

No. IDR 15/2021

31 August 2021

Subject: Notification of the Resolutions of the Board of Directors' Meeting No. 6/2021 in relation to (1) the Appointment of an Additional Director of the Company as an Independent Director; (2) the Acceptance of the Entire Business Transfer between Siam Makro Public Company Limited (which is a Subsidiary of the Company) and C.P. Retail Holding Company Limited; and (3) the Offering of Shares in Siam Makro Public Company Limited which are held by the Company to the Public (Public Offering)

Attention: President  
The Stock Exchange of Thailand

Enclosures: 1. Information Memorandum on the Acquisition of Assets and Connected Transaction in relation to the Acceptance of the Entire Business Transfer of C.P. Retail Holding Company Limited by Siam Makro Public Company Limited

2. Information Memorandum on the Disposal of Assets in relation to the Entire Business Transfer of C.P. Retail Holding Company Limited to Siam Makro Public Company Limited

3. Information Memorandum on the Disposal of Assets as a result of the Offering of Shares in Siam Makro Public Company Limited to the Public (Public Offering)

We, CP All Public Company Limited (the “**Company**”), hereby notify the Stock Exchange of Thailand (the “**SET**”) of the significant resolutions of the meeting of the Board of Directors No. 6/2021 which was held on 31 August 2021 as follows:

**1. The appointment of an additional director of the Company as an Independent Director**

The Board of Directors resolved to approve the appointment of Professor Emeritus Dr. Kittipong Kittayarak as an additional Independent Director of the Company which will result in the number of the members of the Board of Directors to increase from 15 to 16 directors as proposed by the Remuneration and Nomination Committee which has considered the competency, suitable qualifications, experience, work expertise in various areas and suitability to the Company's business strategies in order to support business growth and work expansion both within and outside of the country, as well as the requisite qualifications to act as Independent Director in accordance with the Company's requirements and in line with the enhancement of corporate governance in accordance with the notifications of the Capital Market Supervisory Board, and resolved to propose to the Extraordinary General Meeting of Shareholders for further consideration and approval.

In addition, for convenience and practicality in the registration of the change to the list of directors of the company, it was deemed appropriate to propose to the Extraordinary General Meeting of Shareholders to consider and approve the authorisation of any one of the authorised directors of the company (to act without company seal) to sign the application or other documents in connection with the registration of the change to the list of directors of the company, to submit the application to register such matter with the Ministry of Commerce and to amend, supplement or make changes to the application or statements in such

documents in connection with the registration of the change to the list of directors of the company which are required to be submitted to the Ministry of Commerce, including to be authorised to take any actions necessary for or in connection with such matters as considered appropriate and to be in compliance with the laws, rules, regulations and the interpretation of the relevant government agencies, including to be in compliance with the recommendations or orders of the registrar or officers.

**2. The acquisition of assets in relation to the acceptance of the entire business transfer of C.P. Retail Holding Company Limited by Siam Makro Public Company Limited which is a subsidiary of the Company**

The Board of Directors, by the disinterested directors, resolved to approve the acceptance of the entire business transfer under the entire business transfer plan between Siam Makro Public Company Limited ("**Makro**"), a subsidiary of the Company, as the transferee and C.P. Retail Holding Company Limited ("**CPRH**"), as the transferor, pursuant to which Makro will accept the transfer of the entire business of CPRH, including all assets, debts, rights, obligations and liabilities of CPRH existing at present and in the future as at the entire business transfer date (the "**EBT Date**") with the total value of THB 217,949,072,250 through the entire business transfer method to reinforce the business of Makro and support Makro's long-term strategies to become the leader in the retail and wholesale business and to expand the coverage of its business operations to be at a regional level (the "**EBT Transaction**"). The Board of Directors resolved to approve that the matter be proposed to the Extraordinary General Meeting of Shareholders for further consideration and approval, with details as follows:

Overview of the Transaction

CPRH have 3 shareholders, namely (a) the Company; (b) Charoen Pokphand Holding Company Limited ("**CPH**"); and (c) C.P. Merchandising Company Limited ("**CPM**") (the Company, CPH and CPM are collectively referred to as the "**CPRH Shareholders**").

CPRH is an investment holding company with its main assets being shares in C.P. Retail Development Company Limited ("**CPRD**") in the proportion of 99.99 percent of the registered capital of CPRD and other assets such as cash and cash equivalents. CPRD holds (a) 99.99 percent shares in Lotus's Stores (Thailand) Company Limited which holds 99.99 percent shares in Ek-Chai Distribution System Company Limited, an operator of a retail business under the name Lotus's in Thailand; and (b) 100.00 percent shares in Lotuss Stores (Malaysia) Sdn. Bhd. which operates a retail business under the name Lotus's in Malaysia (collectively referred to as the "**Lotus's Group**"). The business of the Lotus's Group is divided into two main groups which are the retail business and the business of leasing space in shopping malls. The Lotus's Group is a leading operator in the retail business of groceries and consumer products with multi-store formats comprising hypermarkets, supermarkets and mini-supermarkets, and operates the business of leasing space in shopping malls in Thailand and Malaysia. For the year ended 31 December 2020, CPRD's total pro forma revenue was THB 208,648 million and the total pro forma assets was THB 406,640 million.

**The EBT Transaction and the Share Allocation Transaction as EBT Consideration**

Under the EBT Transaction, Makro will issue and allocate up to 5,010,323,500 new ordinary shares in Makro with a par value of THB 0.50 each at the offering price of THB 43.50 per share, totalling THB 217,949,072,250, to CPRH as consideration for the entire business

transfer from CPRH as payment in kind, instead of in cash, representing 104.38 percent of the total issued and paid-up shares in Makro prior to the allocation of shares as consideration for the entire business transfer (the “**Share Allocation Transaction as EBT Consideration**”). The Share Allocation Transaction as EBT Consideration has taken into consideration the appropriateness of the capital structure of Makro.

The process of the entire business transfer will occur after the meetings of shareholders of the Company and Makro resolve to approve the EBT Transaction and the Share Allocation Transaction as EBT Consideration as well as other matters necessary for and/or in connection with the foregoing transactions in compliance with the relevant regulations, including regulations relating to the acquisition or disposal of assets and connected transactions, and the satisfaction of the conditions precedent under the entire business agreement (the “**EBT Agreement**”). Initially, it is expected that the EBT Transaction and the Share Allocation Transaction as EBT Consideration will be completed within 1 to 3 weeks from the date on which the Extraordinary General Meetings of Shareholders of the Company and Makro resolve to approve the EBT Transaction and the Share Allocation Transaction as EBT Consideration or on any other date as mutually agreed between Makro and CPRH.

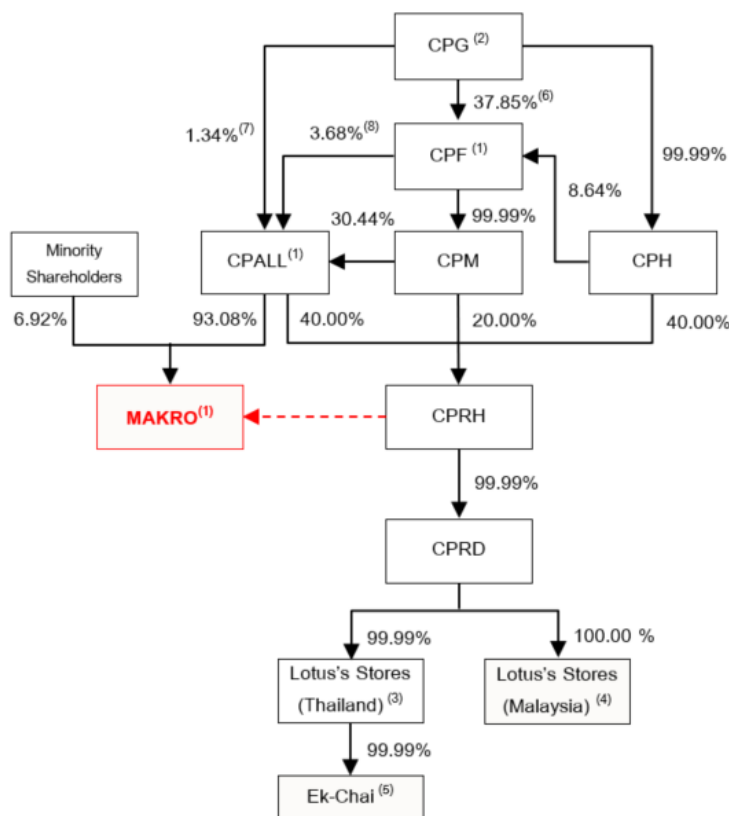
In this regard, the EBT Transaction will be carried out in compliance with the conditions under the Revenue Code in relation to the entire business transfer, pursuant to which CPRH will proceed to register its dissolution within the year 2021, which is within the same fiscal year in which the entire business transfer of CPRH takes place. Following the registration of dissolution, all remaining assets of CPRH, including shares in Makro which CPRH will receive as consideration for the entire business transfer, will be delivered to the CPRH Shareholders in proportion to their respective shareholding as part of the liquidation process of CPRH (the “**Return of Investment to the CPRH Shareholders**”). The Company, CPH and CPM will receive 2,004,129,400 shares, 2,004,129,400 shares and 1,002,064,700 shares in Makro, representing 20.43 percent, 20.43 percent and 10.21 percent of the total outstanding shares in Makro after the Share Allocation Transaction as EBT Consideration, respectively. In this regard, the Company, CPH, and CPM will be required to comply with the relevant regulations of the SET.

#### **The offering of newly issued ordinary shares to the public (Public Offering)**

Furthermore, after the completion of the EBT Transaction and the Share Allocation Transaction as EBT Consideration, Makro will issue and offer newly issued ordinary shares to the public (Public Offering). The Company, CPH and CPM will jointly sell a portion of the ordinary shares in Makro which are held by them at the same time as the public offering in compliance with the relevant regulations of the SET in order to increase the shares distribution of minority shareholders of Makro to be in the total proportion of not less than 15.00 percent of the paid-up capital of Makro which will result in Makro being able to successfully maintain the qualification relating to shares distribution (“**Free Float**”) in accordance with the Regulation of the SET Re: Listing of Ordinary Shares or Preferred Shares as Listed Securities B.E. 2558 (2015) dated 11 May 2015 (as amended) (the “**SET Regulation Re: Listing of Shares as Listed Securities**”). The public offering has taken into consideration the various relevant factors such as the appropriateness of the capital structure and proceeds utilisation plan of each company etc.

