities near 7-Eleven stores. On average, a total of 6.1 million customers nationwide per day purchased products and services from 7-Eleven stores in 2009, increasing from 5.5 million customers nationwide per day in 2008.

Customers who visit 7-Eleven store have different product and service needs according to store location. Analyzing different behaviors and needs in each location, the Company divided store cluster according to location such as residential areas, marketplaces, schools, offices, hospitals, gas stations, factories, tourist spots, nightspots, and transport transfer areas in order to plan product and service management strategies to best meet the needs of customers. The Company selects types of products appropriate for customer groups that visit each store according to its location and prepares adequate products and services for each time period that customers visit the store, especially during peak selling times which vary from store to store according to location. Peak selling times are different during the day and night, working days and holidays, or the festive seasons or regional significant





events. As a result of dividing Store Cluster according to location, 7-Eleven stores was able to have a continual increase in sales and profits even though there was a slowdown in Thai economy in the past year.

### Marketing And Competition In The Convenience Store Business

The year 2009 was another year in which the business sector was affected by both the economic and political crisis. Since 1997, the business sector has been affected by the financial crisis, also known as the “Tom Yum Kung” crisis. In 2009, the business sector faced impact not only from domestic political uncertainties, but also from reduced export revenue resulting from the global economic downturn and the appreciation of the Thai baht. Tourism also dropped due to the outbreak of the 2009 flu. As a result, unemployment rose, especially in the first half of 2009. Consumers lack confidence regarding their present and future income and curtailed spending. Consequently, GDP growth shrank 3 percent, the first negative growth in more than 10 years. Despite the government’s economic stimulus packages to stimulate investment and income distribution, consumer confidence did not improve much. The consumer confidence index was below 100 throughout 2009 and was below 100 for 64 consecutive months.

With consumers worried about the economic situation and expenses coupled with consumer confidence that has not revived, retailing in 2009 declined from the same period the year before, in the same direction as private consumption which experienced negative growth for the first time in 10 years. In 2009, the retail industry value in the tax system is expected at Baht 2.5 trillion, dropping 5-6 percent mainly from the reduction in luxury goods such as clothing, shoes, and home furnishings. Meanwhile, retailing of consumer and food products which are necessary for daily life is expected to grow 3-4 percent.

Continuing from 2008, competition in the retail business remained intense in 2009, despite a slowdown in expansion of typical retail stores especially large-sized stores. However, expansion of smaller-sized stores increased. There was also an increase in expansion of new retail formats such as community malls which can better reach communities and serve the needs of new generation consumers who like to shop near home or in their community. Many new condominium projects provide opportunities for small retail stores providing one stop shopping. In addition, to serve consumers’ needs in times of economic downturn, retailers have implemented various sales and promotional strategies including introducing private brand products. Retailers have also given increased importance to creating loyalty and encouraging continuous purchasing through membership cards in order to attract customers and maintain market share.





However, it was found that retail business in the form of convenience stores has been able to expand and has become an interesting segment for investment by both current retailers and retailers from other segments. Convenience store expansion has been accomplished through both corporate stores and franchise stores. In 2009, there was an increase of 669 convenience stores under the chain store format. Out of the total, 492 stores were 7-Eleven stores.



#### Number of convenience stores

(Unit : stores)	2006	2007	2008	2009
<b>Stand alone convenience stores</b>	<b>5,997</b>	<b>6,681</b>	<b>7,288</b>	<b>7,906</b>
<input type="checkbox"/> 7-Eleven stores	3,279	3,665	4,065	4,462
<input type="checkbox"/> Others	2,718	3,016	3,223	3,444
<b>Convenience stores in gas stations</b>	<b>1,741</b>	<b>1,842</b>	<b>1,961</b>	<b>2,012</b>
<input type="checkbox"/> 7-Eleven stores	505	614	713	808
<input type="checkbox"/> Others	1,236	1,228	1,248	1,204
<b>Total convenience stores</b>	<b>7,738</b>	<b>8,523</b>	<b>9,249</b>	<b>9,918</b>

Remark: Convenience outlets in chain store format  
Source: Compilation by CP All Plc.

#### Business Strategy and Direction

Amid economic and political uncertainties, income and purchasing power of consumers have declined. As a result, consumers are more careful about their spending and have higher expectations, comparing prices and quality before purchasing and emphasizing value for money. At the same time, competition in the retail industry has become more intense. However, the Company continued to expand and its sales revenue growth was higher than the overall average of the retail sector in the consumer and food products category. This can be attributable to the Company's business strategy and direction which is concerned about: Having customers as the center in driving the Company forward; Thinking systematically and working as a team; Decision-making based on information and facts; and Creating value for all stakeholders including employees, business partners, suppliers, investors, shareholders, society and communities. The Company strives to build strong relationships with customers through quality and differentiated selection of products and services in order to satisfy current and future customer demands and expectations while effectively creating a balance for the Company's stakeholders.





In addition, the Company continued to improve internal management effectively under the concept and strategy of focusing on satisfying customers' demands while developing human resources as well as creating innovations to be in trend with the market and customers' changing demands and to be able to respond to these changes faster and better than competitors. The Company's main business strategy and direction include:

#### **1. Store Expansion to Cover Target Areas and to Cater to Customers' Demands**

For more than 10 years, the Company has continuously expanded its stores with a target of 450 new stores per year in order to cover and cater to the greatest number of consumers.

The Company uses geographic market segmentation, divided into Bangkok, vicinities and provinces. The Company has also divided the market between 7-Eleven stores located in PTT gas stations and outside the station as well. At present, the Company's stores are located in every province and cover more than half of all districts. As a result, the Company has become a market leader in the convenience store business format.

Besides store expansion, the Company also gives importance to improvement of both internal and external store environment for convenience, hygiene and cleanliness. The Company also has a policy to use resources effectively and has implemented technology and innovation to reduce energy consumption, resulting in lower operating cost of each store. In the previous year, over 350 stores were renovated to provide more convenience to customers.

#### **2. Being a Convenience Food Store to Differentiate and Create Value Added**

To cater to the needs of modern day Thai consumers who do not have time to cook and require convenience as well as to differentiate itself from competitors, the Company has a strategic policy to be a convenience food store. The Company has increased the proportion of food and beverage products with emphasis on delivery of quality, delicious, fresh, popular dishes that are price-worthy to consumers.





### **3. Effective Management and Collaboration with Business Partners to Better Meet Customers Needs**

The Company realizes the important of developing and improving its internal management to enable effective communication and collaboration among internal departments and with business partners in order to create value added and reduce operating expenses under the following main principles:

#### **❑ Selection of Differentiated Products and Services**

Due to continuous store expansion to cover and reach different customer groups, the Company has advocated appropriate store assortment that meets customers' demands in each store. The Company recognizes the necessity of studying customers' lifestyles according to population, purchasing behavior, profession, income, attitudes, etc. as well as finding out the needs of different customer groups in order to develop and select products/services to effectively meet those needs, to differentiate itself from competitors and to increase sales opportunity.

Effective selection and development of new products that are demanded by convenience store customers is the key to the Company's continuous sales growth. The Company has a process to select products with good selling potential, develop products with team merchandising and use research information from specialists to obtain a good quality and differentiated products which are corresponding to customer demand. The Company also adopts the FBO product (First sold in 7-Eleven stores, Best Selection, Only sold in 7-Eleven stores).

#### **❑ Increasing Efficiency of Product Management to Reduce Costs and Opportunity Loss**

Consumers demand a wide variety of products and services. At the same time, their demands are ever-changing. Since the store area of 7-Eleven is limited, the Company strives to improve product and store management, from product assortment in each store, making sufficient product orders to meet the demands of customers, to product placement in order to enable customers to easily locate products. The Company has used product management principles to learn about product assortment and increase efficiency in area utilization such as decreasing the space between shelves in order to gain more shelf space and expanding shelf space for best-selling products and new products.



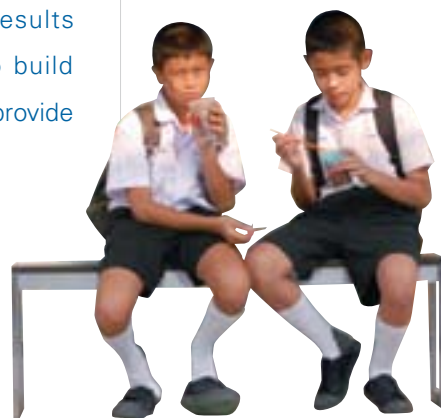


#### ❑ Developing and promoting collaboration in all processes of support units in the supply chain

In order to promptly cater to the ever changing demands of customers and the market as well as grow sustainably, the Company strives to improve both its internal and external operational processes (in the areas of convenience, good, fast and time-saving services, and fresh quality products) to be interconnected and customer-centric. In line with the Company policy to be a convenience food store rather than a typical convenience store, all processes and support units which create value for customers must be improved and work together in synergy, from manufacturing, logistics, to store management, in order to deliver premium quality and fresh products to customers and to prepare for future expansion into the food business. The Company also places great importance on food safety. The Company selects and monitors manufacturers with acceptable standards and provides knowledge on improving manufacturing quality standards. Store employees are also trained on good management of products, especially those in the food category. Experts from the Food and Drug Administration (FDA) are invited to provide training to the Company's employees on food safety. Experts from the private sector are also invited to provide training in management and development of food products. In addition, random inspection of foods and beverages guarantees quality and makes employees more aware of food safety.

#### ❑ Development of Services from Employees

Customers are most concerned about service and expect excellent service. With the corporate philosophy **"Through happy employees, we desire to see smiles from our customers"**, the Company not only gives importance to mechanisms or systems used to create customer satisfaction, but also cares for all processes that create value for customers, especially those related to employees. The Company regularly conducts a Customer Relationship Study (CRS) and Employee Relationship Study (ERS) every year to study the opinions and relationships of customers and employees and used the research results to improve its services. This will enable the design of a process to build customer - store relationships and employee - organization relationships to provide value for customers, leading to long-lasting commitment.





At the same time, comments and advice from customers are also used to develop products and services to better satisfy customers' needs and to develop strategies to maintain current customers and attract new customers. Moreover, opportunities are provided for share learning through VDO Conference where employees exchange experiences on providing services. Share learning allows knowledge to be shared between the head office and stores in various regions in order to increase employee potential and satisfaction as well as customer satisfaction.

#### **4. Building organizational competency through human resource development and knowledge management**

Employees are one of the Company's key success factors. Because the retail business utilizes a large number of human resources, the Company gives great importance to continuously developing essential competency in all areas. Teamwork is promoted under a strong organizational culture. Plan-Do-Check-Action (PDCA) is emphasized. Knowledge Management (KM), which will ultimately lead to a Learning Organization (LO), is promoted.

Creating innovation is another strategy that the Company emphasizes since it is the heart of new business, product and service development which brings about competitive advantage. Therefore, the Company encourages learning, sharing and transfer of experiences, best practices and knowledge among employees in a systematic manner for adapted use, improvement of work processes and innovation within the organization.

##### **□ Delivery of Products and Services**

The Company strives to continuously develop its value chain to deliver the best to customers. Apart from proper product selection to serve customers' demand under store assortment and store development as a direct contact with customers, the area of product distribution is an important part of the value chain. With continuous developments, the Company has expanded the number of distribution centers in strategic areas in order to accommodate new store expansion and distribute products efficiently and effectively. In addition, the Company has introduced new equipment and tools such as the Digital Picking system and Radio Frequency Identification (RFID) system to assist with product arrangement and delivery tracking, making it more accurate and faster.







## อิ่มเลือกได้ นานกลางเมนูคุณภาพ

รสชาติถูกปาก คุณภาพถูกใจ งานเด็ดสำเร็จรูป เบเกอรี่ ของหวาน เครื่องดื่ม ฯลฯ  
 สรรพความอร่อยที่เราพร้อมเสิร์ฟทุกเวลาที่คุณหิว เมื่อคุณอิ่มท้อง เราอิ่มใจ  
 รอยยิ้มของคุณ คือความภูมิใจของเรา

*A wide variety of food for your choices and fulfillment*

Delicious tasting and quality feeling, Let's savor the flavors of all in a large array of foods,  
 From cooked dishes, bakery, desserts to beverages. Your FULfillment is our fulFILLment.  
 All your smiles are our pride.

## 1. Risk From 7-Eleven Trademark Termination

The Company operates its convenience store business under the Area License Agreement entered with 7-Eleven, Inc., USA since November 7, 1988. Under the terms, the Company is granted a license to operate convenience stores in Thailand under the “7-Eleven” trademark including related trademarks and to obtain training and technical assistance in convenience store business from 7-Eleven, Inc. On August 20, 2003, 7-Eleven, Inc. entered into the Consent Agreement which is an agreement among the Company, the Charoen Pokphand Group (“CPG”) and 7-Eleven, Inc. under which 7-Eleven, Inc. has agreed to give consent to the public offering of shares and the listing of shares for trading on the Stock Exchange of Thailand.

The Area License Agreement does not specify the term of the Agreement. However, both parties have the right to terminate the Agreement if any event stipulated in the conditions does occur or if there is any event which constitutes a cause for termination under the Consent Agreement and also results in termination of the Area License Agreement. In case the Area License Agreement is terminated, the Company will lose its right to use the trademark, which will significantly affect the Company’s business. In such case, the Company might also be required to pay damages to 7-Eleven, Inc. In addition, if the relationship between the Company or CPG and 7-Eleven, Inc. turns sour, the Company may not obtain appropriate assistance from 7-Eleven, Inc.

### The Company’s Risk Management

With 20 years of good business relationship, the Company has never had any critical conflict with 7-Eleven, Inc. Furthermore, the Company has followed the regulations as per the agreement since signed date. The Company believes that the relationship of itself and CPG with 7-Eleven, Inc. remains good and that its business operation under the “7-Eleven” trademark is of mutual interest. So far, the business relationship and assistance have been satisfactory. The chance that such relationship will turn sour is unlikely. At present, there is no reason to believe that there would be any event that may negatively affect the relationship of the Company and CPG with 7-Eleven, Inc.



The Company tries to prevent the risk of product liability through striving for higher quality standards from the product selection process to delivery in order to assure customers upon consuming hygiene, safe and quality products.



## 2. Risk From Distribution Center Error or Problem

Most of the products of over 5,000 7-Eleven outlets nationwide are delivered via the Company's distribution center, whereby thousands of manufacturers and suppliers will deliver their products to the center according to the given delivery date. Therefore, the distribution center plays a vital role in 7-Eleven's business. Severe damages to the distribution center due to natural disasters, communication system and information technology failure, crucial accidents, or any force majeure will have an adverse impact on the supply of products to all 7-Eleven outlets and may negatively affect the Company's operating performance.

### The Company's Risk Management

The Company has prepared measures to protect against various risks. The Company has also taken out insurance against damages which may be caused by such risks as deemed appropriate.

However, there are still risks which various plans and insurance may not completely prevent and compensate. Besides, the Company still has to depend on manufacturers and suppliers to deliver their products to the distribution centers and branches. Delivery errors of both manufacturers and suppliers may also negatively affect the Company's sales volume.

## 3. Risk from Information Technology Error or Problem

The Company has invested in various information technology systems such as the store management system and the distribution center management system. Information technology has played a major role in assisting the Company to achieve higher efficiency in dealing with inventory, purchasing, and data storage and analysis. Therefore, an error or problem in the information technology systems will affect the Company's ability to manage the 7-Eleven outlets on a normal basis and may negatively affect the Company's operating performance.

### The Company's Risk Management

The Company realizes the importance of information technology at both the store and the offices level and has established a prevention and back-up system that meets generally-accepted standards. The Company has set up its second computer center in the Chaengwattana area to diversify and reduce risks.

The Company has the disaster recovery plan which has been rehearsed on a regular basis. Apart from a regular check up by the internal audit team, the external audit company has tested on the IT system annually for highest assurance of the Company's information technology system.





#### 4. Risk From Controlling Influence of The Charoen Pokphand Group

The Charoen Pokphand Group has direct and indirect control over the Company. In the Consent Agreement with 7-Eleven, Inc., CPG agrees to maintain its minimum shareholding ratio as well as its power to appoint and control the majority of the Company's directors. As at December 30, 2009, companies in the Charoen Pokphand Group continue to hold an aggregate 44.33 percent stake. Therefore, the Charoen Pokphand Group will be able to appoint the majority of the directors and remain influential to the management and administration of the Company, including consideration of or support for matters that require approval from the Company's shareholders.

At present, there is no agreement between the Company and the Charoen Pokphand Group and its affiliates that will prohibit the Charoen Pokphand Group to expand businesses or invest in other retail operations. Therefore, there may be a risk that the Charoen Pokphand Group will not consider granting opportunities and resources that will be of best interest to the Company and its shareholders.

#### The Company's Risk Management

The Company has independent directors and the Audit Committee to assure that business policies and directions will be considered for the best interests of all shareholders. In addition, the Company has formulated a policy and regulations concerning connected transactions and has published a guideline for good corporate governance so that all stakeholders benefit equitably.





## 5. Risk From Laws and Government Policies

The Company operates a convenience store business in Thailand under the government laws and policies such as the Consumer Protection Act, Price Control Act, Food and Drug Act, and other by-laws. In addition, the government may issue new laws e.g. Retail Business Act, rules and regulations which may affect the Company's business. The Product Liability Act B.E. 2551 had an impact on the operating process of the Company and its suppliers. This increased care in product management of more than 2,000 product items and of over 5,000 7-Eleven outlets from product origin to the customer to ensure product safety. Better product management enables complete product identification and prevents possible harm to customers who visit 7-Eleven stores across the country.

### The Company's Risk Management

The Company has reviewed its quality assurance process and imposed higher quality control standards on all product categories. Both the quality of raw materials from suppliers and the quality of products during the manufacturing process are focused and examined. In addition, the Company in cooperation with manufacturers and suppliers tests the quality of the finished products before sale to customers. The Company has also set up a product liability team consisting of the Procurement and Product Distribution Unit, Product Management Unit, Product Guarantee Unit, Legal Unit, and Operations Unit to be responsible for product quality assurance.

Moreover, the Company has set up customer care unit in which customers can make contact via the store or the 24-hour call center for taking care of their problems in a systematic and timely manner.





## Securities of the Company

As at 31 December 2009, the Company's registered capital was at Baht 4,500,000,000, of which Baht 4,493,148,024 has been paid up. The paid-up capital comprises 4,493,148,024 ordinary shares with a par value of Baht 1 per share.

## Shareholders List

Major Shareholders	As at December 30, 2009	
	No. of shares	%
1. C.P. Merchandising Co., Ltd.*	1,072,865,700	23.88
2. Charoen Pokphand Group Co., Ltd.*	821,066,900	18.27
3. American International Assurance Company, Limited-Di-Life	400,000,000	8.90
4. State Street Bank and Trust Company	249,258,148	5.55
5. Government of Singapore Investment Corporation	171,361,600	3.81
6. Thai NVDR Company Limited	168,345,328	3.75
7. Chase C.S. Central Nominees Limited	166,099,715	3.70
8. Albouys Nominees Limited	154,315,600	3.43
9. Bangkok Produce Merchandising Plc.*	97,805,200	2.18
10. UNS Agro Chemical Co., Ltd.	90,000,000	2.00
11. Others	1,102,029,833	24.53
<b>Total</b>	<b>4,493,148,024</b>	<b>100.00</b>

\* Denotes companies in the Charoen Pokphand Group which hold a combined shareholding of 44.33 percent of the total paid-up capital

The Board of Directors' Meeting No. 7/2008 which was held on 13 November 2008 approved the treasury stock program for financial management purpose in the amount not exceeding Baht 4,300 million. The repurchase period was from 28 November 2008 to 27 May 2009.

However, the program ended without the Company repurchasing any shares. Therefore, there was no change in the Company's capital structure.



## Dividend Policy

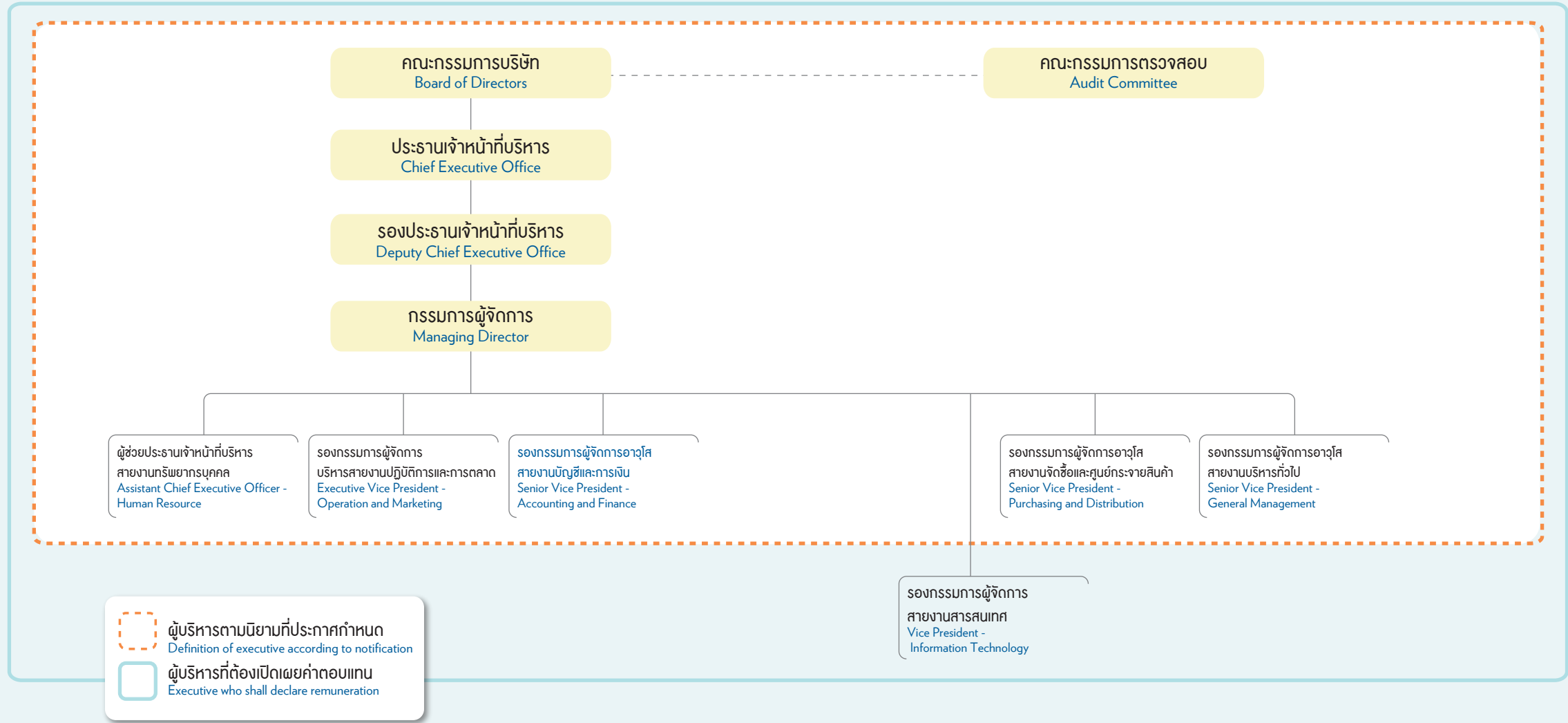
The Company's Board of Directors has a policy to propose a dividend payment to shareholders at approximately 50 percent of net profit generated from operations after income tax deduction and statutory reserves from the separate financial statement by contemplating consolidated financial statement. However, the policy will be subject to change should the Board of Directors consider the financial standing, economic situation, operating performance and future projects and find that it is appropriate to propose the shareholders otherwise.

With respect to subsidiaries, the Board of Directors of subsidiaries has policies to distribute dividends in accordance with the operating performance of the relevant companies without determining a certain rate of dividend payment. The distribution of dividends will be based on future investment plans of each subsidiary.





โครงสร้างการจัดการ  
Management Structure





The Company's management structure consists of (a) the Board of Directors (b) the Audit Committee (c) the Company Secretary (d) the Chief Executive Officer and (e) the Executive Committee, with scope of authority and duties as follows:

## (A) Board of Directors

Consisting of:

- Non - Executive Directors 10 persons (Independent Directors 4 persons)
- Executive Directors 3 persons

### The name of the Board of Directors:

1.	Prof. Dr. Komain Bhatarabhirom	<i>Independent Director</i>
2.	Mr. Pridi Boonyoung	<i>Independent Director</i>
3.	Mr. Padoong Techasarintr	<i>Independent Director</i>
4.	Prof. Suphachai Phisitvanich	<i>Independent Director</i>
5.	Mr. Dhanin Chearavanont	<i>Chairman</i>
6.	Mr. Korsak Chairasmisak*	<i>Vice Chairman</i>
7.	Mr. Adirek Sripratak**	<i>Director</i>
8.	Mr. Umroong Sanphasitvong**	<i>Director</i>
9.	Mr. Soopakij Chearavanont**	<i>Director</i>
10.	Mr. Narong Chearavanont**	<i>Director</i>
11.	Mr. Prasert Jarupanich**	<i>Director</i>
12.	Mr. Pittaya Jearavisitkul*	<i>Director</i>
13.	Mr. Piyawat Titasattavorakul*	<i>Director</i>

Note : Certification documents of the Company stipulate that binding signatures must include 2 directors - consisting of any authorized director marked \* and any authorized director marked \*\* Both directors must sign and affix the Company's seal.

On 18 February 2010, the Board of Directors' Meeting considered changes to the qualifications of independent directors in compliance with Clause 16 of the Notification of the Capital Market Supervisory Board No. TorChor 28/2008 Re: Application for and Approval of Offer for Sale of Newly Issued Shares dated 15 December 2008 (amended by the Notification of the Capital Market Supervisory Board No. TorChor 4/2009 dated 20 February 2009). The Company determined the definition of the Company's independent directors to be more stringent than the minimum requirements of the Notification of the Capital Market Supervisory Board with regards to holdings of the Company's shares under No. 1 and No. 8 as follows:



1. Holding shares not exceeding 0.5% of the total number of shares with voting rights of the Company, its parent company, subsidiary company, associate company, major shareholder or controlling person, including shares held by related persons of such independent director;
2. Neither being nor used to be an executive director, employee, staff, advisor who receives salary, or controlling person of the Company, its parent company, subsidiary company, associate company, same-level subsidiary company, major shareholder or controlling person, unless the foregoing status has ended not less than 2 years. Such prohibited characteristic shall not include the case where the independent director used to be a government official or advisor of a government unit which is a major shareholder or controlling person of the Company;
3. Not being a person related by blood or legal registration as father, mother, spouse, sibling, and child, including spouse of child, executive, major shareholder, controlling person, or person to be nominated as executive or controlling person of the Company or its subsidiary company;
4. Neither having nor used to have a business relationship with the Company, its parent company, subsidiary company, associate company, major shareholder or controlling person, in the manner which may interfere with his independent judgment, and neither being nor used to be a significant shareholder or controlling person of any person having a business relationship with the Company, its parent company, subsidiary company, associate company, major shareholder or controlling person, unless the foregoing relationship has ended not less than 2 years;
5. Neither being nor used to be an auditor of the Company, its parent company, subsidiary company, associate company, major shareholder or controlling person, and not being a significant shareholder, controlling person, or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary company, associate company, major shareholder or controlling person, unless the foregoing relationship has ended not less than 2 years;
6. Neither being nor used to be a provider of any professional services including those as legal advisor or financial advisor who receives service fees exceeding 2 million baht per year from the Company, its parent company, subsidiary company, associate company, major shareholder or controlling person, and not being a significant shareholder, controlling person or partner of the provider of professional services, unless the foregoing relationship has ended not less than 2 years;
7. Not being a director appointed as representative of directors of the Company, major shareholder or shareholder who is related to a major shareholder;



8. Not undertaking any business in the same nature and in competition to the business of the Company or its subsidiary company or not being a significant partner in a partnership or being an executive director, employee, staff, advisor who receives salary or holding shares exceeding 0.5% of the total number of shares with voting rights of other company which undertakes business in the same nature and in competition to the business of the Company or its subsidiary company;
9. Not having any other characteristics which cause the inability to express independent opinions with regard to the Company's business operations.

After being appointed as independent director with the qualifications under No. 1-9, the independent director may be assigned by the Board of Directors to take part in the business decision of the Company, its parent company, subsidiary company, associate company, same-level subsidiary company, major shareholder or controlling person, provided that such decision shall be in the form of collective decision.

In the case where the person appointed by the applicant as independent director has or used to have a business relationship to provide professional services exceeding the value specified under No. 4 or No. 6, the Board of Directors may grant an exemption if the appointment of such person does not affect performing of duty and expressing of independent opinions. The following information shall be disclosed in the notice calling the shareholders meeting under the agenda for the appointment of independent directors:

- a. The business relationship or professional service which make such person's qualifications not in compliance with the prescribed rules;
- b. The reason and necessity for maintaining or appointing such person as independent director;
- c. The opinion of the Company's Board of Directors for proposing the appointment of such person as independent director.

### **Scope of Authority and Responsibilities of the Board of Directors**

In the Company's business operations, the Board of Directors shall perform their duties with responsibility, prudence and honesty and in compliance with the laws, the objectives, the Company's Articles of Association, and the resolutions of the Board of Directors and shareholders' meeting. The Board of Directors may appoint one or more directors or persons to carry out any act on behalf of the Board.

### **Appointment and Removal of Members of the Board**

The general shareholders' meeting elects the directors by a majority of votes in accordance with set rules and procedures. Every shareholder entitled to vote shall have the equivalent of one vote for each share held. Each shareholder may give all votes to one or several candidate(s), but may not divide unequally his votes. The appointment of a successor to fill up a vacancy other than by rotation shall be made through a resolution of the Board of Directors by a vote not less than three-fourths of the number of remaining directors.



The Board of Directors of the Company shall be removed by a resolution of the shareholders' meeting by a vote not less than three-fourths of the number of shareholders attending the meeting who have voting rights and shares totaling not less than half of the number of shares held by shareholders attending the meeting and having the right to vote.

## **(B) Audit Committee**

The Audit Committee is appointed by the Board of Directors and consists of 3 independent directors as follows:

1.	Prof. Dr. Komain Bhatarabhirom	<i>Chairman of the Audit Committee</i>
2.	Mr. Pridi Boonyoung	<i>Member of the Audit Committee</i>
3.	Mr. Padoong Techasarintr <sup>*</sup>	<i>Member of the Audit Committee</i>

<sup>\*</sup> Indicated member of Audit Committee capable upon reviewing financial statement as detailed in experiences under "Directors and Management Biography".