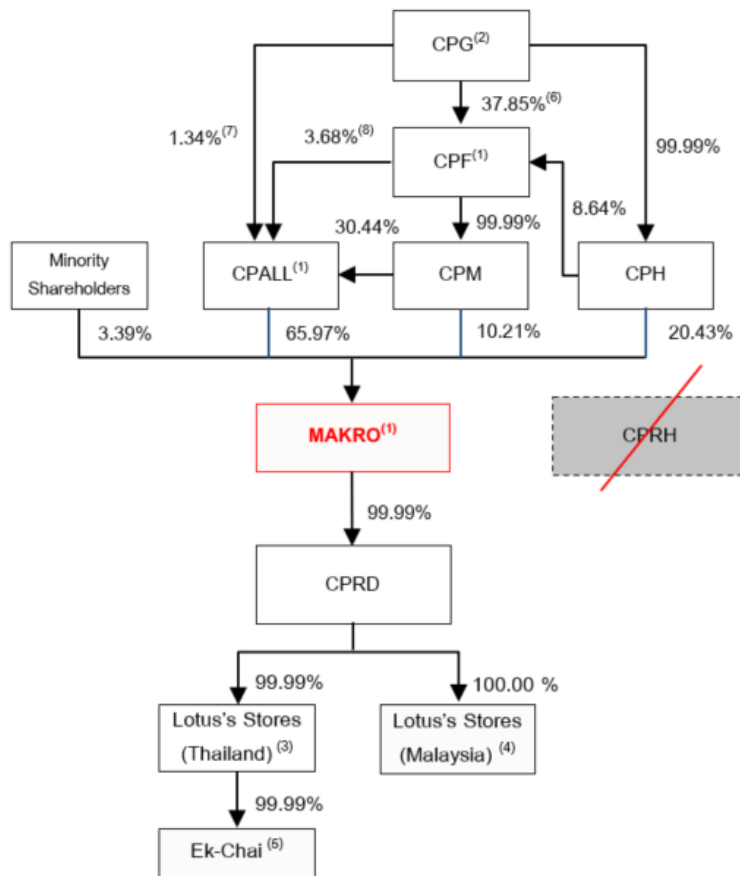
**Shareholding structure before and after the EBT Transaction and the obligations of CPH and CPM to make a tender offer for all securities in Makro**

The shareholding structure of Makro and CPRH before the EBT Transaction is summarised below.



- Notes:
- (1) Information on the shareholding in (a) Makro; (b) CPALL; and (c) CPF (before deducting the repurchased shares for financial management) is based on the Record Date on 15 March 2021, 6 May 2021 and 18 May 2021, respectively.
  - (2) CPG means Charoen Pokphand Group Company Limited
  - (3) Lotus's Stores (Thailand) means Lotus's Stores (Thailand) Company Limited
  - (4) Lotus's Stores (Malaysia) means Lotuss Stores (Malaysia) Sdn. Bhd.
  - (5) Ek-Chai means Ek-Chai Distribution System Company Limited
  - (6) CPG's shareholding in CPF includes the shareholding of CPG's subsidiaries (other than CPH) in CPF
  - (7) CPG's shareholding in CPALL includes the shareholding of CPG's subsidiaries in CPALL
  - (8) CPF's shareholding in CPALL includes the shareholding of CPF's subsidiaries (other than CPM) in CPALL

The shareholding structure of Makro after the completion of the EBT Transaction, the Share Allocation Transaction as EBT Consideration, including after the registration of dissolution of CPRH, and the Return of Investment to the CPRH Shareholders is summarised below.



- Notes:
- (1) Information on the shareholding in (a) Makro; (b) CPALL; and (c) CPF (before deducting the repurchased shares for financial management) is based on the Record Date on 15 March 2021, 6 May 2021 and 18 May 2021, respectively.
  - (2) CPG means Charoen Pokphand Group Company Limited
  - (3) Lotus's Stores (Thailand) means Lotus's Stores (Thailand) Company Limited
  - (4) Lotus's Stores (Malaysia) means Lotuss Stores (Malaysia) Sdn. Bhd.
  - (5) Ek-Chai means Ek-Chai Distribution System Company Limited
  - (6) CPG's shareholding in CPF includes the shareholding of CPG's subsidiaries (other than CPH) in CPF
  - (7) CPG's shareholding in CPALL includes the shareholding of CPG's subsidiaries in CPALL
  - (8) CPF's shareholding in CPALL includes the shareholding of CPF's subsidiaries (other than CPM) in CPALL

- (1) The Company's direct and indirect shareholding in Makro will decrease from approximately 93.08 percent to 65.97 percent of the total voting rights in Makro, and when combined with the 10.21 percent shareholding of the person under Section 258 of the Securities and Exchange Act B.E. 2535 (1992), as amended (the "**SEC Act**") of the Company, namely CPM, the total direct and indirect shareholding of the Company will be 76.19 percent. This does not constitute an acquisition of shares of a business that exceeds the trigger point that requires a tender offer to be made for all securities of that business as prescribed under the Notification of the Capital

Market Supervisory Board No. ThorJor. 12/2554 Re: Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeovers dated 13 May 2011, as amended (The “**Notification No. ThorJor. 12/2554**”). Therefore, the Company is not required to make a mandatory tender offer for all securities in Makro.

In this regard, the Company will not sell shares in Makro in respect of the tender offer for all securities in Makro to be made by CPH and CPM, as further clarified in paragraphs (2) and (3) below.

- (2) CPH's direct shareholding in Makro will increase from 0.00 percent to 20.43 percent of the total voting rights in Makro, and when combined with the 65.97 percent and 10.21 percent shareholding of the persons under Section 258 of the SEC Act of CPH, namely the Company and CPM, respectively, the total direct and indirect shareholding of CPH will be 96.61 percent. This constitutes an acquisition of shares of a business that exceeds the trigger point that requires a tender offer to be made for all securities of that business as prescribed under the Notification No. ThorJor. 12/2554. Therefore, CPH is required to make a mandatory tender offer for all securities in Makro.
- (3) CPM's direct shareholding in Makro will increase from 0.00 percent to 10.21 percent of the total voting rights in Makro, and when combined with the 65.97 percent shareholding of the person under Section 258 of the SEC Act of CPM, namely the Company, the total direct and indirect shareholding of CPM will be 76.19 percent. This constitutes an acquisition of shares of a business that exceeds the trigger point that requires a tender offer to be made for all securities of that business as prescribed under the Notification No. ThorJor. 12/2554. Therefore, CPM is required to make a mandatory tender offer for all securities in Makro.

As CPH and CPM are required to make a mandatory tender offer for all securities in Makro, both CPH and CPM will jointly make a mandatory tender offer for all securities in Makro at the price of THB 43.50 per share which is the price that Makro issues and allocates newly issued ordinary shares to CPRH as consideration for the entire business transfer from CPRH. CPM will purchase ordinary shares in Makro in the proportion of one-third and CPH will purchase ordinary shares in Makro in the proportion of two-thirds of the shares accepted in such mandatory tender offer for all securities in Makro. The maximum number of shares that CPM and CPH will have to purchase in this tender offer will not be more than 332,098,500 shares, representing up to 3.39 percent of the total outstanding shares in Makro following the Share Allocation Transaction as EBT Consideration. Such maximum number of shares is calculated by deducting (a) the number of shares in Makro which CPM and CPH will hold following the Return of Investment to the CPRH Shareholders; and (b) the number of shares in Makro which the Company currently holds and will acquire following the Return of Investment to the CPRH Shareholders (as the Company will not sell shares in respect of the tender offer by CPH and CPM). It is expected that such tender offer for securities will occur within 3 business days after CPM, CPH and the Company have fully received newly issued shares in Makro from the Return of Investment to the CPRH Shareholders.

### **Relevant regulations in connection with the entering into the EBT Transaction**

The EBT Transaction by Makro, a subsidiary of the Company, is considered as an acquisition of assets transaction under the Notification of the Capital Market Supervisory Board No. TorJor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets dated 31 August 2008 (as amended) and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets B.E. 2547 (2004) dated 29 October 2004 (as amended) (the “**Notifications on Acquisition or Disposal of Assets**”). When calculating the value of the transaction on the basis of the net tangible assets (NTA), the highest value of the transaction is equal to 232.42 percent based on the consolidated financial statements of the Company which have been reviewed by the auditor for the six-month period ended 30 June 2021. Upon combining with the acquisition of assets transactions of the Company and/or its subsidiaries during the past six months, the highest value of the transaction under the net tangible assets (NTA) basis is equal to 232.45 percent, which is equal to 100 percent or higher and, therefore, is considered as a Class 4 acquisition of assets transaction or a backdoor listing under the Notifications on Acquisition or Disposal of Assets.

As a result of the foregoing, the Company is required to comply with the Notifications on Acquisition or Disposal of Assets, including to take the following actions:

- (1) To prepare a report and disclose an information memorandum on the entering into the transaction by the Company to the SET immediately, containing, at the minimum, the details set out under Annex (1) of the Notifications on Acquisition or Disposal of Assets.
- (2) To appoint an independent financial advisor to perform the relevant functions, including rendering its opinions as required by the Notifications on Acquisition or Disposal of Assets, and to deliver the independent financial advisor’s opinion report to the shareholders for consideration, together with the notice of the meeting of shareholders. In this regard, the Company has appointed TISCO Bank Public Company Limited, which is a financial advisor approved by the Office of the Securities and Exchange Commission (the “**SEC Office**”), as independent financial advisor to render opinions to the shareholders in respect of the entering into the EBT Transaction.
- (3) To convene a meeting of shareholders of the Company for an approval of the entering into the EBT Transaction by delivering a notice of the meeting of shareholders to the shareholders at least 14 days prior to the date of the meeting of shareholders, and the approval must be obtained with not less than three-fourths of all votes of the shareholders attending the meeting and having the right to vote, excluding votes of interested shareholders. The name and number of shares of the shareholders not having the right to vote must be specified in the notice of the meeting of shareholders.

However, as the entering into the EBT Transaction in this case is a transaction that is being carried out by Makro and not by the Company, the 4 criteria under Clause 24 of the Notifications on Acquisition or Disposal of Assets are directly related to Makro, which is the listed company that is entering into the transaction in this case, and are not related to the Company as the Company is not the entity entering into the transaction. Hence, the 4 criteria

under Clause 24 of the Notifications on Acquisition or Disposal of Assets need not be reconsidered in respect of the Company.

In addition, as CPRH is a connected person of the Company, the EBT Transaction and the Share Allocation Transaction as EBT Consideration are considered as connected transactions of a listed company under the Notification of the Capital Market Supervisory Board No. TorJor 21/2551 Re: Rules on Connected Transactions dated 31 August 2008 (as amended) and the Notification of the Board of Governors of the SET Re: Disclosure of Information and Other Acts of Listed Companies Concerning Connected Transactions B.E. 2546 (2003) dated 19 November 2003 (as amended) (the “**Notifications on Connected Transactions**”) because (a) CPRH’s major shareholder, CPM, is a major shareholder of the Company as well as a subsidiary of Charoen Pokphand Foods Public Company Limited (“**CPF**”), whereby CPM holds 398,959,149 shares in CPRH (representing 20.00 percent of the total voting rights in CPRH); and (b) CPRH’s indirect major shareholder, Charoen Pokphand Group Company Limited (“**CPG**”), who indirectly holds 797,918,298 shares in CPRH through CPH (representing 40.00 percent of the total voting rights in CPRH) is an indirect major shareholder of the Company. The transaction size is equal to 253.94 percent of the value of net tangible assets (NTA) of the Company based on the consolidated financial statements of the Company which have been reviewed by the auditor for the six-month period ended 30 June 2021. In this regard, upon combining with the transactions of the Company and/or its subsidiaries that have been entered into during the past six months with CPRH or connected persons of CPRH, the total transaction size is equal to 254.22 percent of the value of net tangible assets (NTA) of the Company.

As a result of the foregoing, the Company is required to comply with the Notifications on Connected Transactions, including to take the following actions:

- (1) To prepare a report and disclose an information memorandum on the entering into the transaction by the Company to the SET immediately upon the Board of Directors passing the resolution to approve the entering into the transaction.
- (2) To appoint an independent financial advisor to perform the relevant functions, including rendering its opinions as required by the Notifications on Connected Transactions and to deliver the independent financial advisor’s opinion report to the shareholders for consideration, together with the notice of the meeting of shareholders. In this regard, the Company has appointed TISCO Bank Public Company Limited, which is a financial advisor approved by the SEC Office, as independent financial advisor to perform the relevant functions under the Notifications on Connected Transactions.
- (3) To convene a meeting of shareholders of the Company for an approval of the entering into the transaction by delivering a notice of the meeting of shareholders to the shareholders at least 14 days prior to the date of the meeting of shareholders, and the approval must be obtained with not less than three-fourths of all votes of the shareholders attending the meeting and having the right to vote, excluding votes of interested shareholders. The name and number of shares of the shareholders not having the right to vote must be specified in the notice of the meeting of shareholders.

In addition, as (a) the EBT Transaction as explained in Paragraph 2; and (b) the Disposal of Assets in relation to the Entire Business Transfer of CPRH Transaction as will be explained in Paragraph 3 are transactions which are connected and are conditions to the other



transaction, therefore, both of these transactions must be approved by the meeting of shareholders of the Company for the transactions to take place.

The details of the EBT Transaction and the Share Allocation Transaction as EBT Consideration are described in the Information Memorandum on the Acquisition of Assets and Connected Transaction in relation to the Acceptance of the Entire Business Transfer of C.P. Retail Holding Company Limited by Siam Makro Public Company Limited (**Enclosure 1**).

**Conditions Precedent**

However, the EBT Transaction and the Share Allocation Transaction as EBT Consideration will only occur after the full satisfaction of the conditions precedent as specified in the EBT Agreement, including contracts and other documents in relation to such transactions. Material conditions precedent are summarised below:

- (1) The meeting of shareholders of Makro has resolved to approve the EBT Transaction and the Share Allocation Transaction as EBT Consideration, including other matters necessary for and/or in connection with such transactions in compliance with the relevant regulations.
- (2) The meeting of shareholders of the Company has resolved to approve the EBT Transaction, the Share Allocation Transaction as EBT Consideration and the transfer of the entire business of CPRH, including the execution of the EBT Agreement, and other matters necessary for and/or in connection with such transactions in compliance with the relevant regulations.
- (3) The meetings of the board of directors of CPF, CPM and CPH have resolved to approve the transfer of the entire business of CPRH, including the execution of the EBT Agreement, and other matters necessary for and/or in connection with such transactions in compliance with the relevant regulations.
- (4) The meeting of the board of directors and meeting of shareholders of CPRH have resolved to approve the transfer of the entire business to Makro, including the execution of the EBT Agreement and other relevant documents, as well as any other actions to ensure the successful completion of the transfer of the entire business to Makro.
- (5) As at the EBT Date, no events or actions have occurred which may result in material adverse effects on the entire business of CPRH, the businesses of CPRD, companies within the Lotus's Group, and the subsidiaries in which CPRH (directly and indirectly) holds more than 50.00 percent shares and/or the business of Makro and no events have occurred which obstruct the entering into the EBT Transaction and the Share Allocation Transaction as EBT Consideration.
- (6) The SEC Office has approved the offering of the newly issued ordinary shares to CPRH which is an offering to a specific person (Private Placement).
- (7) Makro, companies within the Makro's group, CPRH, CPRD, companies within the Lotus's Group and the subsidiaries in which CPRH (directly and indirectly) holds more than 50.00 percent shares have obtained the necessary consents, permissions, agreements or waivers from customers, suppliers, creditors or contract parties who are third parties of Makro, companies within the Makro's group, CPRH, CPRD, companies within the Lotus's Group and the subsidiaries in which CPRH

(directly and indirectly) holds more than 50.00 percent shares in connection with the EBT Transaction and the Share Allocation Transaction as EBT Consideration.

- (8) In order to enable CPRH to transfer shares in CPRD (which are a part of the assets of CPRH) to Makro pursuant to the EBT Agreement, Makro will execute a guarantee in the form to be agreed between creditors of CPRD and Makro. Such guarantee will come into effect when Makro has accepted the transfer of shares in CPRD from CPRH.

### **Authorisation in respect of the EBT Transaction**

For the successful completion of the EBT Transaction, the Board of Directors considered it appropriate to propose to the Extraordinary General Meeting of Shareholders to consider and approve the authorisation of the Board of Directors and/or persons designated by the Board of Directors to negotiate, agree, act, determine and amend the details and conditions in relation to the method, duration and procedures, to sign agreements, memorandum of understanding and other documents, as well as to contact, discuss, coordinate, prepare or act in relation to application for approvals, permissions, authorisations or waivers from the SEC Office, the SET and the relevant government agencies and regulatory authorities, including to take any other actions necessary for or in connection with the EBT Transaction and the Share Allocation Transaction as EBT Consideration, so as to achieve the objectives of the foregoing under the relevant notifications, regulations, rules and laws, and to ratify any actions taken by such authorised persons in relation to the foregoing.

### **3. The disposal of assets in relation to the entire business transfer of CPRH to Makro**

The Board of Directors, by the disinterested directors, resolved to approve the disposal of assets in relation to the entire business transfer of CPRH, an affiliate in which the Company holds shares representing 40.00 percent of the total registered capital of CPRH, to Makro with the total value of THB 87,179,628,900 (by considering the shareholding proportion of the Company in CPRH at 40.00 percent). CPRH will receive up to 5,010,323,500 newly issued ordinary shares in Makro with a par value of THB 0.50 each at the offering price of THB 43.50 per share, totalling THB 217,949,072,250, as consideration for the entire business transfer of CPRH as payment in kind, instead of in cash (the details as appear in Paragraph 2). CPRH will proceed to register its dissolution within the year 2021 which is within the same fiscal year in which the entire business transfer of CPRH takes place. Following the registration of dissolution, all remaining assets of CPRH, including shares in Makro which CPRH will receive as consideration for the entire business transfer, will be delivered to the CPRH Shareholders in proportion to their respective shareholding as part of the liquidation process of CPRH (the **“Disposal of Assets in relation to the Entire Business Transfer of CPRH Transaction”**). The Board of Directors resolved to approve that the matter be proposed to the Extraordinary General Meeting of Shareholders for further consideration and approval and resolved to approve the entering into in the EBT Agreement, contracts and other documents in relation to the Disposal of Assets in relation to the Entire Business Transfer of CPRH Transaction. In addition, the Board of Directors resolved to approve the Company, in the capacity as a shareholder of CPRH, to vote in favour of the entering into the Disposal of Assets in relation to the Entire Business Transfer of CPRH Transaction and the dissolution of CPRH at the meeting of shareholders of CPRH.

In this regard, the entering into the Disposal of Assets in relation to the Entire Business Transfer of CPRH Transaction is considered a transfer of a material part of the business of

the Company to other person under Section 107(2)(b) of the Public Limited Companies Act B.E. 2535 (1992) (as amended). As such, the Company is required to obtain an approval for the entering into the Disposal of Assets in relation to the Entire Business Transfer of CPRH Transaction from the meeting of shareholders of the Company and must obtain the approval from the meeting of shareholders with votes of not less than three-fourths of all votes of the shareholders attending the meeting and having the right to vote, excluding votes of interested shareholders.

In addition, the Disposal of Assets in relation to the Entire Business Transfer of CPRH Transaction is also considered as a disposal of assets transaction under the Notifications on Acquisition or Disposal of Assets. When calculating the value of the transaction on the basis of the net tangible assets (NTA), the highest value of the transaction is equal to 92.97 percent based on the consolidated financial statements of the Company which have been reviewed by the auditor for the six-month period ended 30 June 2021. In this regard, when considering together with the Company's Shares Offering Transaction (the details as appear in Paragraph 4) and the disposal of assets transactions of the Company and/or its subsidiaries during the past six months, the highest value of the transaction under the net tangible assets (NTA) basis is equal to 109.06 percent, therefore, it is considered as a Class 1 disposal of assets transaction under the Notifications on Acquisition or Disposal of Assets.

As a result of the foregoing, the Company is required to comply with the Notifications on Acquisition or Disposal of Assets, including to take the following actions:

- (1) To prepare a report and disclose an information memorandum on the entering into the transaction by the Company to the SET immediately, containing, at the minimum, the details set out under Annex (1) of the Notifications on Acquisition or Disposal of Assets.
- (2) To appoint an independent financial advisor to perform the relevant functions, including rendering its opinions as required by the Notifications on Acquisition or Disposal of Assets, and to deliver the independent financial advisor's opinion report to the shareholders for consideration, together with the notice of the meeting of shareholders. In this regard, the Company has appointed TISCO Bank Public Company Limited, which is a financial advisor approved by the SEC Office, as independent financial advisor to render opinions to the shareholders in respect of the Disposal of Assets in relation to the Entire Business Transfer of CPRH Transaction.
- (3) To convene a meeting of shareholders of the Company for an approval of the Disposal of Assets in relation to the Entire Business Transfer of CPRH Transaction by delivering a notice of the meeting of shareholders to the shareholders at least 14 days prior to the date of the meeting of shareholders, and the approval must be obtained with not less than three-fourths of all votes of the shareholders attending the meeting and having the right to vote, excluding votes of interested shareholders. The name and number of shares of the shareholders not having the right to vote must be specified in the notice of the meeting of shareholders.

The entering into the Disposal of Assets in relation to the Entire Business Transfer of CPRH Transaction is not considered as a connected transaction of the Company under the Notifications on Connected Transactions.

Please consider further details of the Disposal of Assets in relation to the Entire Business Transfer of CPRH Transaction in the Information Memorandum on the Disposal of Assets in

relation to the Entire Business Transfer of C.P. Retail Holding Company Limited to Siam Makro Public Company Limited (**Enclosure 2**).

**Authorisation in respect of the Disposal of Assets in relation to the Entire Business Transfer of CPRH Transaction**

For the successful completion of the Disposal of Assets in relation to the Entire Business Transfer of CPRH Transaction, the Board of Directors considered it appropriate to propose to the Extraordinary General Meeting of Shareholders to consider and approve the authorisation of the Board of Directors and/or persons designated by the Board of Directors to negotiate, agree, act, determine and amend the details and conditions in relation to the method, duration and procedures, to sign agreements, memorandum of understanding and other documents, as well as to contact, discuss, coordinate, prepare or act in relation to application for approvals, permissions, authorisations or waivers from the SEC Office, the SET and the relevant government agencies and regulatory authorities, including to take any other actions necessary for or in connection with the Disposal of Assets in relation to the Entire Business Transfer of CPRH Transaction, so as to achieve the objectives of the foregoing under the relevant notifications, regulations, rules and laws, and to ratify any actions taken by such authorised persons in relation to the foregoing.