Mr. Kidsada Euapiyachart, Assistance Vice President – Internal Audit, is the Secretary of the Audit Committee.

## **Roles and Responsibilities of the Audit Committee**

On 26 February 2009, the Board of Directors' Meeting considered changes to the scope of duties of the Audit Committee to further clarify its role and to be in line with the Notification of the Stock Exchange of Thailand Re: Qualifications and Scope of Work of the Audit Committee, 2008.

The Audit Committee has the duties delegated by the Company's Board of Directors as follows:

1. To review the Company's financial reporting process to ensure accuracy and adequacy;
2. To review the appropriateness and effectiveness of the Company's internal control and internal audit systems, to consider the independence of the Internal Audit Department and to approve the appointment, transfer or dismissal of the Head of the Internal Audit Department or any other department responsible for internal audit;
3. To review the Company's compliance with the law on securities and exchange, the Exchange's regulations, and the laws relating to the Company's business;
4. To consider, select, and nominate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year;
5. To review the connected transactions or the transactions that may lead to conflicts of interests to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the Company;



6. To prepare the Audit Committee's Report and disclose in the Company's annual report. The Audit Committee's Report must be signed by the Audit Committee Chairman and consist of at least the following information:
  - a. An opinion on the accuracy, completeness and credibility of the Company's financial report,
  - b. An opinion on the adequacy of the Company's internal control,
  - c. An opinion on the compliance with the law on securities and exchange, the Exchange's regulations and other laws relating to the Company's business,
  - d. An opinion on the suitability of the auditor,
  - e. An opinion on the transactions that may cause conflicts of interests;
  - f. The number of Audit Committee meetings and the attendance of such meeting by each committee member,
  - g. An opinion or overall comment received by the Audit Committee from its performance of its duties in accordance with the charter, and
  - h. Other transactions which, according to the Audit Committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's Board of Directors; and
7. To perform any other tasks as assigned by the Board of Directors and as agreed by the Audit Committee.

In its performance of the abovementioned duties, the Audit Committee must be directly responsible to the Company's Board of Directors, while the Board of Directors shall remain responsible to third parties for the Company's operations.

In addition, the Audit Committee held regular meetings every month and reported the audit results to the Board of Directors every quarter. The Audit Committee also had meetings with the Company's external auditor and the accounting department to audit the Company's financial statements.

### **(C) Company Secretary**

Mr. Supot Shitgasornpongse is the Company Secretary responsible for the following matters on behalf of the Company or the Board of Directors:

1. Preparing and keeping the following documents:
  - a. A register of directors
  - b. Notice of the Board of Directors' Meeting, Minutes of the Board of Directors' Meeting, and the Company's annual report
  - c. Notice of the shareholders' meeting and minutes of the shareholders' meeting
2. Keeping the reports of interest filed by the directors or executives;
3. Performing any other acts as specified in the notification of the Capital Market Supervisory Board.



In cases where the Company Secretary vacates his position or is incapable of performing his duty, the Board of Directors shall appoint a new Company Secretary within 90 days from the date on which the Company Secretary has vacated his position or has been incapable of performing his duty. In this regard, the Board of Directors shall be empowered to assign any director to perform the duty as the substitute during such period.

#### **(D) Chief Executive Officer**

The Chief Executive Officer, Mr. Korsak Chairasmisak, was appointed by the Board of Directors and is responsible for the overall operation and management of the Company's activities. He has authority in routine management of the Company except authority in approving the following 13 matters:

1. The sale or transfer of all or partial portions of the Company's business to other persons
2. The purchase or takeover or transfer of business from other companies or private companies
3. The execution, amendment and termination of agreements concerning the leasing out of all or substantial parts of the Company's business, the delegation of authority to other persons to manage the business of the Company or consolidation with other persons for the purpose of sharing of profit and loss
4. The amendment of the Memorandum or Articles of Association of the Company
5. The increment or decrement of capital, the issuance of debentures, the consolidation or dissolution of the Company
6. The approval of balance sheets or income statement
7. The appropriation of profits and payment of dividends
8. The borrowing of money or the guaranteeing of loans or creation of obligations to the Company with financial institutions or other companies in the amount exceeding Baht 200 million per time in a year
9. The lending of money to other companies in the amount exceeding Baht 200 million per time in a year
10. The investment, joint-venture, increment of capital in subsidiaries, affiliates or other companies in the amount exceeding Baht 200 million per time in a year
11. The expenses for investment in large projects or the acquisition of assets of the Company where the cost of such a project or the value of assets exceeds Baht 200 million per time in a year
12. The sale or disposal of fixed assets of the Company at a sale or disposal price exceeding Baht 200 million per time in a year
13. The operation plan and annual budget of the Company



The Chief Executive Officer may sub-delegate any executive officer and/or employee of the Company to approve one or several matters as the Chief Executive Officer considers appropriate, provided that the power of sub-delegated may not be sub-delegated any further. With respect to the foregoing approval, the Chief Executive Officer or person delegated by him shall not be able to approve any transaction in which he or any person who may have a conflict of interest would have an interest or might have any other conflict of interest with the Company or its subsidiaries, unless such approval is in accordance with the policy and criteria approved by the Board of Directors.

### **Appointment and Removal of the Chief Executive Officer**

The Board of Directors appoints and removes the Chief Executive Officer with majority vote of the Board of Directors' Meeting.

### **(E) Executive Committee**

As at 31 December 2009, the Company's Executive Committee consists of the following persons:

1.	Mr. Korsak Chairasmisak*	<i>Chief Executive Officer</i>
2.	Mr. Pittaya Jearavisitkul*	<i>Deputy Chief Executive Officer</i>
3.	Mr. Piyawat Titasattavorakul*	<i>Managing Director</i>
4.	Mr. Suraphan Pussadej*	<i>Assistant Chief Executive Officer, Human Resource</i>
5.	Mr. Tanin Bhuranamanit*	<i>Executive Vice President, Operation and Marketing</i>
6.	Mr. Taweesak Kaewratthanapattama*	<i>Senior Vice President, Accounting and Finance</i>
7.	Mr. Chuan Nimkittikul*	<i>Senior Vice President, Purchasing and Distribution</i>
8.	Mr. Suwit Kingkaew*	<i>Senior Vice President, General Management</i>
9.	Mr. Kosa Pongsupath	<i>Vice President, Information Technology</i>

\* Executive according to the definition in the Notification of the Capital Market Supervisory Board under the Securities and Exchange Act.

### **Selection of Directors and Executives**

Though the Company has not appointed a Nomination Committee to select and propose nominees to be appointed as directors, if there is a vacancy in the Board of Directors, the Board of Directors shall select and propose nominees to fill the vacant position. In the selection of candidates, various criteria are considered such as knowledge, capabilities and business-related experience.

Furthermore, the directors and executives must have required qualifications and must not have characteristics which are prohibited under the Public Limited Company Act and the Notification of the Securities and Exchange Commission as follows:



1. Has been subject to the court's receiving order or declared by any court as an insolvent person, an incompetent or a quasi-incompetent person;
2. Having been prohibited from being a director, an executive or a controlling person of a listed company by the Stock Exchange of Thailand;
3. Has been denounced or has been tried in any criminal proceedings instituted by authorities in the offences of unfair trading practices in securities or derivatives, or fraudulent or dishonest management;
4. Is being barred from serving as company's director or executive by foreign authority;
5. Was convicted by the court's final judgment or fined on any count of offenses as specified in No. 3;
6. Has or used to have any behavior, that if considered on reasonable ground, indicates failure to discharge properly the duty of loyalty or duty of care for the best interest of the company and shareholders of the company, or aids or abets or used to aid or abet the others in connection with such behavior;
7. Has or used to have any behavior, that if considered on reasonable ground, indicates dishonesty or fraud to others, or aids or abets or used to aid or abet the others in connection with such behavior;
8. Has or used to have any behavior, that if considered on reasonable ground, indicates unfair practices or taking advantage of investors, or aids or abets or used to aid or abet the others in connection with such behavior;
9. Has or used to have any behavior, that if considered on reasonable ground, indicates concealment of the actual financial conditions or the result of operation of any listed company or any company offered securities for sale to the public, or making any material false statement, or omission of any material fact which should have been expressly disclosed in order to make such statement not misleading, in any document required to be disclosed to public or filed with the Capital Market Supervisory Board or the Securities and Exchange Commission (SEC), regardless of whether such act was carried out in his own capacity or on behalf of others, or aids or abets or used to aid or abet the others in connection with such behavior;
10. Has or used to have any behavior, that if considered on reasonable ground, indicates failure to discharge properly the duty to supervise as the company's director, executive or controlling person, with a view to preventing violation of laws, company's objectives or bylaws, or its shareholders' resolutions by the company and its subsidiaries, the result of which may adversely affect trustworthiness in the capital market as a whole or reputation, status or business operation of such company.



## Remuneration for Directors and Executives

### (A) Cash Remuneration

The Company set fair and reasonable remuneration for directors and executives with consideration on the appropriateness and in relation to the responsibilities of directors and executives as follows:

Remuneration for Directors and Executives	Quantity (Person)	Remuneration (Million Baht)	Bonus (Million Baht)
Chairman of the Audit Committee and Independent Director <sup>*</sup>	1	1.20	1.86
Audit Committee and Independent Director <sup>*</sup>	2	1.92	3.00
Independent Director	1	0.40	-
Chairman	1	1.20	1.86
Vice Chairman	1	0.96	1.50
Executive Directors	2	0.96	1.50
Non-executive Directors	5	2.40	3.75
<b>Total directors</b>	<b>13</b>	<b>22.51</b>	
<b>Total executives directors and executive officers</b>	<b>9</b>	<b>219.14</b>	
(Salary, bonus and the Company's contribution under EJIP <sup>*</sup> and other welfare)			
<b>Total remuneration for directors and executives</b>		<b>241.65</b>	

<sup>\*</sup> Indicates The Employee Joint Investment Program (EJIP) which is a means of compensating employees and creating a feeling of ownership in the Company. It is also a tool for the Company in creating long-term incentives for employees. Further details can be found under the "Summary of The Employee Joint Investment Program" section.

### (B) Other Remuneration

None



## Auditor's Remuneration

### (A) Audit Fee

In the fiscal year ended 2009, the Company paid the audit fees to the Company's auditor, Mr. Charoen Phosamritlert Certified Public Accountant Registration No. 4068 of KPMG Phoomchai Audit Ltd., in the amount of Baht 4.1 million. Moreover, KPMG Phoomchai Audit Ltd. audited the Company's subsidiary in Thailand of 12 companies and the aboard subsidiary of 1 company\* in the amount of Baht 4.46 million.

\* Lotus Distribution Investment Limited

### (B) Non-Audit Service Fee

In the fiscal year ended 2009, KPMG Phoomchai Audit Ltd. had provided services to subsidiaries on IFRS training, BOI compliance review, and financial statement review for the Bank of Thailand in the total amount of Baht 0.56 million.

## Personnel

As at December 31, 2009	Convenience Store Business
Store employees (persons)*	20,647
Head office staff (persons)*	6,442
<b>Total (persons)</b>	<b>27,089</b>
<b>Total remunerations (Million Baht)</b>	<b>7,802</b>

\* Included only Company's permanent staff



## Internal Control

The Company realizes the importance of risk management and effective internal control systems which will ensure the Company's management system is correct, transparent and verifiable and can reduce or prevent possible damages. The Company has continuously developed its internal control system to be effective and efficient. In addition, the Company has an Internal Audit Department which is independent from management in auditing and reviewing work systems and evaluating the effectiveness of the performance various departments. The Internal Audit Department ensures that all employees have performed their duties in compliance with the Company's internal control system and reports to the Audit Committee and the Board of Directors for their consideration and revision. In 2009, there were no material deficiencies that affected the performance of the Company and its subsidiaries.

## Risk Management

The Company gives importance to risk management and has established the Risk Management Committee and Risk Management Working Group to analyze possible risks that may affect the Company's business operations; find measures to eliminate, prevent and control risks; evaluate the effectiveness of risk management; closely monitor changing situations and risk factors; and report to the Audit Committee and the Board of Directors twice a year. Furthermore, a treatment plan has been designed to reduce risks to acceptable levels.





## ผลงานพลังสู่ความสำเร็จ

ขับเคลื่อนองค์กรไปข้างหน้าด้วยทรัพยากรบุคคล เราภูมิใจที่มีส่วนสร้าง “คนคุณภาพ” ในทุกพื้นที่ของประเทศ อีก 5 ปีข้างหน้า กว่า 100,000 ชีวิต จะผนึกกำลังสมานสามัคคี ร้อยรวมความแตกต่างเป็นหนึ่งเดียว ขับเคลื่อนองค์กรสู่จุดหมายอย่างยั่งยืน

## *Unite for Success*

Our organization is propelled forward by our human resources. We are proud to be “investing in people” nationwide. In the next five years over 100,000 lives will be united in harmony. Together, differences disappear. Together, our organization can pursue sustainable goals.



In managing its business, CP All Public Company Limited adheres to good corporate governance principles, which is a key to achieving sustainable growth and the highest benefits for all stakeholders. Since 2004, the Company has had a written corporate governance policy which covers shareholders' rights; equitable treatment of shareholders; role of stakeholders; information disclosure and transparency; and responsibilities of the Board of Directors. In addition, the Company has published the Codes of Business Ethics and Bounden Duties in Working as a guideline for directors, management and employees at all levels to perform their appointed duties with high standards and in good faith.

To ensure real practice, the Company has established a Corporate Governance Committee. This committee is responsible for ensuring that the Company's executives and employees perform their duties in line with the Company's corporate governance policy and Code of Business Ethics; reviewing complaints and providing justice to stakeholders; considering appropriate punishment; and appointing a Complaint Committee to receive, screen and present complaints to the Corporate Governance Committee for investigation and fair judgment.

In 2008, the Board of Directors approved changes in the Company's corporate governance policy and Codes of Business Ethics and Bounden Duties in Working to improve the Company's governance to be on par with international standards, accepted by both government and private organizations in Thailand and abroad.

According to the Corporate Governance Report of Thai Listed Companies 2009 assessed by the Thai Institute of Directors (Thai IOD), the Company had an overall score of "Very Good," higher than in 2008. In 2009, the Company received better scores in 3 categories, including an "Excellent" rating for "Role of Stakeholders" and "Disclosure and Transparency" and a "Satisfactory" rating for "Board Responsibilities." The "Rights of Shareholders" category received the same score as in 2008 and was in the "Excellent" score group. The "Equitable Treatment of Shareholder" category received a slightly lower score than in 2008 and was in the "Very Good" score group.

Throughout 2009, the Company complied with the following good corporate governance principles according to its corporate governance policy.



The Company focuses on good corporate governance in which the Company has received an overall score rating of "Very Good", which is higher than the 2008 score, in the Corporate Governance Report of Thai Listed Companies 2009.