**4. The Company's Shares Offering Transaction**

The Board of Directors resolved to approve various transactions in connection with the Company's Shares Offering Transaction as set out below, and resolved to approve that the matter be proposed to the Extraordinary General Meeting of Shareholders for further consideration and approval

- (1) The offering of a portion of the ordinary shares in Makro which are held by the Company to the public (Public Offering) at the same time as the issuance and offering of newly issued ordinary shares to the public (Public Offering) by Makro, which is a subsidiary of the Company, in the amount of up to 363,200,000 shares with a par value of THB 0.50 each, representing 3.70 percent of the total issued and outstanding ordinary shares in Makro after the completion of the Share Allocation Transaction as EBT Consideration or representing 3.25 percent of the total issued and outstanding ordinary shares in Makro after the completion of the issuance and offering of new ordinary shares to the public (Public Offering) by Makro (the **"Company's Offered Shares"**).

In this regard, in the offering of ordinary shares to the public (Public Offering) in this case, certain portions of the ordinary shares may be considered for allocation as offering to (a) existing shareholders of the Company (other than the CPG group as specified in Form 56-1 for the year 2020 of the Company); (b) existing shareholders of Makro (other than the Company and the Company's subsidiaries); and (c) existing shareholders of CPF (other than the CPG group as specified in Form 56-1 for the year 2020 of CPF). In this regard, the Company reserves the right, at the Company's discretion, to consider not to offer or allocate newly issued ordinary shares to any persons or subscribers if such offering or allocation of newly issued ordinary shares will or may result in the Company having legal obligations under foreign law in addition to those required under relevant Thai laws or regulations in connection with the issuance and offering of securities, or will result in the shares offering being in non-compliance with the rules, methods or conditions prescribed for the offering or allocation of shares. The details on the rights to receive the shares allocation will be

determined after Makro has received the approval from the SEC Office to offer the ordinary shares to the public (Public Offering) and the registration statement and the prospectus have become effective and will be further notified by the Company to the shareholders.

- (2) The lending of ordinary shares in Makro which are held by the Company to the over-allotment agent for the over-allotment process in the amount of up to 340,500,000 shares, representing 3.47 percent of the total issued and outstanding ordinary shares in Makro after the completion of the Share Allocation Transaction as EBT Consideration or representing 3.05 percent of the total issued and outstanding ordinary shares in Makro after the completion of the issuance and offering of new ordinary shares to the public (Public Offering) by Makro (the “**Lent Shares**”).
- (3) The granting of the right to the over-allotment agent to purchase ordinary shares held by the Company in the amount of up to 340,500,000 shares, representing 3.47 percent of the total issued and outstanding ordinary shares in Makro after the completion of the Share Allocation Transaction as EBT Consideration or representing 3.05 percent of the total issued and outstanding ordinary shares in Makro after the completion of the issuance and offering of new ordinary shares to the public (Public Offering) by Makro, (the “**Option Shares**”) for the purpose of returning shares which are borrowed by the over-allotment agent from the Company, whether in whole or in part, which is a part of the over-allotment process of the issuance and offering of ordinary shares to the public.

(The offering of the Company's Offered Shares, the lending of the Lent Shares to the over-allotment agent and the granting of the right to purchase the Option Shares to the over-allotment agent are collectively referred to as the “**Company's Shares Offering Transaction**”).

In the case where the over-allotment agent exercises the right to purchase all the Option Shares from the Company, the Company's shareholding proportion in Makro will reduce to be not less than 51.63 percent of the total issued and outstanding ordinary shares in Makro after the completion of the issuance and offering of new ordinary shares to the public by Makro.

In this regard, the Company's Shares Offering Transaction will be carried out only if the Extraordinary General Meeting of Shareholders of Makro has resolved to approve the EBT Transaction and the Share Allocation Transaction as EBT Consideration and approve the increase of the registered capital and the allocation of newly issued ordinary shares for offering to the public (Public Offering), including other matters necessary for and/or in connection with the foregoing transactions. In addition, the Company's Shares Offering Transaction will occur after the completion of the EBT Transaction and the Share Allocation Transaction as EBT Consideration.

The various transactions in connection with the Company's Shares Offering Transaction are considered as disposal of assets transactions under the Notifications on Acquisition or Disposal of Assets. However, the Company has granted the right to the over-allotment agent to purchase ordinary shares in Makro which are held by the Company in the same number of shares that will be lent by the Company, hence the total size of the transactions in the calculation of the value of the transactions in connection with the Company's Shares Offering Transaction is equal to the offering of the Company's Offered Shares and the granting of the right to purchase the Option Shares to the over-allotment agent only, and the size of the transaction in connection with the

shares lending needs not be included in the calculation again. When calculating the value of the transactions on the basis of the net tangible assets (NTA), the highest value of the transactions is equal to 15.93 percent based on the consolidated financial statements of the Company which have been reviewed by the auditor for the six-month period ended 30 June 2021. In this regard, when considering together with the Disposal of Assets in relation to the Entire Business Transfer of CPRH Transaction (the details as appear in Paragraph 3) and the disposal of assets transactions of the Company and/or its subsidiaries during the past six months, the highest value of the transaction under the net tangible assets (NTA) basis is equal to 109.06 percent, therefore, it is considered as a Class 1 disposal of assets transaction under the Notifications on Acquisition or Disposal of Assets.

As a result of the foregoing, the Company is required to comply with the Notifications on Acquisition or Disposal of Assets, including to take the following actions:

- (1) To prepare a report and disclose an information memorandum on the entering into the transaction by the Company to the SET immediately, containing, at the minimum, the details set out under Annex (1) of the Notifications on Acquisition or Disposal of Assets.
- (2) To appoint an independent financial advisor to perform the relevant functions, including rendering its opinions as required by the Notifications on Acquisition or Disposal of Assets, and to deliver the independent financial advisor's opinion report to the shareholders for consideration, together with the notice of the meeting of shareholders. In this regard, the Company has appointed TISCO Bank Public Company Limited, which is a financial advisor approved by the SEC Office, as independent financial advisor to render opinions to the shareholders in respect of the entering into the Company's Shares Offering Transaction.
- (3) To convene a meeting of shareholders of the Company for an approval of the entering into the Company's Shares Offering Transaction by delivering a notice of the meeting of shareholders to the shareholders at least 14 days prior to the date of the meeting of shareholders, and the approval must be obtained with not less than three-fourths of all votes of the shareholders attending the meeting and having the right to vote, excluding votes of interested shareholders. The name and number of shares of the shareholders not having the right to vote must be specified in the notice of the meeting of shareholders.

For the successful completion of the Company's Shares Offering Transaction, the Board of Directors considered it appropriate to propose to the Extraordinary General Meeting of Shareholders to consider and approve the authorisation of the Board of Directors and/or persons designated by the Board of Directors to take any actions in relation to the the Company's Shares Offering Transaction, and to ratify any actions taken by such authorised persons in relation to the foregoing, including to take the actions as follows:

- (1) To determine and/or amend the details or conditions relating to the offering and allocation of the ordinary shares, the number of offered shares, whether within the country and/or abroad, until completion and in accordance with the rules, methods or conditions prescribed under the relevant notifications of the Capital Market Supervisory Board and in accordance with any laws, rules or regulations of Thailand or foreign countries.

- (2) To determine and/or amend the book building price range, the offering price, the offering proportion, the subscription period, the payment of shares, the allocation of unsubscribed shares, the reservation of a certain portion of shares for offering to cornerstone investors and offering and allocation of shares to customers, suppliers or persons providing any other benefits (patrons) of Makro, the Company, CPM and/or CPH and/or (a) existing shareholders of Makro (other than the Company and subsidiaries of the Company); (b) existing shareholders of the Company (other than the CPG group as specified in Form 56-1 for the year 2020 of the Company); and (c) existing shareholders of CPF (other than the CPG group as specified in Form 56-1 for the year 2020 of CPF), and the allocation of over-allotment shares in the over-allotment process, the offering of which may be made all at once or in portions for offering in lots from time to time, the lending of the Lent Shares to the over-allotment agent and the granting of the right to purchase the Option Shares to the over-allotment agent in accordance with the rules regarding the subscription, underwriting and allocation of newly issued securities under the relevant notifications of the Capital Market Supervisory Board and any other relevant rules.
- (3) To appoint financial advisor, legal advisor, securities underwriter and/or other relevant advisors, including the lead underwriter, selling agent, initial purchaser and/or escrow agent and, in respect of the over-allotment process, to appoint over-allotment agent, including to enter into agreements, contracts and other documents in relation to such matters for the benefit of the Company's Shares Offering Transaction.
- (4) To contact, negotiate, enter into, prepare, amend, modify, sign contracts, commitments, documents of right and/or other documents, to certify, apply for waiver, apply for approval, give information, submit document or evidence with the SEC Office, the SET and/or any other organisations or agencies, including service provider, escrow agent, over-allotment agent, contract counterparty or any other persons in relation to the Company's Shares Offering Transaction, which includes the reservation of a certain portion of shares for offering to cornerstone investors, offering and allocation of shares to customers, suppliers or persons providing any other benefits (patrons) of Makro, the Company, CPM and/or CPH and/or existing shareholders of Makro, the Company and CPF (other than the persons specified above), the allocation of over-allotment shares in the over-allotment process, the lending of the Lent Shares to the over-allotment agent and the granting of the right to purchase the Option Shares to the over-allotment agent as well as to take any actions necessary for or in connection therewith in all respects.
- (5) To amend, supplement and/or modify any conditions and details necessary for and in connection with the Company's Shares Offering Transaction in all respects, including but without limitation to, to determine the offering price of the ordinary shares and to take any actions in relation thereto.
- (6) To disclose information, provide information, prepare, deliver and sign applications, documents and evidences necessary for or in connection with the Company's Shares Offering Transaction, which include application forms, registration statement, prospectus, other relevant contracts and documents, as well as to contact and submit such applications, documents and evidences to the relevant government agencies or authorities for the Company's Shares Offering Transaction, as well as to take any actions in relation to the foregoing.

- (7) To take any relevant actions so as to achieve the objectives of the foregoing, including to delegate or to authorise any other persons to take any actions in such matters as considered appropriate and in accordance with the relevant notifications, regulations, rules and laws.

Please consider further details of the Company's Shares Offering Transaction in the Information Memorandum on the Disposal of Assets as a result of the Offering of Shares in Siam Makro Public Company Limited to the Public (Public Offering) (**Enclosure 3**).

**5. The appointment of independent financial advisor to render opinions to shareholders in relation to the acquisition and disposal of assets transaction and the connected transaction**

The Board of Directors resolved to approve the appointment of TISCO Bank Public Company Limited, a financial advisor whose name appear on the approved list of the SEC Office, as the independent financial advisor to render opinions on (a) the EBT Transaction and the Share Allocation Transaction as EBT Consideration of Makro which are considered as acquisition of assets transactions and connected transactions of a listed company; (b) the Disposal of Assets in relation to the Entire Business Transfer of CPRH Transaction which is considered as a disposal of assets transaction; (c) the Company's Shares Offering Transaction which is considered as a disposal of assets transaction, to ensure that the shareholders of the Company have the complete and sufficient information for consideration in the passing of resolutions on such acquisition and disposal of assets transactions and connected transactions in compliance with the requirements under the Notifications on Acquisition or Disposal of Assets and the Notifications on Connected Transactions.

**6. The determination of the date of the Extraordinary General Meeting of Shareholders No. 1/2021 and the date to determine the names of shareholders who are entitled to attend the Extraordinary General Meeting of Shareholders No. 1/2021 (Record Date)**

The Board of Directors resolved to approve the date of the Extraordinary General Meeting of Shareholders No. 1/2021 to be on 12 October 2021 at 13.00 hrs. which will be held through electronic means, and the date to determine the names of shareholders who are entitled to attend the meeting (Record Date) to be on 15 September 2021 with the agenda of the meeting as follows:

- Agenda 1 To consider and appoint an additional director of the Company as an Independent Director
- Agenda 2 To consider and approve the acquisition of assets in relation to the acceptance of the entire business transfer of C.P. Retail Holding Company Limited by Siam Makro Public Company Limited which is a subsidiary of the Company
- Agenda 3 To consider and approve the disposal of assets in relation to the entire business transfer of C.P. Retail Holding Company Limited to Siam Makro Public Company Limited
- Agenda 4 To consider and approve the offering of shares in Siam Makro Public Company Limited which are held by the Company to the public (Public Offering)



To protect the rights and benefits of the shareholders and in case the shareholders cannot attend the meeting and wish to grant proxy to the Company's directors to vote on their behalf, the Company has designated 1) Mr. Padoong Techasarintr; 2) Professor Emeritus Prasobsook Boondech; and 3) Mrs. Nampung Wongsmith, who are Independent Directors of the Company, as proxies for the shareholders.

In addition, the Board of Directors has authorised Mr. Korsak Chairasmisak and Mr. Umroong Sanphasitvong to take any actions within the legal limits in relation to the convening and the arrangement of the Extraordinary General Meeting of Shareholders No. 1/2021, including to amend and/or add meeting agendas of the Extraordinary General Meeting of Shareholders No. 1/2021 and/or to change the date, time or the format of the Extraordinary General Meeting of Shareholders No. 1/2021.

Please kindly be informed accordingly.

Yours faithfully,

Mr. Supot Shitgasornpongse

Company Secretary

Authorised to sign on behalf of the Company

**Information Memorandum on the Acquisition of Assets and Connected Transaction  
in relation to the Acceptance of the Entire Business Transfer of  
C.P. Retail Holding Company Limited by Siam Makro Public Company Limited**

**Pursuant to Annex (1)**

The meeting of the Board of Directors No. 6/2021 of CP All Public Company Limited (the “**Company**”), which was held on 31 August 2021, resolved to approve the acceptance of the entire business transfer under the entire business transfer plan between Siam Makro Public Company Limited (“**Makro**”), a subsidiary of the Company, as the transferee and C.P. Retail Holding Company Limited (“**CPRH**”), as the transferor, pursuant to which Makro will accept the transfer of the entire business of CPRH, including all assets, debts, rights, obligations and liabilities of CPRH existing at present and in the future as at the entire business transfer date (the “**EBT Date**”) with the total value of THB 217,949,072,250 through the entire business transfer method to reinforce the business of Makro and support Makro’s long-term strategies to become the leader in the retail and wholesale business and to expand the coverage of its business operations to be at a regional level (the “**EBT Transaction**”), and resolved to approve that the matter be proposed to the Extraordinary General Meeting of Shareholders for further consideration and approval. The Board of Directors also resolved to approve the entering into the entire business transfer agreement (the “**EBT Agreement**”), contracts and other documents in relation to the acceptance of the entire business transfer from CPRH. Details of the transaction are as follows:

Overview of the Transaction

CPRH have 3 shareholders, namely (a) the Company; (b) Charoen Pokphand Holding Company Limited (“**CPH**”); and (c) C.P. Merchandising Company Limited (“**CPM**”) (the Company, CPH and CPM are collectively referred to as the “**CPRH Shareholders**”).

CPRH is an investment holding company with its main assets being shares in C.P. Retail Development Company Limited (“**CPRD**”) in the proportion of 99.99 percent of the registered capital of CPRD and other assets such as cash and cash equivalents. CPRD holds (a) 99.99 percent shares in Lotus’s Stores (Thailand) Company Limited which holds 99.99 percent shares in Ek-Chai Distribution System Company Limited, an operator of a retail business under the name Lotus’s in Thailand; and (b) 100.00 percent shares in Lotuss Stores (Malaysia) Sdn. Bhd. which operates a retail business under the name Lotus’s in Malaysia (collectively referred to as the “**Lotus’s Group**”). The business operation of the Lotus’s Group is divided into two main groups which are the retail business and the business of leasing space in shopping malls. The Lotus’s Group is a leading operator in the retail business of groceries and consumer products with multi-store formats comprising hypermarkets, supermarkets and mini-supermarkets, and operates the business of leasing space in shopping malls in Thailand and Malaysia. For the year ended 31 December 2020, CPRD’s total pro forma revenue was THB 208,648 million and the total pro forma assets was THB 406,640 million.

**The EBT Transaction and the Share Allocation Transaction as EBT Consideration**

Under the EBT Transaction, Makro will issue and allocate up to 5,010,323,500 new ordinary shares in Makro with a par value of THB 0.50 each at the offering price of THB 43.50 per share, totalling THB 217,949,072,250, to CPRH as consideration for the entire business transfer from CPRH as payment in kind, instead of in cash, representing 104.38 percent of the total issued and paid-up shares in Makro prior to the allocation of shares as consideration for the entire business

transfer (the **"Share Allocation Transaction as EBT Consideration"**). The Share Allocation Transaction as EBT Consideration has taken into consideration the appropriateness of the capital structure of Makro.

The process of the entire business transfer will occur after the meetings of shareholders of the Company and Makro resolve to approve the EBT Transaction and the Share Allocation Transaction as EBT Consideration as well as other matters necessary for and/or in connection with the foregoing transactions in compliance with the relevant regulations, including regulations relating to the acquisition or disposal of assets and connected transactions, and the satisfaction of the conditions precedent under the EBT Agreement. Initially, it is expected that the EBT Transaction and the Share Allocation Transaction as EBT Consideration will be completed within 1 to 3 weeks from the date on which the Extraordinary General Meetings of Shareholders of the Company and Makro resolve to approve the EBT Transaction and the Share Allocation Transaction as EBT Consideration or on any other date as mutually agreed between Makro and CPRH.

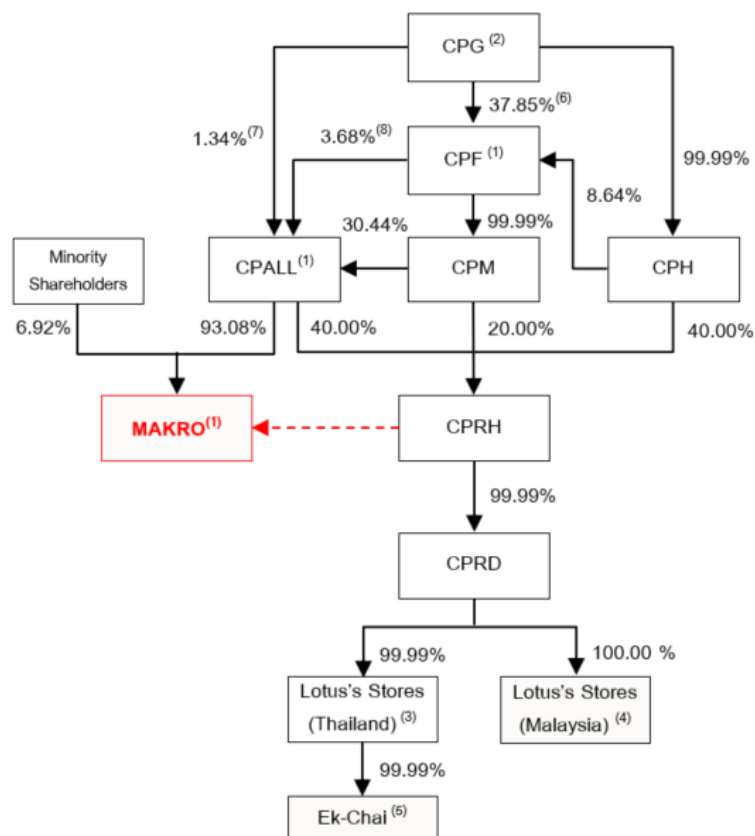
In this regard, the EBT Transaction will be carried out in compliance with the conditions under the Revenue Code in relation to the entire business transfer, pursuant to which CPRH will proceed to register its dissolution within the year 2021, which is within the same fiscal year in which the entire business transfer of CPRH takes place. Following the registration of dissolution, all remaining assets of CPRH, including shares in Makro which CPRH will receive as consideration for the entire business transfer, will be delivered to the CPRH Shareholders in proportion to their respective shareholding as part of the liquidation process of CPRH (the **"Return of Investment to the CPRH Shareholders"**). The Company, CPH and CPM will receive 2,004,129,400 shares, 2,004,129,400 shares and 1,002,064,700 shares in Makro, representing 20.43 percent, 20.43 percent and 10.21 percent of the total outstanding shares in Makro after the Share Allocation Transaction as EBT Consideration, respectively. In this regard, the Company, CPH, and CPM will be required to comply with the relevant regulations of the SET.

**The offering of newly issued ordinary shares to the public (Public Offering)**

Furthermore, after the completion of the EBT Transaction and the Share Allocation Transaction as EBT Consideration, Makro will issue and offer newly issued ordinary shares to the public (Public Offering). The Company, CPH and CPM will jointly sell a portion of the ordinary shares in Makro which are held by them at the same time as the public offering in compliance with the relevant regulations in order to increase the shares distribution of minority shareholders of Makro to be in the total proportion of not less than 15.00 percent of the paid-up capital of Makro which will result in Makro being able to successfully maintain the qualification relating to shares distribution (**"Free Float"**) in accordance with the Regulation of the SET Re: Listing of Ordinary Shares or Preferred Shares as Listed Securities B.E. 2558 (2015) dated 11 May 2015 (as amended) (the **"SET Regulation Re: Listing of Shares as Listed Securities"**). The public offering has taken into consideration the various relevant factors including the appropriateness of the capital structure and proceeds utilisation plan of each company.