## 1. Shareholders' Rights

The Board of Directors recognizes the importance of shareholders. Not only is the Board concerned about shareholders' basic rights as stipulated by the law, but it also facilitates and promotes exercise of shareholders' rights, including

- ❑ The right to receive and inspect information from the Company that is correct, complete and sufficient, timely and appropriate for decision-making. In addition, the Board has not prevented access to this information.
- ❑ The right to express opinions, provide suggestions and propose various matters to the Board for their consideration for the management of the Company resulting in the highest benefits.
- ❑ The right to ask questions during the shareholders' meeting and to propose agenda and send in questions ahead of the meetings.
- ❑ The right to express opinions, provide suggestions and vote at the shareholders' meeting in the case of any change in the Company's important policies.
- ❑ The right to elect and remove any member of the Board.
- ❑ The right to consider the directors' remuneration - The Company proposes the directors' remuneration to shareholders for their consideration and approval every year. The Company also presents the policy and clear criteria in determining the directors' remuneration to shareholders.
- ❑ The right to consider and approve appropriated earnings and dividend payment.
- ❑ The right to appoint the Company's external auditor and determine their compensation – The Company presents details about the appointment of the external auditor in the invitation to the shareholders' meeting.

The Company has pursued the following to promote shareholders' rights.

## 1. Shareholders' Meeting

### 1.1 Proceedings before the Shareholders' Meeting

In 2009, the Company held the Annual General Meeting of Shareholders on 23 April 2009 at 2:00 pm, Meeting Room No. 1111AB on 11<sup>th</sup> Floor, C.P. Tower Building, Silom Road. The Company sends the invitation to the shareholders' meeting and accompanying documents to shareholders at least 14 days prior to the meeting. This information is also posted on the Company's website at [www.cpall.co.th](http://www.cpall.co.th) 30 days prior to the meeting so that shareholders have sufficient time to study the information ahead of the meeting.



Each agenda item in the invitation to the shareholders' meeting clearly states whether the agenda item is for acknowledgement or approval, the facts and reasons, the Board's opinion, as well as the number of votes needed for the resolution. In addition, the invitation letter clearly states the required documents that the shareholders need to bring to the meeting, the voting rules and procedures according to the Company's regulations, information on proposed directors in replacement of those who retired by rotation, the detail of auditor, the names and details of the independent directors that the shareholders may select as their proxy, and the Company's Articles of Association concerning the shareholders' meeting. The Company also provides a map of the meeting venue and all types of proxy forms according to the regulations of the Ministry of Commerce. To protect the rights of shareholders to participate in the shareholders' meeting, the Company also encourages shareholders to attend the meeting and use their voting rights.

## **1.2 Providing Convenience to Shareholders on the Meeting Day**

For the shareholders' meeting, the Company arranges a convenient and easily accessible venue with a meeting room that can sufficiently accommodate shareholders. Registration is open 2 hours before the meeting and convenience is provided to shareholders including staff to welcome shareholders and provide advice on registration, sufficient staff and tables for registration, registration using barcodes to provide efficient and fast registration for shareholders and proxies, and voting cards for each agenda item for voting in the meeting room.

## **1.3 Proceedings during Shareholders' Meeting**

Before the meeting commences, the Secretary of the Meeting informs the shareholders of the Company's voting procedures. A shareholder of the Company's ordinary shares has one vote for each share of which he/she is the holder. As for the right to receive dividend payment, the Company has a clearly stated dividend policy and provides all details of the dividends that the Company must pay to its shareholders in the invitations letter. The Company's shareholding structure is straightforward, as there is no sophisticated cross-holding. The directors hold shares in an aggregate amount of 0.18 percent of paid-up capital, which accounts for a non-material proportion.

In addition, the Board of Directors may call an extraordinary meeting of shareholders at any time. Likewise, shareholders holding a total number of shares of at least one-fifth of the total number of shares sold or at least twenty-five shareholders holding a total number of shares of not less than one-tenth of the total number of shares sold, may request the Board of Directors in writing to summon an extraordinary meeting of shareholders at any time, provided the written request shall specify the reasons of the request according to the Company's regulations. In this case, the Board of Directors shall arrange for the meeting of shareholders to be held within 1 month from the date of receipt of such written request.



The Chairman of the Audit Committee, members of the Audit Committee, Chief Executive Officer, Deputy Chief Executive Officer and Managing Director give high importance to the shareholders' meeting and were present in all the meetings. The Company's external auditor and members of the Executive Committee were invited to the meetings to provide information and answer shareholders' questions. Moreover, the Company invited representatives from external regulatory organizations such as the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand to observe the meeting procedures.

For shareholders who join the meeting after the meeting has already commenced, the Company allows them to vote on agenda items that are in the process of being considered and do not yet have a resolution.

In the selection of directors, the Company provides opportunities for shareholders to vote on individual directors. The invitation letter will have accompanying documents with details of the directors nominated for selection including their shareholding in the Company and the record of their meeting attendance in the particular year.

The Chairman of the Meeting allocated sufficient time, conducted the meeting appropriately and transparently, and provided opportunities for shareholders to express their opinions and raise questions in each agenda item. In addition, the questions and answers were carefully recorded to enable shareholders who were unable to attend to be informed of the issues discussed during the meeting. Furthermore, only the agenda items that were indicated in the meeting invitation were considered.

#### 1.4 Proceedings after Shareholders' Meeting

After the shareholders' meeting, the Company prepared the minutes of the meeting which included details such as voting and counting procedures, the resolution of each agenda item, and the number of approved votes, disapproved votes, and abstained votes. The minutes of the meeting was submitted to the Stock Exchange of Thailand within 14 days and posted on the Company's website within 1 month after the meeting to allow interested shareholders to read the information.

From the Annual General Shareholders' Meeting (AGM) Assessment 2009 organized by the Thai Investors Association, the Company received a score in the 90 – 99 range out of the grand score of 100, equivalent to a rating of **"Excellent"**, while the mean score of listed companies was 82.97. This assessment is considered as a part of good corporate governance.



## 2. Examination of Company Information

The Company has an Investor Relations Department which is responsible for disclosing important information to investors and preparing the quarterly Investor Information Release as well as financial and operating results in the form of powerpoint presentations to explain the Company's status and operating performance.

Investors and shareholders may download this information from the Company's website at [http://www.cpall.co.th/corp/investorzone\\_main.php](http://www.cpall.co.th/corp/investorzone_main.php) or contact Investor Relations Office for more information at:

**Investor Relations Office - CP All Public Company Limited**

119 Tara Sathorn Tower, 12<sup>th</sup> Floor Soi Sathorn 5,

South Sathorn Rd. Thungmahamek, Sathorn

Bangkok 10120, Thailand

Tel. (66)2-648-2501 Fax. (66)2-679-0050 Email: [investor@cpall.co.th](mailto:investor@cpall.co.th)

## 2. Equitable Treatment for Shareholders

The Company recognizes the importance of the rights of all shareholders. Therefore, the Company will not perform any acts which are considered as preferable treatment or which will lead to unfair treatment to shareholders, whether minority or majority shareholders. Both Thai and foreign shareholders will receive fair treatment. The Company prepares the shareholders' meeting documents in both Thai and English.

The Company provides opportunities for minority shareholders to propose agenda items in advance, before the annual general meeting of shareholders, by providing this information on its website and informing investors through the channels of the Stock Exchange of Thailand on 3 November 2009. There is a clear and reasonable criteria for the consideration of agenda items proposed by shareholders. In addition, the Board of Directors has a policy not to add uninformed agenda items to the meeting agenda unless necessary so that investors can sufficiently study information according to the agenda in the invitation to the shareholders' meeting, prior to the meeting date.

The Company equitably provides voting rights to shareholders according to their shareholding. In case a shareholder is unable to attend the shareholders' meeting in person, he/she may appoint someone as his/her proxy to attend the meeting and vote on his/her behalf. In addition, the Company proposes at least 1 independent director as an alternative for shareholders to select as their proxy. The Company also requires voting cards to be used for every agenda item, especially important agenda items such as related transactions and purchases and sales of assets, to ensure transparency and accountability. The Company keeps the voting cards as evidence in case of any dispute afterwards.



In addition, the Company has set guidelines in managing interests in a transparent and auditable manner, especially in entering into transactions between the Company and stakeholders or related persons. Directors or executives with interests or relationship shall not be involved in the consideration of the said transaction. Connected transactions must receive the approval of or be reviewed by the Audit Committee before proceeding. Furthermore, the Internal Audit Department shall report related transactions to the Audit Committee every quarter. The Audit Committee, in turn, is responsible for reporting to the Board of Directors. In entering into connected transactions, the Company strictly complies with the rules of the Capital Market Supervisory Board and the Stock Exchange of Thailand regarding disclosure of connected transactions.

The Company has also established a policy and procedures to prevent the use of inside information that has not yet been disclosed to the general public or the Stock Exchange of Thailand in order to seek personal benefits or benefits for related persons, which is considered as unfair to other shareholders. The Company's directors and executives shall not engage in trading of the Company's shares 1 month prior to the release of financial statements to the public. In addition, directors and executives must report any purchase, sale or transfer of the Company's shares to the SEC within 3 working days so that the SEC can disseminate this information to the general public through the SEC website.

### 3. Role of Stakeholders

The Board of Directors places importance on the rights of all stakeholder groups, whether internal or external stakeholders, in order to foster continued good relationships in the operation of its business. The Company has established a written policy and guidelines for treatment of stakeholders. The Codes of Business Ethics and Bounden Duties in Working have been published and distributed to all the Company's directors, executives and employees to be strictly followed. In 2009, the Company amended its Codes of Business Ethics and Bounden Duties in Working to ensure that the rights of all stakeholder groups are protected.

Treatment of the Company's stakeholders in 2009

**Shareholders** : The Company gives importance to shareholders by adhering to the principle of fairness. It is committed to conducting its business with transparency, prudence, and emphasis on sustainable long-term growth with good returns in order to create the highest satisfaction for shareholders. The Company has established procedures to prevent the use of inside information for the personal interests of directors and executives, in order to protect the interests of shareholders. Details can be found under the "Shareholders' Rights and Equitable Treatment of Shareholders" section.

**Customers** : The Company gives importance to and cares for customers by ensuring high quality products and services which will bring customer satisfaction. The Company has established a clear policy regarding fair treatment and responsibility to customers in its Codes of Business Ethics and Bounden Duties in Working which are generally disseminated and known.



In addition, the Company provides several channels for customers to search for information, make business appointments, and send complaints via store branches, post, the Company's website and Call Center.

**Employees :** The Company's employees are a valuable resource and key to successfully achieving its set goals. The Company has a remuneration and welfare system that is fair, appropriate and comparable to other leading companies. In addition, the Company is committed to continuously developing its employees' knowledge and skills in order to support the Company's growth. Both in-house and external training is organized for every position. The Company has also developed a clear career path for each position in order to provide opportunities for employees to advance according to their skills.

In addition, the Company provides numerous employee rights such as the right to take leave and transfer. Channels for communication between employees and high-level executives have been established to allow executives to understand and directly listen to various problems and suggestions from employees. This in turn creates security for employees, confidence in the Company, and employee dedication to performing their duties well.

In the area of employee welfare, the Company focuses on the quality of working conditions and treats all employees equitably. An employee satisfaction survey is conducted annually by research experts. Based on the survey, benefits such as hospital fees for employees and their family, life and health insurance for employees, provident fund, Employee Joint Investment Program (EJIP), scholarships for employees and their children, loans for in-patient hospital admission, and housing loans have been set to meet the diversified demands of employees. Caring for the safety of its employees, the Company organizes regular fire drills, activities related to safety and 7S and has established a safety prevention system.

**Government Sector :** The Board of Directors has managed the Company's business in compliance with the laws, rules and regulations. The Company has maintained good relations with government organizations through transparent contact and communication, and support for various projects such as the Aid for Disaster Victims from the Heart of the Army and 7-Eleven Project, the Drive Safe Campaign with the Department of Highways, the Development of Small Retailers Project with the Ministry of Commerce's Department of Internal Trade, the Inheriting Thai Music from the Heart of 7-Eleven Project with the Culture Sports and Tourism Department, the Bilateral Education Project and Student Training Project with the Office of the Vocational Education Commission and the Office of the Permanent Secretary Ministry of Education, the Go Game Training and Competition Project with the Go Game Association of Thailand, and the "Basic Firefighting and Fire Drill" Training Program with various government agencies.

**Society, Communities and the Environment :** The Company recognizes that it is a part of society, with responsibility to help society, communities and the environment. One of the Company's main missions is to create social projects and activities that are beneficial and to operate its business with concern for the environment, society and communities. Details about the Company's corporate social responsibility can be found under "Corporate Governance and Social Responsibility Report 2009."



**Suppliers :** The Company's suppliers are treated appropriately, fairly, and equitably, without decisions being made based on personal relationships. The Company has established a policy to prevent conflicts of interest to ensure that all business partners receive fair and equal treatment. In addition, an E-Auction system has been set up.

**Creditors :** The Company adheres to its commitments and is fair to its creditors according to the priority of the obligations in line with the contracts entered into, with guidance as follows:

- ❑ Strictly maintain and follow conditions of creditors
- ❑ Monitor complete and timely repayment of principal and interest to all creditors and strictly follow conditions of borrowing agreement without using borrowed money in any way that contradicts with the borrowing objectives
- ❑ Manage operations so that the creditors are confident in the Company's financial status and repayment ability
- ❑ Report correct and complete information to creditors

**Competitors :** The Company operates its business with integrity and professionalism, without any legal or ethical wrongdoings. The Company does not seek its competitors' trade secrets or information through illegal means nor breach agreements not to disclose its competitors' information whether received from customers or other persons.

The Board of Directors reports information about the Company's operations that stakeholders and related parties should be informed of in Form 56-1, the annual report and website. In addition, two-way communication channels have been established for stakeholders and related parties to express their opinions and send complaints in case they have not received fair treatment from the Company.

The Company has established a channel for shareholders and stakeholders to contact, file complaints or provide information through the Corporate Governance Committee or the Internal Audit Department at the address below, in order to verify information, investigate the truth and proceed according to the Company's procedures and report to the Audit Committee and the Board of Directors.

**Internal Audit Department - CP ALL Public Company Limited**

119 Tara Sathorn Tower, 16<sup>th</sup> Floor Soi Sathorn 5,

South Sathorn Rd. Thungmahamek, Sathorn

Bangkok 10120, Thailand

Tel. (66)2-648-2770 Fax. (66)2-679-0057 Email: kidsada@cpall.co.th



#### 4. Information Disclosure and Transparency

The Company gives importance to information disclosure as it is one of the important principles of good corporate governance. The Company discloses information in a correct, complete, adequate, timely and regular manner. Besides disclosing information in compliance with the regulations of the Stock Exchange of Thailand in Form 56-1 and the annual report, the Company also holds meetings with analysts, investors, the press and interested persons to report its quarterly operating performance.

In 2009, the Company disseminated financial and non-financial information on each accounting period and on significant events as follows:

1. Important and adequate financial information in accordance with Generally Accepted Accounting Standards and examined by an independent external auditor with the auditor expressing an unqualified opinion and non-financial information in compliance with related laws in a correct, complete, timely, and transparent manner via the Stock Exchange of Thailand and the Company's website. This information is regularly updated.
2. Corporate governance policy and Code of Business Ethics and Bounden Duties in Working which has been approved by the Board of Directors and is disseminated on the Company's website so that shareholders and interested persons may have access any time.
3. A clear and transparent shareholding structure which shows the majority shareholders and the shareholding of minority shareholders.
4. The Board of Directors' Statement of Responsibility for Financial Reports and the Audit Report of Certified Public Accountant.
5. The remuneration for directors and executives in the annual report under the "Management" section. This remuneration is an appropriate rate for the duties and responsibilities of each of the Company's directors and executives and is comparable to that of other companies in the same industry.
6. Each director's attendance at the Board of Directors' Meeting in 2009.
7. Information about the shareholding of directors and executives.

#### 5. Responsibilities of the Board of Directors

The Company's Board of Directors consists of individuals with knowledge, capability, skills and working experience from various fields who are highly recognized at the national level and have a good understanding of their expected roles and responsibilities. The Board plays an important role in determining the Company's overall policy with the Executive Committee, including the Company's vision, mission, business objectives, financial policy, risk management, and strategies for setting both short-term and long-term objectives and goals.

Furthermore, in order to increase the directors' working effectiveness and efficiency, the Company has a policy to support directors' participation in courses offered by the Thai Institute of Directors Association (IOD) and other institutions. This will assure shareholders and investors that directors are knowledgeable in carrying out their duties as a director in accordance to good corporate governance principles. The Secretariat of the Company liaises with the directors for their consideration in participating in courses and seminars throughout the year.



## 1. Structure and Qualifications of the Board of Directors

- 1.1 The Company's Board of Directors currently has thirteen (13) members consisting of :
  - a. Four (4) Independent Directors
  - b. Three (3) Executive Directors
  - c. Six (6) Non-Executive Directors
- 1.2 Each term of a director is 3 years according to the Company's Articles of Association and as stated in the Policy on Corporate Governance.
- 1.3 The Company has determined the qualifications of an "Independent Director" in detail which is **more stringent and circumspect** than the minimum requirements of the SEC and Stock Exchange of Thailand regarding holding of the Company's shares. This information is disclosed in Form 56-1 under the "Management" section.

In early 2010, the Board of Directors' Meeting amended the qualifications of the Company's independent directors in compliance with the Notification of the Capital Market Supervisory Board. However, the qualifications of the Company's independent directors related to shareholding are more stringent and circumspect than in the notification.
- 1.4 The Chairman of the Board of Directors is not the same person as the Chief Executive Officer and is a Non-Executive Director with clearly defined role, authority and duties. The Chairman encourages all directors to debate and fully express their opinions by providing sufficient and appropriate time.

The authority and duties of the Chief Executive Officer has been clearly determined by the Board of Directors. In particular, important matters must be presented to the Board of Directors for consideration and approval.
- 1.5 The Board of Directors has appointed a Company Secretary. Information about the Company Secretary is under the "Board of Directors" section. The Company Secretary is responsible for providing advice regarding legal matters and various rules and regulations that the Board of Directors must be aware of. The Company Secretary, with the Company Secretary Office as a supporting unit, is also responsible for looking after the activities of the Board of Directors and liaising to ensure that the resolutions of the Board of Directors are strictly adhered to. The main duties and responsibilities of the Company Secretary can be found under the "Management" section.

## 2. Committees

Even though the Company has not set up other committees besides the Audit Committee which must be established in compliance with the regulations of the Stock Exchange of Thailand, all of the Company's practices in other areas such as determination of remuneration and selection of directors are carried out in a careful, transparent and honest manner in order to avoid any criticism.



### **Audit Committees**

The Board of Directors has appointed the Audit Committee to assist with overseeing that the Company's business is conducted in a transparent manner. The Audit Committee is comprised of 3 independent directors. At least 1 out of the 3 members shall have sufficient knowledge and experience to review the reliability of financial statements.

In 2009, the Board of Directors' Meeting amended the scope of duties and responsibilities of the Audit Committee in accordance with the Notification of the Stock Exchange of Thailand Re: Qualifications and Scope of Work of the Audit Committee, 2008. Further details can be found under the "Management" section. Having independence in performing its duties, the Audit Committee consults with the Company's independent external auditor for its opinion on the Company's financial reports and internal control and reports the results and suggestions to the Board of Directors' Meeting every quarter as per the details in the "Audit Committee's Report" section. The Company has immediately used the suggestions provided by the Audit Committee and the Company's external auditor for improvement and will report on the improved results at the next Board of Directors' Meeting. The names of the Audit Committee and their roles and responsibilities can be found under the "Management" section.

### **3. Roles and Responsibilities of the Board of Directors**

- 3.1 The Board considers and approves important matters related to the Company's operations such as vision, mission, strategies, financial targets, risks, business plans and budget. In addition, the Board monitors and controls the Executive Committee to effectively and efficiently manage the business according to predetermined policies and plans.
- 3.2 For transparency in business operations, the Company has stipulated that the Board of Directors and Executive Committee shall report their interests or interests of related persons, which are related to the management of the Company or its subsidiaries.
- 3.3 The Company has published the Policy on Corporate Governance with the approval of the Board. The Policy on Corporate Governance is regularly reviewed to be in line with the principles of good corporate governance.
- 3.4 The Company has published the Codes of Business Ethics and Bounden Duties in Working as guidelines for directors, management and employees to perform their appointed duties with high standards and quality and in good faith, upholding employee reputation and pride and leading to an organization with good corporate governance. The Company regularly reviewed the Codes in order to be more effective in practice. Shareholders, investors and interested persons may find the Codes of Business Ethics and Bounden Duties in Working on the Company's website.



- 3.5 The Board has a clearly stated policy on related transactions which may cause conflicts of interest. Related transactions must be for the benefit of the Company and shareholders in general. Related transactions are conducted in a careful manner and must be reviewed by the Audit Committee before being proposed to the Board for approval. Directors with vested interests do not take part in decision-making. The resolution of the Board is reported to the Stock Exchange of Thailand to be disseminated to shareholders on the same day after the connected transactions have been approved to ensure that shareholders receive correct and timely information.
- 3.6 The Board has appointed the Internal Audit Department to be responsible for internal control; review of business operations, financial reports and compliance with rules, regulations and policies; and reporting to the Audit Committee every month and the Board every quarter.
- 3.7 The Company has a risk management policy and risk management system that covers the entire organization. The Risk Management Committee and Risk Management Working Group study, analyze, and evaluate the chance and severity of risks that may affect the Company's business operations; find measures to eliminate, prevent and control these risks under the guidelines provided by the Board of Directors; review the adequacy of the risk management system; evaluate the effectiveness of risk management; and closely monitor changing conditions and risk factors. Moreover, Crisis Management has been set up to create preparedness in case of emergencies. The Company has stipulated that a risk management report be presented to the Board of Directors twice a year. Details of the Company's risk management are under the "Risk Factors" section.

#### **4. Board of Directors' Meeting**

- 4.1 The Board of Directors' Meeting is held once every quarter. The dates of the Board of Directors' Meetings are predetermined one year in advance so that directors can arrange their schedule to attend the meeting. However, additional meetings may be called if there are special matters that require the Board's approval.
- 4.2 In 2009, a total of five Board of Directors' Meetings were held which was appropriate for the duties and responsibilities of the Board and the management of the Company in the previous year.
- 4.3 The meeting's invitation, agenda and relevant documents were sent to the directors at least 7 days prior to the meeting date to allow sufficient time for the directors to study the information before decision-making. In the consideration of any issue, the directors are entitled to look at or check the related documents; ask the management to provide additional information; and bring in outside consultants or experts to provide advice, at the Company's expense.



- 4.4 In every meeting, the management had been asked on questions raised by directors. The directors exercised careful, independent and transparent judgment with fair consideration for the interests of shareholders and stakeholders. Directors with vested interests in the matter under consideration must leave the meeting during consideration of that matter. The Chairman also provided sufficient time for directors to discuss problems and possible solutions. Management related to the presented agenda item was invited to the meeting to provide additional details and answer questions.
- 4.5 After the Board of Directors' meetings, the minutes were prepared, approved by the Board and filed at the Company Secretary Office for future reference and verification by directors and related persons.

## 5. Remuneration

### 5.1 Remuneration for Directors

In determining the remuneration for directors, industry rates, experience, duties and responsibilities, business expansion and profit growth are considered before presentation at the shareholders' meeting for approval. The monthly remuneration for directors is the same as that the shareholders' meeting had approved in 2004.

In 2009, the shareholders' meeting also approved the payment of bonus for directors in the rate of 0.5 percent of dividends paid out to shareholders, equivalent to a total bonus of Baht 13.47 million. The Chairman is responsible for determining the appropriate amount to be allocated to each director.

### 5.2 Remuneration for Executives

The Company has a policy to set remuneration that is comparable to other companies in the same industry and appealing enough to attract and retain quality executives. Remuneration is determined by duties and responsibilities, individual performance as well as the Company's performance and is adjusted accordingly.

In order to reward directors and executives of the Company and its subsidiaries for their commitment to create the greatest benefits for the organization; to provide incentives and keep personnel working with the Company for a long time; and to provide opportunities for executives to share in the Company's success and ownership, the Company established the Employee Joint Investment Program (EJIP) during 2009 – 2012. Details of the program can be found under the "Summary of The Employee Joint Investment Program" section.

## 6. Development of Directors and Executives

- 6.1 The Company encourages and facilitates persons whose work relate to corporate governance such as directors, members of the Audit Committee, management and Company Secretary to participate in various training courses and seminars, especially training courses organized by the Thai Institute of Directors Association (IOD). The objective is to have all related persons truly understand their roles and responsibilities and continuously improve their work.
- 6.2 In the case of new directors and executives, the Company provides documents and information to assist in performing their duties as well as an orientation of the Company's business and business practices.
- 6.3 The Company has a work development and succession plan and has created a learning organization to ensure that the business continues to operate smoothly.



## **6. Prevention of Conflicts of Interest, Control of Internal Information Use, Internal Control and Internal Audit Systems**

### **1. Prevention of Conflicts of Interest**

The Board considers prevention of conflicts of interest as an important duty. Directors, executives, employees, their families and those under the same roof shall not engage in transactions that have conflicts of interest with the Company, whether directly or indirectly and whether conducted by themselves, with members of their family or close persons, in order to prevent possible inappropriateness that may arise. The Board has stipulated that directors and executives of the Company and its subsidiaries shall provide a report of interest every year and file the report with the Company Secretary. In addition, copies of the report shall be sent to the Chairman of the Board of Directors and the Chairman of the Audit Committee. The report on the interest of directors and executives reveals the relationship of family members and other persons that may cause conflicts of interest. In case there is a necessity to engage in a related transaction, the transaction must be conducted with transparency and fairness like conducting transactions with outside parties and for the Company's best interests. In the approval of related transactions, directors or executives with vested interests shall be excluded from attending the meeting and voting.

The Board of Directors' Meeting has approved the principle regarding normal business terms and undertakings that the management may approve the transaction between the Company and its subsidiaries and directors, executives or related persons if the transaction has the same commercial terms as those an ordinary person would agree with any unrelated counterparty under the similar circumstances, on the basis of commercial negotiation and without any dependent interest resulted from the status of the director, executive or related person. In addition, a quarterly report of such transactions must be prepared by the Company and reported to the Board of Directors' Meeting every quarter after the revision by the Audit Committee.

In 2009, there were no connected transactions between the Company or its subsidiaries and related parties, except for transactions between the Company and its subsidiaries and related parties on the basis of normal business terms and undertakings that the management can conduct under the principle approved by the Board of Directors.

### **2. Control of Internal Information Use**

The Company is highly concerned about the use of the Company's inside information for personal interests. The Company's Codes of Business Ethics and Bounden Duties in Working clearly stated that directors, executives and employees shall not use specific information that is the Company's inside information to engage in the trading of the Company's shares or provide this information to others for the trading of the Company's shares.



### 3. Internal Control and Internal Audit Systems

The Company is fully aware that internal control is one of the most important processes and that good internal control will ensure that the Company's management system is correct, transparent and verifiable and can reduce or prevent possible damages. The Company has continuously developed its internal control system to be effective as well as efficient and has an established risk management department as well as a clear risk management policy. In addition, the effectiveness and adequacy of the risk management system and internal control system is reviewed by the Audit Committee.

The Company's Internal Audit Department is independent from management in auditing and reviewing work systems and evaluating the effectiveness of the performance of various departments. The Internal Audit Department ensures that all employees have strictly performed their duties in compliance with the Company's internal control system according to authority and approval level as set in the Authority Guidebook. The Internal Audit Department also reports to the Audit Committee and the Board of Directors for their consideration and revision.

The Internal Audit Department is responsible for reviewing the performance of various departments in the organization to ensure that they have complied with the Company's internal control system. The Department focuses on preventive auditing which will bring concrete benefits to all departments. Moreover, the Department provides advice and information to support good and transparent internal control and performance of duties in compliance with good corporate governance principles and the Codes of Business Ethics and Bounden Duties in Working in order to prevent conflicts of interest. The Internal Audit Department Manager must directly report to the Audit Committee every month while the Audit Committee reports to the Board of Directors every quarter to evaluate the adequacy and appropriateness of the Company's overall internal control system.

In 2009, the Audit Committee and the Internal Audit Department performed the following:

**1. On the management side :** Reviewed that all departments operated according to the Company's vision and mission. Ensured that management prepared business plans in line with the Company's objectives and goals through consistent and regular monitoring and evaluation.

**2. On the operations side :** Controlled all areas important to the Company such as

- ❑ Procurement system - arranged for bidding through the E-Auction system and selected bidders with good history with the Company. The Company regularly evaluates suppliers to promote a transparent and fair procurement system.
- ❑ Contract management system - regularly examined and evaluated the contract-related risks to ensure that performance is correct according to various contract conditions in order to prevent any legal problems.

**3. One the financial side :** The Company implemented the budget system that emphasizes results and System Applications and Products (SAP) system. Reviewed the adequacy of the internal control system such as the environment for good internal control, the appropriateness and reliability of the risk management process, good information and communication systems, and effective and consistent evaluation systems to ensure correct and reliable financial reporting in strict compliance with related laws and regulations.





## คนดี ทั่วโลก

คนเราไม่ใช่เพียงแค่เก่ง แต่สำคัญว่าต้องเป็นคนดี ซีพี ออลล์ เชิดชู “คุณงามความดี” ของคน บ่มเพาะคนดีที่เก่งกล้าในองค์กร สนับสนุนความดีงามในสังคม จากหนึ่งเป็นร้อย จากน้อยเป็นมาก เพื่อสังคมไทยที่สงบสุขและเจริญก้าวหน้าด้วยคุณค่าของ... ทรัพยากรมนุษย์

## *A Man for Mankind*

Strive not only to be good at something, but also to be good.

CP ALL commends the goodness of people, and helps plant the seeds of a good society, from none to one; from few to many. Bringing peace and prosperity to Thai society through human resources.



Amid economic and political volatility, reduced purchasing power, and customers' expectations and behaviors which are changing faster than the business sector's ability to respond, the Company is fully aware of these changes and has continuously put effort on organizational development in various perspectives in order to meet customers' needs as well as to be competitive in the market. The Company is determined to satisfy customers' demands, develop its personnel to be abreast of the market and customers' changes, and be able to adapt itself and meet customers' demands faster and better than its competitors.