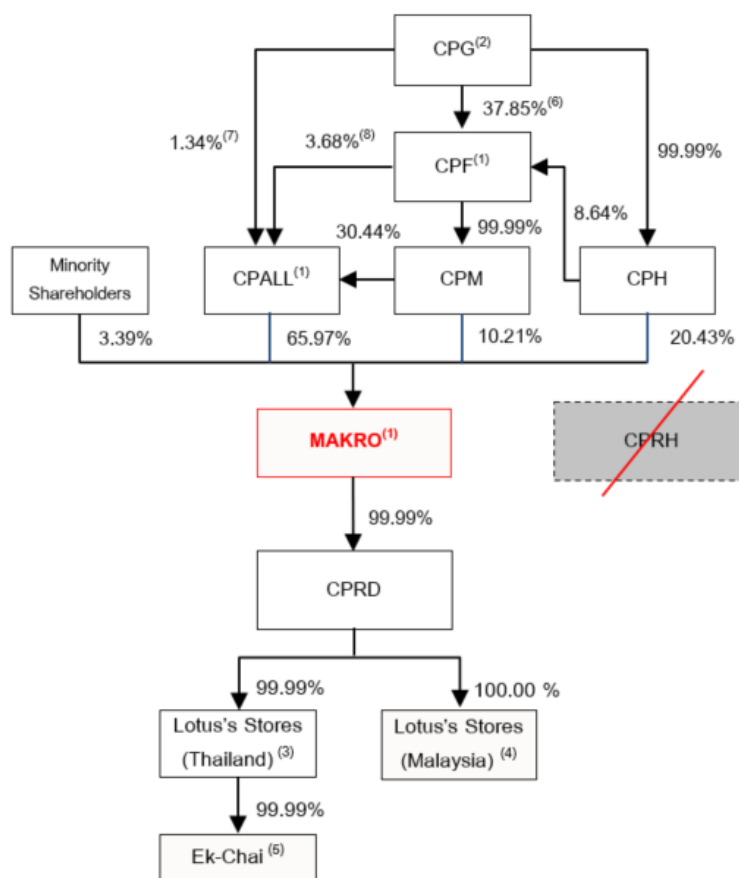
**Shareholding structure before and after the EBT Transaction and the obligation of CPH and CPM to make a tender offer for all securities in Makro**

The shareholding structure of Makro and CPRH before the EBT Transaction is summarised below.



- Notes:
- (1) Information on the shareholding in (a) Makro; (b) CPALL; and (c) CPF (before deducting the repurchased shares for financial management) is based on the Record Date on 15 March 2021, 6 May 2021 and 18 May 2021, respectively.
  - (2) CPG means Charoen Pokphand Group Company Limited
  - (3) Lotus's Stores (Thailand) means Lotus's Stores (Thailand) Company Limited
  - (4) Lotus's Stores (Malaysia) means Lotuss Stores (Malaysia) Sdn. Bhd.
  - (5) Ek-Chai means Ek-Chai Distribution System Company Limited
  - (6) CPG's shareholding in CPF includes the shareholding of CPG's subsidiaries (other than CPH) in CPF
  - (7) CPG's shareholding in CPALL includes the shareholding of CPG's subsidiaries in CPALL
  - (8) CPF's shareholding in CPALL includes the shareholding of CPF's subsidiaries (other than CPM) in CPALL

The shareholding structure of Makro after the completion of the EBT Transaction, the Share Allocation Transaction as EBT Consideration, including after the registration of dissolution of CPRH, and the Return of Investment to the CPRH Shareholders is summarised below.



- Notes:
- (1) Information on the shareholding in (a) Makro; (b) CPALL; and (c) CPF (before deducting the repurchased shares for financial management) is based on the Record Date on 15 March 2021, 6 May 2021 and 18 May 2021, respectively.
  - (2) CPG means Charoen Pokphand Group Company Limited
  - (3) Lotus's Stores (Thailand) means Lotus's Stores (Thailand) Company Limited
  - (4) Lotus's Stores (Malaysia) means Lotuss Stores (Malaysia) Sdn. Bhd.
  - (5) Ek-Chai means Ek-Chai Distribution System Company Limited
  - (6) CPG's shareholding in CPF includes the shareholding of CPG's subsidiaries (other than CPH) in CPF
  - (7) CPG's shareholding in CPALL includes the shareholding of CPG's subsidiaries in CPALL
  - (8) CPF's shareholding in CPALL includes the shareholding of CPF's subsidiaries (other than CPM) in CPALL

- (1) The Company's direct and indirect shareholding in Makro will decrease from approximately 93.08 percent to 65.97 percent of the total voting rights in Makro, and when combined with the 10.21 percent shareholding of the person under Section 258 of the Securities and Exchange Act B.E. 2535 (1992), as amended (the "**SEC Act**") of the Company, namely CPM, the total direct and indirect shareholding of the Company will be 76.19 percent. This does not constitute an acquisition of shares of a business that exceeds the trigger point that requires a tender offer to be made for all securities of that business as prescribed under the Notification of the Capital Market Supervisory Board No. ThorJor. 12/2554 Re: Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeovers dated 13 May 2011, as amended (The "**Notification No. ThorJor. 12/2554**").

Therefore, the Company is not required to make a mandatory tender offer for all securities in Makro.

In this regard, the Company will not sell shares in Makro in respect of the tender offer for all securities in Makro to be made by CPH and CPM, as further clarified in paragraphs (2) and (3) below.

- (2) CPH's direct shareholding in Makro will increase from 0.00 percent to 20.43 percent of the total voting rights in Makro, and when combined with the 65.97 percent and 10.21 percent shareholding of the persons under Section 258 of the SEC Act of CPH, namely the Company and CPM, respectively, the total direct and indirect shareholding of CPH will be 96.61 percent. This constitutes an acquisition of shares of a business that exceeds the trigger point that requires a tender offer to be made for all securities of that business as prescribed under the Notification No. ThorJor. 12/2554. Therefore, CPH is required to make a mandatory tender offer for all securities in Makro.
- (3) CPM's direct shareholding in Makro will increase from 0.00 percent to 10.21 percent of the total voting rights in Makro, and when combined with the 65.97 percent shareholding of the person under Section 258 of the SEC Act of CPM, namely the Company, the total direct and indirect shareholding of CPM will be 76.19 percent. This constitutes an acquisition of shares of a business that exceeds the trigger point that requires a tender offer to be made for all securities of that business as prescribed under the Notification No. ThorJor. 12/2554. Therefore, CPM is required to make a mandatory tender offer for all securities in Makro.

As CPH and CPM are required to make a mandatory tender offer for all securities in Makro, both CPH and CPM will jointly make a mandatory tender offer for all securities in Makro at the price of THB 43.50 per share which is the price that Makro issues and allocates newly issued ordinary shares to CPRH as consideration for the entire business transfer from CPRH. CPM will purchase ordinary shares in Makro in the proportion of one-third and CPH will purchase ordinary shares in the proportion of two-thirds of the shares accepted in such mandatory tender offer for all securities in Makro. The maximum number of shares that CPM and CPH will have to purchase in this tender offer will not be more than 332,098,500 shares, representing up to 3.39 percent of the total outstanding shares in Makro after the Share Allocation Transaction as EBT Consideration. Such maximum number of shares is calculated by deducting (a) the number of shares in Makro which CPM and CPH will hold following the Return of Investment to the CPRH Shareholders; and (b) the number of shares in Makro which the Company currently holds and will acquire following the Return of Investment to the CPRH Shareholders (as the Company will not sell shares in respect of the tender offer by CPH and CPM). It is expected that such tender offer for securities will occur within 3 business days after CPM, CPH and the Company have fully received newly issued shares in Makro from the Return of Investment to the CPRH Shareholders.

The Company, therefore, would like to inform the details of the acquisition of assets and the connected transaction in relation to the entering into the EBT Transaction as follows:

**1. Date, Month and Year of the Transaction**

Around one to three weeks from the date of the Extraordinary General Meeting of Shareholders of the Company.

**2. Parties Involved and Relationship with the Company and Connected Person of the Company**

Transferee: Makro

Transferor: CPRH

Relationship with the Company: CPRH is a connected person of the Company because (a) CPRH's major shareholder, CPM, is a major shareholder of the Company as well as a subsidiary of Charoen Pokphand Foods Public Company Limited ("**CPF**"), whereby CPM holds 398,959,149 shares in CPRH (representing 20.00 percent of the total voting rights in CPRH); and (b) CPRH's indirect major shareholder, Charoen Pokphand Group Company Limited ("**CPG**"), who indirectly holds 797,918,298 shares in CPRH through CPH (representing 40.00 percent of the total voting rights in CPRH) is an indirect major shareholder of the Company. As a result, the Company is required to comply with the Notification of the Capital Market Supervisory Board No. TorJor 21/2551 Re: Rules on Connected Transactions dated 31 August 2008 (as amended) and the Notification of the Board of Governors of the SET Re: Disclosure of Information and Other Acts of Listed Companies Concerning Connected Transactions B.E. 2546 (2003) dated 19 November 2003 (as amended) (the "**Notifications on Connected Transactions**").

**3. General Description of the Transaction and Transaction Size**

**3.1 General Description of the Transaction**

Makro, a subsidiary of the Company, will accept the transfer of the entire business of CPRH through the method of entire business transfer. CPRH is an investment holding company with its main assets being shares in CPRD in the proportion of 99.99 percent of the registered capital of CPRD and other assets such as cash and cash equivalents. CPRD holds (a) 99.99 percent shares in Lotus's Stores (Thailand) Company Limited which holds 99.99 percent shares in Ek-Chai Distribution System Company Limited, an operator of a retail business under the name Lotus's in Thailand; and (b) 100.00 percent shares in Lotuss Stores (Malaysia) Sdn. Bhd. which operates a retail business under the name Lotus's in Malaysia. under the terms and conditions of the EBT Agreement, whereby Makro will acquire approximately 99.99 percent shares in CPRD, including all assets, debts, rights, obligations

and liabilities of CPRH existing at present and in the future as at the EBT Date. In consideration thereof, Makro will allocate to CPRH up to 5,010,323,500 newly issued ordinary shares in Makro with a par value of THB 0.50 each at the offering price of THB 43.50 per share, with the total value of THB 217,949,072,250, as payment in kind, instead of in cash. The entry into such transaction is:

- (1) considered as a Class 4 acquisition of assets transaction or an indirect listing on the SET (Backdoor Listing) under the Notification of the Capital Market Supervisory Board No. TorJor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets dated 31 August 2008 (as amended) and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets B.E. 2547 (2004) dated 29 October 2004 (as amended) (the “**Notifications on Acquisition or Disposal of Assets**”). In this regard, the EBT Transaction that is being carried out by Makro is not the case that requires the submission of a new listing application to the SET under the SET Regulation Re: Listing of Shares as Listed Securities as it meets all the 4 criteria under Clause 24 of the Notifications on Acquisition or Disposal of Assets, namely (a) the acquired business is in a similar line of business or a mutually supporting business to Makro’s business; (b) Makro has no policy to make a significant change to its main business; (c) Makro’s group of companies has suitable qualifications for listing on the SET; and (d) there will be no material change in the composition of the board of directors of Makro and the controlling power in Makro or controlling shareholders of Makro. However, the EBT Transaction is a transaction that is being carried out by Makro and not by the Company. Therefore, the 4 criteria for the exemptions of the submission of a new listing application under Clause 24 of the Notifications on Acquisition or Disposal of Assets as aforementioned are directly related to Makro, which is the listed company that is entering into the transaction, and are not related to the Company as the Company is not the entity entering into the transaction. Hence, the 4 criteria under Clause 24 of the Notifications on Acquisition or Disposal of Assets need not be reconsidered in respect of the Company.
- (2) considered as a connected transaction of a listed company under the Notifications on Connected Transactions as CPRH is a connected person of the Company because (a) CPRH’s major shareholder, CPM, is a major shareholder of the Company as well as a subsidiary of CPF, whereby CPM holds 398,959,149 shares in CPRH (representing 20.00 percent of the total voting rights in CPRH); and (b) CPRH’s indirect major shareholder, CPG, who indirectly holds 797,918,298 shares in CPRH through CPH (representing 40.00 percent of the total voting rights in CPRH) is an indirect major shareholder of the Company.