In the previous year, the Company has improved its research and development projects that led to improvement of the Company's internal business processes, enabling it to keep pace with customers' changes, maintain its customer base, acquire new customers and create opportunities for business expansion. Ultimately, the Company will be able to effectively fulfill the expectations of all its stakeholders in various prospects as follows:

## A. Customer and Market Prospect

### Learning about Customers' Needs and Wants and Responding to Customer and Market Changes in a Timely Manner

#### □ Customer & Market Intelligence Project

The Company persistently engages in research and development to improve its information system and management of its customer and market database for making business decisions. In addition, the Company has developed analytical tools in order to meet customer and market demand. This will lead to constant learning and improvement of processes that create customer satisfaction in order to continuously and successfully fulfill customers' expectations and create value added for customers today and in the future.



In 2009, the Company was awarded as one of the Top 10 Most Innovative Companies 2009 from Faculty of Commerce and Accountancy, Chulalongkorn University and Krungthep Turakij newspaper.



#### ❑ **Customer Relationship Improvement and Customer Experience Monitoring**

The Customer Relationship Improvement Project is one of the channels which provide information about target customers' opinions and demands. It is a research project that the Company gives priority to and commissions annually. An external research company is employed to conduct customer satisfaction surveys and inquiry of target customers' opinions in various areas, including customer loyalty, in order to continuously enhance customers' relationship with 7-Eleven stores and to further adopt them to become heavy spenders at the stores.

In order to keep abreast of market and customer changes and develop plans to effectively respond to the changes, the Company implemented the Customer Experience Monitoring Project to closely follow the changes of target customers as well as competitors during the year (Tracking Study).

Results from the Company's various research projects concerning customers, employees and franchise stores are analyzed to find weaknesses, strengths and opportunities for improvement; to develop plans for improvement to best meet customers' demands.

## **B. Business Prospect**

### **Development of Operational Management for Sustainable Growth**

- ❑ In terms of business innovation, the Company has developed its business and services, including new store models and investments in related businesses such as Catalog Order, Book Smile, Kudsan (specially selected products, including coffee and bakery) and eXta (pharmacy, health and beauty products), in order to improve competitive advantage, create more choice for consumers, and be another channel in learning about consumer behavior and demands. Products that have been tested and accepted by customers will later be distributed in 7-Eleven stores.
- ❑ The Company has continuously strived to improve its value chain in order to deliver only the best to customers. This includes developing the supply chain and lifting the standards of manufacturers that supply products to the Company by being involved in the development of production processes and raising factory standards to control product quality and hygiene for the safety of consumers. The Company verifies product quality starting from production, delivery and storage, complying with international standards and best practices.

Moreover, to ensure that its operations can satisfy the needs and expectations of present and future customers as well as can grow sustainably, the Company has designed the business solution model, with focus on processes that are keys to the business such as the product selection and development process, the ordering and store assortment process, and the delivery process. After the various processes have been designed, they will be tested with Plan-Do-Check-Action (PDCA) until it is proven that the process is correct and appropriate and can be implemented in all stores. Only then will a technology system be designed to support the proven process.



## **New Products and Services Differentiation**

- ❑ The Company places high importance on product development and store assortment as one of key strategies for differentiation and competitive advantage in the fierce market of price competition. The Company has developed processes to facilitate implementation of the concept among its employees. It has laid a foundation and trained its employees to observe and use information from various sources to systematically analyze in order to remove unsalable products, to select and order products in demand into the store, and to place products according to their target customer group. This will enable the store to differentiate itself as well as create sales opportunities.
- ❑ Product innovation is one of the processes in attracting new customers and stimulating existing customers to repeat purchases. The Company has set up team merchandising to search for, select and develop quality products that are different from those of competitors. Meeting customers' demands is set as the goal when developing new products with manufacturers or creating innovations. The Company shares and learns from best practices of 7-Eleven stores worldwide and its business alliances, in order to deliver differentiated, high quality products and services.
- ❑ One of the Company's strategic policies is to be a convenience food store as it foresees that food and beverage products are necessity products desired by convenience store customers. In addition, the Company can utilize its potential and strength in sourcing raw material, know-how, and experiences from experts in its domestic and international business network to create value added and differentiate itself from competitors. Chilled Food Project is another good example of the Company's determination to develop products and services to meet the demands of modern day Thai consumers who do not have time to cook and require convenience and fresh, clean and delicious food. The Company focuses on the delivery of quality, delicious, and fresh popular dishes that are price-worthy to consumers. It has learnt know-how and best practices from international experts and adapted this knowledge to meet the demands of Thai consumers through continuous improvement of taste and quality as well as the management of qualified, fresh products.



## C. Human Resource Prospect

### Organizational and Human Resource Development

- With 6.1 million customers visiting 7-Eleven stores per day and 5,270 stores nationwide, the company's employees, especially store employees who have direct contact with customers, are very important in creating motivation, searching for opportunities to improve strategies, as well as developing human resource management processes. Thus, the Company has conducted an Employee Relationship Study in order to plan and develop the Company's human resource management processes. The study also enables the design of the process to create employee-organization relationships so that employees are happy with their work in order to generate innovative ideas cross-function and to deliver value to customers.
- An Innovation Culture has been developed and promoted in the organization as the Company realizes that innovation is the heart of developing new businesses, products and services, creating competitive advantage which will enable the business to grow sustainably. The President Award Project has been established to provide an opportunity for employees at all levels from companies in the CP All Public Company Limited to think out of the box and express their opinions in order to generate new ideas and implementation which will lead to new work procedures or innovations for the organization. In addition, the Big Crowd of Fish Project provides an opportunity for 7-Eleven store employees at the operational level who closely interact with customers to suggest new ideas which will provide an answer to customers' needs or ideas for cost reduction.
- 7-Eleven has continuously placed importance on human resource development as it is the key to sustainable business growth. The Company therefore promotes education and training to develop high quality staff. Human resource development is provided through the bilateral education system, or learning from both coursework and real-life experience, which was developed in cooperation with the Office of the Vocational Education Commission. This eventually led to the establishment of Panyapiwat Techno Business School to provide vocational education. The establishment of learning centers, in Bangkok and vicinities and in the provinces, expanded the education level and accessibility. Thirty-one private vocational schools also joined the bilateral education program, teaching through video conference. Furthermore, the Panyapiwat Institute of Technology was established to provide Bachelor's and Master's degree programs.
- In creating employee engagement, the Company realizes the importance of creating a feeling of ownership in the Company among employees which will ultimately bring about excellent company performance. Therefore, in 2009 the Company initiated the Employee Joint Investment Program (EJIP), a 3 year investment program (from 1 July 2009 to 30 June 2012) on accumulative buying of Company's shares. Besides rewarding employees through Company's contributions, the EJIP can be used as a tool in creating long-term incentives.





## **D. Suppliers and Franchisees Prospect**

- ❑ The purpose of the Advanced Retail Management Program is for the Company's executives to share knowledge, ways of thinking, and strategies in managing retail business with franchisees and interested executives from other businesses, allowing them to adapt these ways of thinking to their own business. This program also provides an opportunity for networking with different types of businesses and forming new business alliances which will be beneficial to the Company's future business operations.
- ❑ Franchisee Relationship Study Project - From the Company's policy of business expansion into various communities through franchising with close business assistance, obtaining franchisees' opinions is essential in improving and developing the Company's services and support. This will bring satisfaction in working together, loyalty and good relationship. Their feedback will be used in designing the total franchise management in the future.

## **E. Society and Communities Prospect**

- ❑ The Company has a continuous project to study the Company's image and social activities as it recognizes that Corporate Social Responsibility (CSR) is one of the key elements in operating a business. From results of the study, the Company can evaluate the satisfaction level, the strength and weaknesses which can be used to improve the Company's businesses and various projects in order to meet the expectations of stakeholders and to bring greater benefits to society. The Company put more focus on the stakeholder groups related with the Company's business operations. These stakeholder groups include opinion leaders at the macro, provincial, and community levels; owners of retail stores and mom and pop stores in communities; customers who frequently shop at 7-Eleven stores; the media; business partners; and franchisees.
- ❑ In addition, the Company realizes the importance of the co-existence and growth of both modern and traditional retail stores. It has established a project to provide knowledge regarding retail business development through organizing "Strategies for Sustainable Retail Business" seminars in cooperation with the Department of Internal Trade.

## 1. Expansion and Renovation of 7-Eleven Stores

In 2010, the Company plans to open another 450 stores to cover densely-populated areas in Bangkok and the provinces, both as stand-alone stores and stores in PTT gas stations, depending on location and competition. At present, initial investment of new stores requires approximately Baht 3.4 million per outlet. The Company has a policy to invest only in store equipment and to lease the property from external parties. The lease averages 3 years and can be extended as per agreed condition. The Company expects 25 percent gross margin of sales value at store level (depending on product mix and competition). The breakeven point for each store is expected at around 3 years. The expected total investment for new store expansion is Baht 1,500 million which the Company looks forward to be able to augment sales and profit in the future.

In addition, the Company plans to renovate 450 stores which have been opened for 6 years. The renovation and equipment replacement will enable the Company to maintain its sales volume and customer base. Approximately Baht 1.9 million is required for each store renovation. The expected renovation cost in 2010 is approximately Baht 900 million.

## 2. Expansion of Regional Distribution Centers

Presently, the Company has 3 main distribution centers (DC): Bang Bua Thong DC (DC4), Lat Krabang DC (DC5), and regional DC in the south at Surat Thani. The Company has an expansion target of reaching 7,000 stores within 2014 in Bangkok, vicinities, and provincial areas. In order to support future store expansion, the Company plans to expand 2 regional DCs: in the northeast at Khon Kaen, and in the north. Approximately Baht 800 million is required for the overall investment in 2010-2011. As one of the key competitive advantage, the expansion of regional distribution centers will enhance the efficiency of our supply chain system, enabling the Company to serve customers' needs in a timely manner.



In order to support continuous growth on the future expansion of 7-Eleven stores, the Company plans to expand 2 more regional distribution centers: one in the northeastern part in 2010 and one in the northern part in 2011 as a means of increasing efficiency in the supply chain system.





## องค์กรนวัตกรรม กำนำด้วงความคิด

การสร้างสรรค์ไม่มีวันสิ้นสุด ตราบเท่าที่มนุษย์ยังรู้จัก การคิดและทำ “นอกกรอบ” คือนวัตกรรมเชิงสร้างสรรค์ ซึ่งคนซีพี ออลล์ เรียนรู้และพัฒนาสิ่งใหม่ๆ อย่างต่อเนื่อง เพื่อสร้างองค์กรระดับแนวหน้า และประโยชน์สุขในสังคม

### *Innovation-friendly organization*

leads with its head. Creativity is ceaseless as long as people think.

Thinking and doing “out-of-the-box” is creative innovation. CP ALL people continually learn and develop new things to create a front-line organization to benefit society.

ความเป็นมาของกลุ่มบริษัทโดยสังเขป  
Company History in Brief





## Forging Ties, Building Society

Since 1993, CP All Public Company Limited has collaborated with government and private organizations to create various projects relating to education, culture, ethics and social contribution which will help make Thai society a more pleasant place to live in.

## CPALL Supporting Reading and Learning, Building The Nation's Society with "Reading Decade"

The Company has helped develop Thai society through implementing projects relating to education, culture, ethics and the environment. The Company's proud mission is **"Because we are a part of Thai society"**.

## Developing Reading Decade, Building Learning Society School that Loves Reading

Since 2002, the Company, in collaboration with the Bangkok Department of Education, has supported the School that Loves Reading Project to promote and instill a love for reading among students and to teach students to use reading as a tool in effective learning.

### 7 Book Awards

The 7 Book Awards has been organized for six consecutive years to select and promote quality books in seven categories – literature for youth, novels, poems, short stories, documentaries, cartoons, and the "Young Writer" Award. The first-prize winner of each book category receives an honorable plaque from Her Royal Highness Princess Maha Chakri Sirindhorn (except the "Young Writer" Award which consists of a certificate and cash prize).

### "Writing Youth and Cartoon Drawing Youth"

To expand on the 7 Book Award as well as to further promote the quality of the entries sent in by the youth, the Company and partnering organizations - Srinakharinwirot University, the Writers Association of Thailand, the Association of Thai - Language Teachers of Thailand and the Thai Cartoons Association - established the Literature Seeds Project and 7-11 Discovers Dream Cartoonist Project.



Valuing the importance of societies and communities, CPALL has continuously developed various good social projects and activities to the Thais nationwide such as "School that Loves Reading Project" "7 Book Awards Project" as well as supports Thai kids for Go Game.



The year 2009 was the 6<sup>th</sup> time that both projects were organized. 124 youths, Thai-language teachers and art teachers were selected to join the projects. Thirty-nine renown writers, cartoonists and experts, namely Adul Jantrasak, Khun Ying Vinita Diteiyong (V. Vinicchayakul), Assistant Professor Amnaj Yensabai, Chamaiporn Saengkrachang, Paiwarin Khao-Ngam, Kanokwalee Pojjanapakorn, Raj Lersuang, Sear Thai Raj, Salah Nakbumrung, Reungsak Duangpala and Kouad Daily News, came to share their knowledge and experiences in writing novels and drawing cartoons with the participants.

#### **“Communities that Love Reading, 2<sup>nd</sup> Year”**

The Communities that Love Reading Project was first initiated in 2008 in cooperation with the Office of Non-Formal and Information Education. The project’s objective is to promote the awareness of the importance of reading among the people and local communities, which will ultimately transform Thai society into a learning and knowledge management society.

The project included supported and organized activities that promote reading among various communities in different regions under the “Regional Communities that Love Reading Project”. All sectors in society including families, educational institutes, local administrations, as well as government and private organizations were encouraged to participate in the activities. To date, there are 22 communities that love reading in Kanchanaburi, Lampang, and Ubon Ratchathani provinces.

#### **“Weaving Treads of Love... With First Book”**

Realizing that successfully developing a reading habit begins at a young age, the Company collaborated with the Books for Children Foundation to operate the Book Start Project. The project aims to encourage parents who are 6 months pregnant or have children under 3 to learn how to organize activities to instill a reading habit in their children by using books as a tool and as an alternative in developing their children. In addition, the project aims to foster warmth and closeness in the family.

This project covers employees in the company and its subsidiaries as well as interested persons in various regions such as Pichit, Khon Kaen, Kampaengphet, Ubon Ratchathani.





### **“Weaving Love for Homeland”**

CPALL in cooperation with the Rural Lives Development Foundation operates the “Phetchaburi Youth ‘Love Cooperative’ Camp Project” and “San Kam Phaeng Youth ‘Love Cooperative’ Camp Project” with the aim of encouraging youth and teachers to recognize the importance of good reading habits, the quest for knowledge, the use of local wisdom, and love of one’s roots. This will lead to love of cultural heritage and conservation of natural resources.



## **Developing Buddhism**

### **Developing Buddhism Instructors**

Since 1996, the Company has collaborated with the Ministry of Education, the Bangkok Department of Education and other partners to implement the Buddhism Instructors Development Project. The objective of this project is to enhance the confidence, knowledge and understanding of Buddhist principles, and teaching motivation of Buddhism instructors so that they can effectively convey knowledge to their students. To date, a total of 11,298 Buddhism teachers and educational personnel have received training from this project.

## **Developing Intellect with Go Game**

### **Go... a Board Game with Life**

Realizing that the Go Game has numerous benefits for players, including development of the brain, thinking and intelligence and formulation of good morals and ethics, the Company and the Go Game Association of Thailand has promoted the Go Game since 1997. Go Game lessons are provided to kindergarten, primary, high school and college students as well as the general public.