### **3.2 Transaction Size and Calculation of the Transaction Size of the Acquisition of Assets Transaction**

The EBT Transaction is considered as a Class 4 acquisition of assets transaction or an indirect listing on the SET (Backdoor Listing) under the Notifications on Acquisition or Disposal of Assets with the transaction value of approximately THB 217,949,072,250. Details of the calculation of the transaction size are as follows:



**Financial Information used in the Calculation of the Transaction Size****Unit: THB Million**

	<b>The Company</b>	<b>CPRH</b>	<b>CPRD</b>
<b>Financial Information</b>	<b>Consolidated Financial Statements ended 30 June 2021</b>	<b>Separate Financial Statements ended 31 December 2020</b>	<b>Pro Forma Consolidated Financial Information ended 31 December 2020</b>
Net Tangible Assets <sup>(1)</sup> (NTA)	85,826	199,479	
Total assets	513,087		
Net profit (loss)	12,359 <sup>(2)</sup>		1,778

Note: (1) Net Tangible Assets are calculated as the total assets less related intangible assets, total liabilities and non-controlling interests.

(2) Net profit (loss) attributable to equity holders of the Company of the past 12 months.

**Basis of the Calculation of the Size of the Acquisition of Assets Transaction****Unit: THB Million (unless specified otherwise)**

<b>Basis of Calculation</b>	<b>Calculation Basis</b>	<b>Acceptance of the Entire Business Transfer of CPRH</b>	<b>Total Transaction Size (percent)</b>
1. Value of Net Tangible Assets (NTA) basis	$\frac{(\text{NTA of company to be purchased} \times \text{Proportion to be acquired}) \times 100}{(\text{NTA of listed company})}$	$\frac{((199,479 \times 100\%) \times 100)}{85,826}$	232.42
2. Net Operating Profits basis	$\frac{((\text{Net operating profits of company to be purchased} \times \text{Proportion acquired}) \times 100)}{\text{Net operating profits of listed company}}$	$\frac{((1,778 \times 100\%) \times 100)}{12,359}$	14.39
3. Total Value of Consideration basis	$\frac{(\text{Value of transaction to be acquired} \times 100)}{\text{Total assets of listed company}}$	$\frac{((217,949 \times 100\%) \times 100)}{513,087}$	42.48
4. Value of Shares Issued for the Payment of Assets basis	-	-	-

Based on the calculation basis above, the highest value from the calculation of the transaction size is equal to 232.42 percent on the basis of the net tangible assets (NTA). Upon combining with the assets acquisition transactions of the Company and/or its subsidiaries during the past six months, the highest value of the transaction under the net tangible assets (NTA) basis is equal to 232.45 percent, which is equal to 100 percent or higher and, therefore, is considered as entering into a Class 4 transaction or a backdoor listing under the Notifications on Acquisition or Disposal of Assets. In this regard, the EBT Transaction that is being carried out by Makro is not the case that requires the submission of a new listing application to the SET under the SET Regulation Re: Listing of Shares as Listed Securities as it meets all the 4 criteria under Clause 24 of the Notifications on Acquisition or Disposal of Assets, namely (a) the acquired business is in a similar line of business or a mutually supporting business to Makro's business; (b) Makro has no policy to make a significant change to its main business; (c) Makro's group of companies has suitable

qualifications for listing on the SET; and (d) there will be no material change in the composition of the board of directors of Makro and the controlling power in Makro or controlling shareholders of Makro. However, the entering into the EBT Transaction in this case is a transaction that is being carried out by Makro and not by the Company. Therefore, the 4 criteria for the exemptions of the submission of a new listing application under Clause 24 of the Notifications on Acquisition or Disposal of Assets as aforementioned are directly related to Makro, which is the listed company that is entering into the transaction in this case, and are not related to the Company as the Company is not the entity entering into the transaction. Hence, the 4 criteria under Clause 24 of the Notifications on Acquisition or Disposal of Assets need not be reconsidered in respect of the Company.

Therefore, the Company is required to disclose the information memorandum in relation to such transaction to the SET, to appoint an independent financial advisor to render opinions on the entering into such transaction to the shareholders and to convene a meeting of shareholders for an approval of the entering into the transaction by the votes of not less than three-fourths of all votes of the shareholders attending the meeting and having the right to vote, excluding votes of interested shareholders. The name and number of shares of the shareholders not having the right to vote must be specified in the notice of the meeting of shareholders.

### **3.3 General Description of Connected Transactions**

The EBT Transaction and the Share Allocation Transaction as EBT Consideration are considered as connected transactions of the Company under the Notifications on Connected Transactions as CPRH is a connected person of the Company because (a) CPRH's major shareholder, CPM, is a major shareholder of the Company as well as a subsidiary of CPF, whereby CPM holds 398,959,149 shares in CPRH (representing 20.00 percent of the total voting rights in CPRH); and (b) CPRH's indirect major shareholder, CPG, who indirectly holds 797,918,298 shares in CPRH through CPH (representing 40.00 percent of the total voting rights in CPRH) is an indirect major shareholder of the Company. Therefore, such transactions are considered as connected transactions under the type of transactions relating to assets or service pursuant to the Notifications on Connected Transactions, with the transaction value of approximately THB 217,949,072,250.

The value of the transactions is calculated based on the consolidated financial statements of the Company which have been reviewed by the auditor for the six-month period ended 30 June 2021 and is equal to 253.94 percent of the value of the net tangible assets of the Company. Upon combining with the acquisition of assets transactions of the Company and/or its subsidiaries during the past six months, the highest value of the transaction under the net tangible assets (NTA) basis is equal to 254.22 percent. Thus, such transactions are considered as connected transactions under the type of transactions relating to assets or service of which the transaction value is higher than 3.00 percent of the net tangible assets of the Company. Therefore, the Company is required to disclose the information memorandum in relation to such transaction to the SET, to appoint an independent financial advisor to render opinions on the entering into such transactions to the shareholders and to convene a meeting of shareholders for an approval of the entering into the transactions by the votes of not less than three-fourths of all votes of the shareholders attending the meeting and having the right to vote, excluding votes of interested shareholders. The name and number of shares of the shareholders not having the right to vote must be specified in the notice of the meeting of shareholders.

#### 4. Details of the Acquired Assets

On the EBT Date, Makro will accept the entire business of CPRH, comprising all assets and liabilities with details as follows:

(1) Assets

(1.1) All shares in CPRD held by CPRH in the amount of 1,994,745,742 shares with a par value of THB 100 each or approximately 99.99 percent of the total issued and paid-up shares in CPRD.

(1.2) Other assets existing as at the EBT Date.

(2) Liabilities

All liabilities existing as at the EBT Date.

#### 4.1 General Information of CPRH

(1) General description of the business

Company name	C.P. Retail Holding Company Limited
Type of business	Investment business by holding shares in other companies
Office address	313 C.P. Tower, 14th Floor, Silom Road, Silom Sub-district, Bang Rak District, Bangkok
Juristic person registration number	0105563041629
Registration date	6 March 2020
Registered capital as at 31 July 2021	THB 199,479,574,500
Issued and paid-up capital as at 31 July 2021	THB 199,479,574,500

(2) Business operations of CPRH

CPRH operates the business of holding shares in other companies (investment holding company) and holds shares in its subsidiary, namely, CPRD.

(3) List of shareholders of CPRH as at 31 July 2021

No.	Shareholders	Shares	Voting Rights
1	The Company	797,918,298	40.00 percent
2	CPH	797,918,298	40.00 percent
3	CPM	398,959,149	20.00 percent
	<b>Total</b>	<b>1,994,795,745</b>	<b>100.00 percent</b>

## (4) List of directors of CPRH as at 31 July 2021

No.	Directors	Position
1	Mr. Soopakij Chearavanont	Director
2	Mr. Narong Chearavanont	Director
3	Mr. Suphachai Chearavanont	Director
4	Mr. Adirek Sripratak	Director
5	Mr. Umroong Sanphasitvong	Director

## (5) Connected persons of the Company which hold shares in CPRH

## (5.1) CPM

CPM is a major shareholder of the Company and a subsidiary of CPF. CPM holds 398,959,149 shares in CPRH, representing 20.00 percent of the total voting rights in CPRH.

## (5.2) CPG

CPG is an indirect major shareholder of the Company. CPG indirectly holds 797,918,298 shares in CPRH through CPH, representing 40.00 percent of the total voting rights in CPRH.

## (6) Summary of financial position and operating results

The key financial information of CPRH for the accounting period from 6 March 2020 (the date of incorporation) and ending on 31 December 2020 based on the audited separate financial statements can be summarised below.

Unit: THB million	The period from 6 March 2020 (the date of incorporation) to 31 December 2020
<b>Statement of Comprehensive Income</b>	
Total revenue	0.11
Total expenses	0.68
Net profit	(0.58)
<b>Statement of Financial Position</b>	
Total assets	199,479.62
Total liabilities	0.62
Total shareholders' equity	199,479.00

## 4.2 General information of subsidiary of CPRH

### 4.2.1 CPRD

(1) General description of the business

Company name	C.P. Retail Development Company Limited
Type of business	Investment business by holding shares in other companies
Office address	629/1 Nawamin Road, Nuan Chan Sub-district, Bueng Kum District, Bangkok
Juristic person registration number	0105563042102
Registration date	6 March 2020
Registered capital as at 31 July 2021	THB 199,474,574,500
Issued and paid-up capital as at 31 July 2021	THB 199,474,574,500

(2) Business operations of CPRD

CPRD operates the business of holding shares in other companies (investment holding company) and holds shares in its subsidiaries, namely, (a) Lotus's Stores (Thailand) Company Limited ("**Lotus TH**"); (b) Ek-Chai Distribution System Company Limited ("**Ek-Chai**") which is CPRD's subsidiary through Lotus TH's shareholding; and (c) Lotuss Stores (Malaysia) Sdn. Bhd ("**Lotus MY**").