In addition, Go Game competitions are organized to continuously develop the skills of participants who join the project and select youths to represent Thailand in international competitions. As a result, more than 2 million people in Thailand now know and play the Go Game.

In 2009, the Company and its subsidiaries conducted several transactions with related parties. These inter-company transactions were made and agreed as a normal business transaction at general market prices and commercial terms. (Details are provided in Note 4 of the Company's financial statements for the year ended December 31, 2009.) The Audit Committee has reviewed that all transactions were reasonable and transparent and complied with the rules and regulations under the notification of the Stock Exchange of Thailand regarding related transactions of a listed company. The related transactions incurred in 2009 were as follows:

### **Trade Accounts Receivable**

As at December 31, 2009, the Company and its subsidiaries had a trade accounts receivable balance with related parties in the amount of Baht 42.88 million or 9.77 percent of the Company and its subsidiaries' total trade accounts receivable.

### **Other Accounts Receivable**

As at December 31, 2009, the Company and its subsidiaries had an other accounts receivable balance with related parties in the amount of Baht 111.42 million or 22.93 percent of the Company and its subsidiaries' total other receivables.

### **Trade Accounts Payable**

As at December 31, 2009, the Company and its subsidiaries had a trade accounts payable balance with related parties in the amount of Baht 1,429.57 million or 7.45 percent of the Company and its subsidiaries' total trade accounts payable.

### **Other Accounts Payable**

As at December 31, 2009, the Company and its subsidiaries had an other accounts payable balance with related parties in the amount of Baht 17.55 million or 2.06 percent of the Company and its subsidiaries' total other accounts payable.

### **Sales of Goods**

In 2009, the transactions for sales of goods with the Company's related parties were determined and agreed on a normal course of business at general market prices and commercial terms. These transactions for the fiscal year ended December 31, 2009 amounted to Baht 1,235.97 million or 1.10 percent of the Company and its subsidiaries' total sales.



## **Purchases Of Goods**

In 2009, the transactions for purchases of goods with the Company's related parties were determined and agreed on a normal course of business at general market prices and commercial terms. These transactions for the fiscal year ended December 31, 2009 amounted to Baht 12,538.22 million or 15.16 percent of the Company and its subsidiaries' total cost of sales.

## **Other Operating Income**

In 2009, the Company and its subsidiaries recognized other income from related parties in the amount of Baht 284.82 million or 5.60 percent of the Company and its subsidiaries' total other income.

## **Rental and Service Fees**

In 2009, the Company and its subsidiaries paid rental and service fees according to the lease agreements to related parties. The rental and service fees were made and agreed at standard rates advised by the lessor. These fees for the fiscal year ended December 31, 2009 amounted to Baht 76.26 million or 0.27 percent of the Company and its subsidiaries' total selling and administrative expenses.

## **Purchases of Fixed Assets**

In 2009, the Company and its subsidiaries had fixed assets purchase transactions with related parties at prices determined and agreed on a normal course of business at general market prices and commercial terms. These transactions for the fiscal year ended December 31, 2009 amounted to Baht 2.26 million or 0.02 percent of the Company and its subsidiaries' total fixed assets.

## **Technical Service Fees**

In 2009, the Company and its subsidiaries paid technical service fees to related parties based on contract prices. The technical service fees for the fiscal year ended December 31, 2009 amounted to Baht 9.00 million or 0.03 percent of the Company and its subsidiaries' total selling and administrative expenses.

## **Other Expenses**

In 2009, the Company and its subsidiaries paid other remunerations to related parties in the amount of Baht 119.64 million or 0.43 percent of the Company and its subsidiaries' total selling and administrative expenses.



## Procedures for the Approval of Related Transactions

In the case of transactions for the purchase and sale of goods and services under the ordinary course of business, the Company has procedures to protect investors and prevent the transfer of interests. The Internal Audit Unit reviews the necessity of inter-company transactions and ensures that the prices of the transactions for goods and services are at the prevailing market rates. The Internal Audit Unit provides reports of related transactions to the Audit Committee every quarter and the Audit Committee further reports to the Board of Directors.

In reference to transactions with possible conflicts of interests or related transactions, the Audit Committee will review and ensure that transactions comply with the regulations of the Stock Exchange of Thailand and the notification of the Capital Market Supervisory Board. The policy on conflicts of interests is clearly stated in the Company's Code of Business Ethics for the directors and employees to correctly follow. In addition, the Related Transactions Review Committee has been established to monitor that these transactions are in accordance with the notification of the Capital Market Supervisory Board.

In the case of the purchases and sales of important assets of the Company and its subsidiaries, which are transactions that occur infrequently, the Company has a policy to engage external independent experts such as professional appraisers and independent financial advisors to provide counsel to the Audit Committee for further proposal to the Board of Directors.

## Policy on Related Transactions

The Board of Directors has a policy that clearly states that related transactions may occur under the ordinary course of business but these transactions must be necessary and have prices comparable to prevailing market rates for the best interests of the Company. There shall be no transfer of benefits between the Company and related companies or persons. As the Company and its subsidiaries operate a retail business and must purchase and sell goods and services with other companies as well as related companies, the Company expects related transactions for the purchase and sale of goods and services will still exist in line with the Company and its subsidiaries' business expansion. Other types of transactions will depend on business necessity. Short-term loans to related companies will depend on the short-term financial needs of the related companies and the Company's policy on cash flow management.

## Overview of Operations

CP All Plc. operates the core business of convenience store business in Thailand under trademark “7-Eleven” and is considered as a primary source of income. The Company belongs to its nationwide store network of over 5,200 stores and owns other businesses operated by its subsidiaries which support the convenience store business in Thailand by leveraging the 7-Eleven store network to add value to the Company’s products and services.

The Company’s competitive advantage lies in its extensive store network and with outlets in prime locations scattered across the country. Modern management and information technology systems further enhance customer satisfaction by offering efficient and speedy services. The Company also has well-managed distribution centers to support timely and efficient product distribution to its stores as well as ensuring product quality and lowering costs. Moreover, the Company has constantly developed and introduced unique products and services to match customers’ needs by differentiating itself from competitors. For example, the stores offer bill payment services and a wide array of ready-to-eat food and beverages.

## Analysis of Operating Results for the Year Ended December 31, 2009 Compared to the Operating Results for the Year Ended December 31, 2008

Pursuant to the completion upon the divestment of the supercenter business in the PRC on October 31, 2008, the Company’s performance in 2009 was no longer recognized the supercenter business performance; thus, the Company and its subsidiaries’ total revenue was Baht 117,761 million, decreasing 9.0 percent from that of 2008.

Net sales and service income before elimination of Baht 119,608 million originated from two businesses, (1) convenience store business accounting for 91 percent of total net sales and service income, and (2) other businesses in Thailand such as manufacture and sales of frozen food, payment service, distributing and maintenance of retailing equipment, etc. accounting for 9 percent of total net sales and service income.



In 2009, the Company has a net opening of 492 stores with the same store sales growth of 9.7 percent; therefore, the convenient store business has the total revenue and net profit increased 17.4 percent and 22.9 percent, respectively.



The growth in net sales and service income was mainly due to the expansion of 492 7-Eleven outlets, which exceeded the target of 400-450 stores. In addition, improvement in the average same store sales/store/day of 7-Eleven and increase in other income such as royalties and income from marketing support contributed to higher total net sales and service income, having a rise in average store sales/store/day including phonecard of 7-Eleven from Baht 68,709 in 2008 to Baht 72,393 in 2009.

### **Gross Profit**

In 2009, the Company and its subsidiaries' gross profit was Baht 29,659 million, a decrease by 0.2 percent pursuant to the completion upon the divestment of the supercenter business in the PRC. However, as a result of the improvement in the product selection process, the Company was able to increase a gross profit margin of 2.4 percent in 2009 to be 26.4 percent, comparable to that of the previous year.

### **Selling and Administrative Expenses**

In 2009, the Company and its subsidiaries' selling and administrative expenses were Baht 28,253 million, decreasing 9.2 percent year-on-year pursuant to the completion upon the divestment of the supercenter business in the PRC. However, selling and administrative expenses of convenience store and other businesses increased as follows:

- (1) Personnel expenses, which accounted for 29.0 percent of the total SG&A, amounted to Baht 8,185 million.
- (2) Store management expenses, which accounted for 16.0 percent of the total SG&A, increased to Baht 4,511 million following the rise in the number of franchise stores and higher sales.

Other SG&A such as utility expenses, advertising and promotion expenses and other SG&A (including transportation expenses, servicing expenses, supplies expenses, maintenance expenses, etc.) increased in relation to sales growth and store expansion of 7-Eleven.

### **Net Profit**

In 2009, the Company and its subsidiaries net profit was Baht 4,992 million, or Baht 1.11 per share, increasing Baht 1,691 million or 51.2 percent when compared to 2008 net profit of Baht 3,301 million, or Baht 0.74 per share. Return on shareholders' equity was 28.1 percent in 2009, compared to 25.5 percent in 2008.

### **Operating Results of the Convenience Store Business**

In 2009, the convenience store business had net sales and service income of Baht 109,105 million, an increase of Baht 16,146 million or 17.4 percent from the previous year. The growth in net sales and service income was mainly due to store expansion and higher same store sales/store/day. Sales of the convenience store business continued to grow in line with store expansion of 492 stores, or an increase of 10.3 percent from 2008 and an average of 9.7 percent same store sales growth excluding phone card.



The cost of sales of the convenience store business was decreasing to 74.2 percent of sales in 2009 compared with 74.5 percent in 2008 due to a product mix; whereby, the portion of ready-to-eat products, which generated higher margin, was increasing. Consequently, gross profit rose to Baht 28,177 million in 2009, an increase of Baht 4,501 million or 19.0 percent from 2008. Operating expenses increased Baht 4,085 million or 16.9 percent from 2008 due to store expansion.

Other income also increased. For example, royalty fees and income from marketing support also rose due to store expansion and higher sales.

The convenience store business had an operating profit of Baht 6,133 million in 2009, up 30.9 percent from 2008 and net profit of Baht 4,597 million in 2009, up 22.9 percent from 2008.

## **Operating Results of Other Businesses**

Other businesses comprise of bill payment services, manufacturing and sale of frozen foods and bakery, distribution and maintenance of retail equipment, product and service payment through Smart Card, and other businesses, etc. In 2009, the operating profit generated from other businesses was Baht 1,111 million, increasing by 35.7 percent from 2008 and net profit was Baht 833 million, increasing by 64.6 percent from 2008 due to improved performance of frozen food and bakery, an increase in interest income from foreign subsidiary and less loss generated from Thai Smart Card business.

## **Analysis of the Company and its Subsidiaries' Financial Status for the Year Ended December 31, 2009**

### **Total Assets**

As at December 31, 2009, the Company and its subsidiaries reported total assets of Baht 44,441 million, an increase of 10.7 percent compared to the previous year, due to sales growth and 7-Eleven store expansion. In addition, pursuant to the completion upon the divestment of the supercenter business in the PRC, the Company recorded convertible bond in Chia Tai Enterprises International Limited (CTEI) in the amount of HKD 1,519.9 million (approximately Baht 6,400 million) as follows:

- ❑ pursuant to the completion upon the divestment of the supercenter business in the PRC on October 31, 2008 for the compensation in the amount of HKD 1,047.6 million and
- ❑ additional investment on July 8, 2009 in LDI of HKD 273 million (approximately Baht 1,221 million) to subscribe CTEI convertible bond in the amount of HKD 472.3 million (approximately Baht 2,112 million).  
(Terms and conditions of CTEI CB shown in "Summary of CTEI Convertible Bond Terms and Conditions")



### Total Liabilities

As at December 31, 2009, the Company and its subsidiaries had total liabilities of Baht 25,505 million, increasing 9.7 percent from the previous year mainly due to an increase of accounts payable variable to sales growth and store expansion.

### Total Shareholders' Equity

As at December 31, 2009, consolidated total shareholders' equity was Baht 18,937 million, up 12.1 percent from the previous year. This was due to an increase in retained earnings.

## Analysis of Statements of Cash Flows, Liquidity and Sources of Funds of the Company and its Subsidiaries for the Year Ended December 31, 2009 Compared to the Year Ended December 31, 2008

### Liquidity

As at December 31, 2009, the Company's liquidity was healthy with consolidated cash and cash equivalents of Baht 12,682 million, an increase of 6.6 percent from the end of 2008.

### Cash Flow from Operating Activities

In 2009, net cash flow from operating activities totaled Baht 9,005 million, decreased 4.3 percent from 2008. The Company still has negative cash cycle of 56 days in 2009, resulting from unchanged inventory period of 25 days in 2009 and slightly change payable period of 82 days in 2008, to 81 days in 2009.

### Cash Flow from Investing Activities

In 2009, net cash flow used in investing activities amounted to Baht 5,339 million, decreasing 9.1 percent from 2008 due to less investment in subsidiaries. The main investments were store expansion of 7-Eleven in Thailand, store renovation, and investment in regional distribution center in Surat Thani, the Southern part of Thailand.





### **Cash Flow from Financing Activities**

In 2009, net cash flow used in financing activities totaled Baht 2,857 million, decreasing 25.0 percent from 2008 pursuant to the completion upon the divestment of the supercenter business in the PRC. The Company no longer realized interest expenses and outstanding loans of supercenter business. In addition, in 2009, the Company distributed cash dividend in the amount of Baht 2,696 million or dividend per share of Baht 0.60 for the operational performance of 2008, increased from Baht 0.35 per share in 2007.

### **Factors which may Impact Operating Results and Financial Status of The Company and its Subsidiaries in the Future**

The constantly evolving demand of consumers is a major factor that affects the Company's revenues and profits. If the Company is able to offer products and services that meet customers' needs, its customer base will expand, enabling higher sales and enhanced gross margin. The Company aims to increase the sales proportion of ready-to-eat products in order to gain higher frequency of visits and better profit margins. In addition, the Company's policy is to continue store expansion to reach more population density. On other businesses such as bill payment service business, manufacturing and sale of bakery, maintenance of retail equipment as well as new projects including best-sellers publications, books and magazines exclusively for Book Smile, these businesses will grow along with 7-Eleven stores to support more efficient operation, differentiate products and services from competitors as well as enhance revenue.

To support future stores expansion, the Company prepare for supply chain management via expansion of 3 regional distribution centers (RDC) during 2009-2011 as follows: in 2009, opened RDC in the south at Surat Thani serving more of approximately 1,000 stores, in late 2010, plan to open in the northeast at Khon Kaen, and in 2011 in the north. The expansion of regional DCs will enable the Company to deliver products more efficiently serving the customers' needs in the timely manner and create competitive advantage.

The Company's Board of Directors appointed the Audit Committee consisting of the three independent non-executive directors including Prof. Dr. Komain Bhatarabhirom, as the Chairman of the Audit Committee, Mr. Pridi Boonyoung and Mr. Padoong Techasarintr, as members of the Audit Committee. The assistant vice president of internal audit was also assigned as the Audit Committee's secretary.

The Audit Committee independently worked and expressed their opinions in accordance with the roles and responsibilities assigned by the Board of Directors. They have been receiving good cooperation from the Company's management and both internal and external auditors.

During the year 2009, the Audit Committee had 12 meetings with the presence of all the three committee members through out the period and with the participation of the internal auditors. The executive management of the finance department, information technology department and others were invited for some agenda that required their inputs. The main topics of the meetings have been summarized and reported to the Company's Board of Directors for every three months which included the followings:

1. Review the quarterly and annually consolidated financial statements for the year 2009. The management of accounting and other departments were queried and their clarifications were received. The discussions with the external auditors were conducted in order to ensure that the financial reports were correctly prepared in accordance with the generally accepted accounting standard with sufficient disclosure of information. The Audit Committee agreed that the aforementioned financial statements were prepared in compliance with the accounting standard with enough disclosure of information and in time for the benefit of the shareholders and the users of the financial statements.

2. Review and revise the internal control system in order to assess their sufficiency and effectiveness; the Audit Committee agreed that the Company had sufficient and effective internal control system which included the control of the internal environment, risk assessment, the good control of the information technology and communication systems, the clear performance monitoring system as well as the independent internal auditing system. The management has focused on monitoring and continuously developed the internal control system. The new information technology was implemented to enhance the operation efficiency and effectiveness.

3. Review and express the opinions about the related transactions including all the transactions which might cause conflict of interests; the Audit Committee requested the internal auditors to emphasize in reviewing the related transactions between the Company and the related companies and reported those transactions to the Audit Committee meeting every month. The Audit Committee agreed that the related transactions or the transactions which might cause conflict of interests were reasonable and appropriate to the Company's operation. Additionally, they ascertained that the information was clearly, completely and sufficiently disclosed in accordance with the announcement of the Stock Exchange of Thailand.



4. Review and approve the internal auditing plan for the year 2009. Suggestions were given to adjust some internal auditing plans to be complied with the Company's policy and business plan. There were continuous follow-up on remedial actions concerning important issues indicated in the auditing reports and the scope of work covered the subsidiary companies.

5. The Company's Board of Directors and the management have been giving emphasis on the risk management by setting up policies and procedures. There were assessments of risk factors and preventive measures in order to mitigate the possible business impacts and to keep them at the acceptable level. Additionally the summary of works performed by the Risk Management Committee was reported to the management every 6 month. Moreover the Audit Committee assigned the internal auditors to monitor the operation whether it worked in accordance with the risk management procedures. It was found that there were appropriate preventive measures. The Audit Committee believed that the Company had an effective risk management system which was suitable to its current business nature.

6. The Audit Committee found that the management had a clear approach in working according to the Securities and Exchange Act as well as the regulations of the Stock Exchange of Thailand and all the laws which are relevant to the Company's business including the Company's obligations with the external parties. A staff has been designated to be directly responsible for this matter. No problem concerning this was found.

7. The Audit Committee supported the management in emphasizing on managing the work in accordance with the good corporate governance guidelines for transparency and good ethic in order to build up confidence of the shareholders and the stakeholders. With this regards the Company appointed the Good Governance Committee to be directly responsible for this initiative.

8. The Audit Committee together with the management scrutinized the selection of the auditors by requested the four leading auditing firms to present their scope and fees in reviewing the financial statements. As a result the KPMG Phoomchai Audit Ltd. was selected and proposed to the Company's Board of Directors for approval and for further endorsement of the shareholders meeting, the appointment of Mr. Charoen Phosamritlert, Mr. Vairoj Jindamaneepitak or Ms. Bongkoj Amsageam of KPMG Phoomchai Audit Ltd. as the Company's external auditors for the year 2010.

February 16, 2010

On behalf of the Audit Committee

(Prof. Dr. Komain Bhatrabhirom)  
Chairman of the Audit Committee

## Board of Directors' Statement of Responsibility for Financial Reports

The Board of Directors of CP All Public company Limited strongly values the duties and responsibilities in accordance with good corporate governance principles. The Board of Directors is responsible for the financial statements of the Company and its subsidiaries including financial information presented in the annual report and the annual financial statements for the year ended December 31, 2009, which are prepared according to Generally Accepted Accounting Standards of Thailand. The Board of Directors has selected and consistently followed an appropriate accounting policy. The aforementioned financial statements are prepared using careful judgment and the best estimation. In addition, important information is adequately disclosed in the Notes to the Financial Statements. The financial statements have been examined by an independent external auditor and the auditor has expressed an unqualified opinion. Therefore, the financial statements accurately and transparently reflect the Company's financial status and operating performance in the past year and can be used for the benefit of shareholders and investors.

The Board of Directors has appointed the Audit Committee, which comprises of independent directors, to review the quality of the financial reports and to evaluate the internal control system, risk management system, and various systems to support effective financial documentation to ensure that accounting records are correct, complete, timely and able to prevent fraud or materially irregular operations. The Audit Committee's opinion is presented in the Audit Committee's Report which is a part of this annual report.

The Board of Directors believes that the Company's overall internal control system is able to create credibility and reliability for the financial statements of CP All Public Company Limited and its subsidiaries for the period ended December 31, 2009.



(Mr. Dhanin Chearavanont)  
*Chairman*



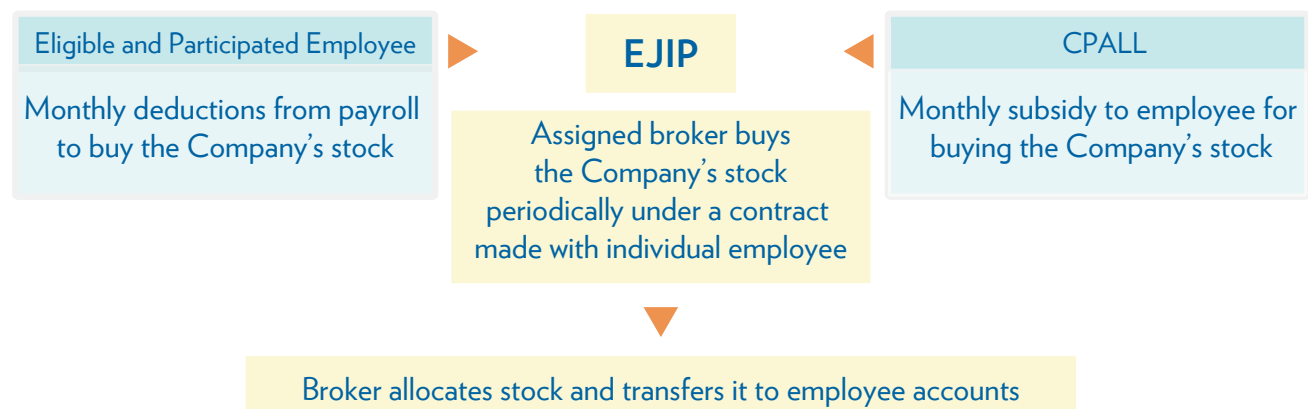
(Mr. Korsak Chairasmisak)  
*Chief Executive Officer*

Employee Joint Investment Program (EJIP) is a means of compensating employees and creating a feeling of ownership in the Company. It is also a tool for the Company in creating long-term incentives for employees.

## 1. Nature of EJIP

It is an investment program for the voluntary employees of the listed companies in the Stock Exchange of Thailand upon accumulative buying of their Company's shares on a period basis (i.e. monthly or quarterly) using the dollar cost average method.

## 2. EJIP Arrangement





<b>Type of Stock</b>	Ordinary shares of CPALL trading in the Stock Exchange of Thailand
<b>Time of Investment</b>	Specified date on a monthly basis
<b>Investment Amount (Per Employee)</b>	<input type="checkbox"/> Employee - 5% or 7% of salary (on a voluntary basis) <input type="checkbox"/> CPALL - 80% of the deductible amount from employee in each month
<b>Duration</b>	July 2009 - June 2012 (Total 3 years)
<b>Method of Payment</b>	<input type="checkbox"/> Buying - employee's deduction from monthly salary and the Company's contribution <input type="checkbox"/> Selling - broker transfers money from stock sale to employee's bank account
<b>Stock Purchase</b>	Automatic purchase as stated in the contract
<b>Stock Delivery</b>	Delivered to individual employee account opened with the broker
<b>Benefits to Employee</b>	<input type="checkbox"/> Dividend gain <input type="checkbox"/> Capital gain <input type="checkbox"/> Other rights such as rights issue, warrant, shareholders' meeting
<b>Selling Stock</b>	Employee has the right to sell stock during the specified period in the contract.
<b>Tax</b>	<input type="checkbox"/> Employee must pay personal income tax on the contribution amount received from the Company. <input type="checkbox"/> Company can claim tax deductible on the contribution amount.

### 3. Eligible Employee Under EJIP

Managers with the level of assistant department manager or equivalent and above with the working period till the initial contribution date of not less than 3 years, excluding directors and advisors of the Company.

## Summary of CTEI Convertible Bond Terms and Conditions

<b>Principal Amount</b>	HKD 1,519.9 million (approximately Baht 6,400 million)
<b>Par Value</b>	HKD 50.0 million
<b>Maturity/Redemption</b>	<p>3 Year from the date of completion of the relevant agreement unless;</p> <ol style="list-style-type: none"> <li>1) previously redeemed, converted or purchased and cancelled before the date falling on the 3rd anniversary of the date of completion of the relevant agreement, or</li> <li>2) (if mutually agreed in writing between CTEI and the bondholders), the date falling on the 5th anniversary of the date of completion of the relevant agreement</li> </ol>
<b>Coupon Rate</b>	<p>1% per annum, however, unless previously converted or purchased or redeemed, CPALL, on the maturity date, shall received such amount which would (if aggregated with all interest previously paid on the convertible bond being redeemed) resulting in the bondholder receiving a 3.5% per annum yield to maturity on the principal amount of the Bond being redeemed from the date of issue of the Bonds to the maturity date</p>
<b>Conversion</b>	<p>The holders of the convertible bonds shall have the right to convert any convertible bond into CTEI shares during the conversion period. In addition, the convertible bonds will be automatically converted if either of the following events occur:</p> <ol style="list-style-type: none"> <li>1) the closing price of the CTEI shares as quoted on the Hong Kong Stock Exchange is equal to or higher than HKD 0.43 (as adjusted for stock splits, stock combination, stock dividends, reclassifications and similar corporate actions) on at least 15 consecutive trading days; or</li> <li>2) the average of the closing prices of the CTEI shares as quoted on the Hong Kong Stock Exchange on not less than 20 consecutive trading days is HKD 0.43 or higher (as adjusted for stock splits, stock combination, stock dividends, reclassifications and similar corporate actions).</li> </ol>
<b>Conversion Price</b>	HKD 0.39 per share

# Shareholdings of the Company by Directors and Management



As at December 31, 2009

Shareholder's name	Designation	Number of shares
Prof. Dr. Komain Bhatarabhirom	Chairman of the Audit Committee and Independent Director	-
Mr. Pridi Boonyoung	Audit Committee and Independent Director	455,599
Mr. Padoong Techasarintr	Audit Committee and Independent Director	4,912
Prof. Suphachai Phisitvanich	Independent Director	-
Mr. Dhanin Chearavanont	Chairman	765,738
Mr. Korsak Chairasmisak	Vice Chairman and Chief Executive Officer	5,727,303*
Mr. Soopakij Chearavanont	Director	111,198
Mr. Adirek Sripratak	Director	-
Mr. Umroong Sanphasitvong	Director	-
Mr. Narong Chearavanont	Director	194,901
Mr. Prasert Jarupanich	Director	-
Mr. Pittaya Jearavisitkul	Director and Deputy Chief Executive Officer	647,606*
Mr. Piyawat Titasattavorakul	Director and Managing Director	34,714*
Mr. Suraphan Pussadej	Assistant Chief Executive Officer – Human Resource	14,341*
Mr. Tanin Buranamanit	Executive Vice President – Operation and Marketing	20,785*
Mr. Taweesak Kaewrathtanapattama	Senior Vice President – Accounting and Finance	30,320*
Mr. Chuan Nimkittikul	Senior Vice President – Purchasing and Distribution	286,695*
Mr. Suwit Kingkaew	Senior Vice President – General Management	460,029*
Mr. Kosa Pongsupath	Vice President – Information Technology	-

\* Included ordinary shares received from participating Employee Joint Investment Program (EJIP)

As at December 31, 2009

## Subsidiaries and Affiliates in Thailand

### Counter Service Co., Ltd.

Type of business : Bill payment collection  
 Incorporated : Thailand  
 Paid up capital : Baht 70 million  
 Par value : Baht 10 per share  
 Shareholding : 99.99%

### Gosoft (Thailand) Co., Ltd.

Type of business : Information technology services  
 Incorporated : Thailand  
 Paid up capital : Baht 2 million  
 Par value : Baht 10 per share  
 Shareholding : 99.99%

### C.P. Retailing and Marketing Co., Ltd.

Type of business : Manufacturing and sale of frozen foods  
 and bakery  
 Incorporated : Thailand  
 Paid up capital : Baht 600 million  
 Par value : Baht 10 per share  
 Shareholding : 99.99%

### MAM Heart Co., Ltd.

Type of business : Marketing services  
 Incorporated : Thailand  
 Paid up capital : Baht 1 million  
 Par value : Baht 10 per share  
 Shareholding : 99.99%

### Retailink (Thailand) Co., Ltd.

Type of business : Sale and maintenance of retail equipment  
 Incorporated : Thailand  
 Paid up capital : Baht 20 million  
 Par value : Baht 10 per share  
 Shareholding : 99.99%

### Dynamic Management Co., Ltd.

Type of business : Logistics services  
 Incorporated : Thailand  
 Paid up capital : Baht 2 million  
 Par value : Baht 10 per share  
 Shareholding : 99.99%



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#### **Suksapiwat Co., Ltd.**

Type of business : Educational institution  
Incorporated : Thailand  
Paid up capital : Baht 810 million  
Par value : Baht 10 per share  
Shareholding : 99.99%

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#### **Panyatara Co., Ltd.**

Type of business : Training & seminar services  
Incorporated : Thailand  
Paid up capital : Baht 1 million  
Par value : Baht 10 per share  
Shareholding : 99.99%

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#### **Thai Smart Card Co., Ltd.**

Type of business : Payment of products and services  
through smart card  
Incorporated : Thailand  
Paid up capital : Baht 1,600 million  
Par value : Baht 10 per share  
Shareholding : 72.64%

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### **Subsidiaries and Affiliates in Overseas**

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#### **Lotus Distribution Investment Limited**

Type of business : Investment business  
Incorporated : British Virgin Island  
Paid up capital : USD 116.2 million  
Shareholding : 100%

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#### **Ek Chor Trading (Shanghai) Co., Ltd.**

*(Divested on November 18, 2009)*

Type of business : Non-active  
Incorporated : People's Republic of China  
Paid up capital : USD 11.7 million  
Shareholding : 55%

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#### **Emerald Innovation Management Co., Ltd.**

*(Divested on November 18, 2009)*

Type of business : Investment business  
Incorporated : British Virgin Island  
Paid up capital : USD 3.41 million  
Shareholding : 55%

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#### **Ek Chor Distribution System Co., Ltd.**

*(Divested on December 23, 2009)*

Type of business : Investment business  
Incorporated : Hong Kong  
Paid up capital : HKD 2  
Shareholding : 100%

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บริษัท ซีพี ออลล์ จำกัด (มหาชน)  
CP ALL PUBLIC COMPANY LIMITED



นักมือโปรก็แวะมา อิ่ม...สะดวกที่ 7-Eleven



บริษัท ซีพี ออลล์ จำกัด (มหาชน)  
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