Please consider the details of the business operations of CPRD and other companies within the Lotus's Group in the attachment to this Information Memorandum.

(3) List of shareholders of CPRD as at 31 July 2021

No.	Shareholders	Shares	Voting Rights
1	CPRH	1,994,745,742	99.99 percent
2	Mr. Soopakij Chearavanont	1	<0.01 percent
3	Mr. Adirek Sripratak	1	<0.01 percent
4	Mr. Umroong Sanphasitvong	1	<0.01 percent
	<b>Total</b>	<b>1,994,745,745</b>	<b>100.00 percent</b>

(4) List of directors of CPRD as at 31 July 2021

No.	Directors	Position
1	Mr. Suphachai Chearavanont	Director
2	Mr. Narong Chearavanont	Director

No.	Directors	Position
3	Mr. Adirek Sripratak	Director
4	Mr. Piyawat Titasattavorakul	Director
5	Mr. Pittaya Jearavisitkul	Director
6	Mr. Suparat Kawatkul	Director
7	Mr. Umroong Sanphasitvong	Director
8	Mr. Boonchai Opas-iam-likit	Director
9	Mr. Kriengchai Boonpoapichart	Director
10	Mr. Naris Thamkuekool	Director
11	Mr. Sompong Rungnirattisai	Director
12	Mr. Noppadol Dej-Udom	Director
13	Mr. Thirapol Thanomsakyuth	Director
14	Mr. Prasit Boondoungprasert	Director
15	Mr. Nattawat Chunhawuttiyanon	Director

(5) Summary of financial position and operating results

The key financial information of CPRD for the accounting period from 6 March 2020 (the date of incorporation) and ending on 31 December 2020 based on the audited consolidated financial statements can be summarised below.

Unit: THB million	The period from 6 March 2020 (the date of incorporation) to 31 December 2020
<b>Statement of Comprehensive Income<sup>(1)</sup></b>	
Total revenue <sup>(2)</sup>	9,570.17
Total expenses <sup>(3)</sup>	(9,083.80)
Gross profit	1,346.86
Net profit	(157.97)
<b>Statement of Financial Position</b>	
Total assets	400,957.81
Total liabilities	201,657.59
Total shareholders' equity	199,300.22

Notes: (1) CPRD purchased the shares in Lotus TH and Lotus MY on 18 December 2020. Therefore, CPRD has consolidated the Lotus's Group operating results as from 18 December 2020 onwards.

(2) The total revenue consists of revenue from sale of goods, rental income and revenue from rendering services and other income.

(3) The total expenses consist of the cost of sales, cost of rental and cost of rendering of services, distribution costs and administrative expenses.

The key pro forma consolidated financial information of CPRD for the years ended 31 December 2019 and 2020 which has been provided assurance by the auditor can be summarised below.

Unit: THB million	The year ended 31 December 2019	The year ended 31 December 2020
<b>Consolidated Statements of Profit and Loss</b>		
Revenue from sale of goods	205,227	197,460
Rental income and revenue from rendering services	14,805	11,188
Cost of sales	(166,237)	(160,670)
Cost of rental and cost of rendering of services	(5,354)	(5,526)
<b>Gross Profit</b>	<b>48,441</b>	<b>42,452</b>
Gains (loss) on foreign exchange rate	(2)	87
Other income	3,093	2,370
Net derivative gain	1	2
Distribution costs	(28,557)	(28,716)
Administrative expenses	(5,595)	(6,434)
<b>Profit (Loss) from Operating Activities</b>	<b>17,381</b>	<b>9,761</b>
Finance costs	(6,736)	(6,772)
Share of profit from investment in joint ventures and an associate	815	782
<b>Profit (Loss) before Income Tax Expense</b>	<b>11,460</b>	<b>3,771</b>
Income tax expense	(3,127)	(1,993)
<b>Profit for the year</b>	<b>8,333</b>	<b>1,778</b>
<b>Consolidated Statements of Financial Position</b>		
<b>Assets</b>		
Cash and cash equivalents	21,724	20,357
Trade and other current receivables	3,419	2,725
Inventories	12,386	11,930
Investment properties	29,695	29,186
Property, plant and equipment	72,986	71,113
Right-of-use Assets	25,422	26,894
Goodwill	226,228	226,228

Unit: THB million	The year ended 31 December 2019	The year ended 31 December 2020
Other assets	16,514	18,207
<b>Total Assets</b>	<b>408,374</b>	<b>406,640</b>
<b>Liabilities</b>		
Short-term borrowings from financial institutions	120,823	120,823
Trade and other current payables	37,127	38,361
Lease liabilities (including current portion)	30,241	34,059
Other liabilities	16,849	15,808
<b>Total Liabilities</b>	<b>205,040</b>	<b>209,051</b>
Issued and paid-up share capital	199,475	199,475
Retained earnings (Deficits)	8,333	10,112
Difference arising from pro forma adjustment	(4,561)	(12,066)
Other components of shareholders' equity	80	61
<b>Total Shareholders' Equity Attributable to Owners of the Parent</b>	<b>203,327</b>	<b>197,582</b>
Non-controlling interests	7	7
<b>Total Shareholders' Equity</b>	<b>203,334</b>	<b>197,589</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>408,374</b>	<b>406,640</b>

Notes: The unaudited pro forma consolidated financial information of CPRD has been compiled based on:

- (1) The separate financial statements of CPRD for the period from 6 March 2020 (the date of incorporation) to 31 December 2020 prepared in accordance with Thai Financial Reporting Standards and audited by auditor in accordance with Thai Standards on Auditing, expressing the unmodified opinion dated 28 May 2021. The auditor's report has not been published.
- (2) The special purpose consolidated financial statements of Lotus TH and its subsidiaries for the years ended 28 February 2021 and 29 February 2020 prepared in accordance with Thai Financial Reporting Standards and audited by auditor in accordance with Thai Standards on Auditing, expressing the unmodified opinion dated 31 August 2021. The auditor's report has not been published.
- (3) The special purpose financial statements of Lotus MY for the years ended 28 February 2021 and 29 February 2020 prepared in accordance with Malaysian Financial Reporting Standards and audited by auditor in accordance with International Standards on Auditing, expressing the unmodified opinion dated 30 August 2021. The auditor's report has not been published.



#### 4.2.2 Lotus's Stores (Thailand) Company Limited which is a subsidiary of CPRD

(1) General description of the business

Company name	Lotus's Stores (Thailand) Company Limited ("Lotus TH")
Type of business	Investment business by holding shares in other companies
Office address	629/1 Nawamin Road, Nuan Chan Sub-district, Bueng Kum District, Bangkok
Juristic person registration number	0105541029677
Registration date	15 May 1998
Registered capital as at 31 July 2021	THB 12,301,000
Issued and paid-up capital as at 31 July 2021	THB 12,301,000

(2) Business operations of Lotus TH

Lotus TH operates the business of holding shares in other companies (investment holding company) and holds shares in its subsidiary, namely, Ek-Chai Distribution System Company Limited.

Please consider the details of the business operations of Lotus TH and other companies within the Lotus's Group in the attachment to this Information Memorandum.

(3) List of shareholders of Lotus TH as at 31 July 2021

No.	Shareholders	Shares	Voting Rights
1	C.P. Retail Development Company Limited	1,230,098	99.99 percent
2	Mr. Narong Chearavanont	1	<0.01 percent
3	Mr. Suphachai Chearavanont	1	<0.01 percent
	<b>Total</b>	<b>1,230,100</b>	<b>100.00 percent</b>

(4) List of directors of Lotus TH as at 31 July 2021

No.	Directors	Position
1	Mr. Adirek Sripratak	Director
2	Mr. Umroong Sanphasitvong	Director
3	Mr. Suphachai Chearavanont	Director

#### 4.2.3 Ek-Chai Distribution System Company Limited which is a subsidiary of CPRD through shareholding by Lotus TH

(1) General description of the business

Company name	Ek-Chai Distribution System Company Limited (“ <b>Ek-Chai</b> ”)
Type of business	Retail trading of groceries and consumer products
Office address	629/1 Nawamin Road, Nuan Chan Sub-district, Bueng Kum District, Bangkok
Juristic person registration number	0105536092641
Registration date	13 August 1993
Registered capital as at 31 July 2021	THB 5,137,500,050
Issued and paid-up capital as at 31 July 2021	THB 5,137,500,050

(2) Business operations of Ek-Chai

Please consider the details of the business operations of Ek-Chai and other companies within the Lotus’s Group in the attachment to this Information Memorandum.

(3) List of shareholders of Ek-Chai as at 31 July 2021

No.	Shareholders	Shares	Voting Rights
1	Lotus’s Stores (Thailand) Company Limited	513,750,003	99.99 percent
2	Mr. Narong Chearavanont	1	<0.01 percent
3	Mr. Suphachai Chearavanont	1	<0.01 percent
	<b>Total</b>	<b>513,750,005</b>	<b>100.00 percent</b>

(4) List of directors of Ek-Chai as at 31 July 2021

No.	Directors	Position
1	Mr. Sompong Rungrattisai	Director
2	Mr. Naris Thamkuekool	Director
3	Mr. Nattawat Chunhawuttiyanon	Director
4	Ms. Salinla Seehaphan	Director
5	Mrs. Aurakanda Attavipach	Director

#### 4.2.4 Lotuss Stores (Malaysia) Sdn. Bhd. which is a subsidiary of CPRD

(1) General description of the business

Company name	Lotuss Stores (Malaysia) Sdn. Bhd. (" <b>Lotus MY</b> ")
Type of business	Retail store business
Office address	12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia
Juristic person registration number	200001018812 (521419-K)
Registration date	24 July 2000
Registered capital	No information
Issued and paid-up capital	MYR 656,000,000, comprising: 1) Class A ordinary shares – 39,200,000 shares; 2) Class B ordinary shares – 16,800,000 shares; and 3) Preference shares (non-convertible non-cumulative irredeemable preference shares) – 60,000,000 shares

(2) Business operations of Lotus MY

Please consider the details of the business operations of Lotus MY and other companies within the Lotus's Group in the attachment to this Information Memorandum.

(3) List of shareholders of Lotus MY as at 31 July 2021

No.	Shareholders	Shares	Voting Rights
1	C.P. Retail Development Company Limited	1) Class A ordinary shares – 39,200,000 shares; 2) Class B ordinary shares – 16,800,000 shares; and 3) Preference shares (non-convertible non-cumulative irredeemable preference shares) – 60,000,000 shares	100.00 percent

## (4) List of directors of Lotus MY as at 31 July 2021

No.	Directors	Position
1	Mr. Narong Chearavanont	Director
2	Mr. Naris Thamkuekool	Director
3	Mr. Piyawat Titasattavorakul	Director
4	Mr. Nattawat Chunhawuttiyanon	Director
5	Mr. Kenneth Chuan Jin Kiat	Director
6	Mr. Yong Yvonne	Director
7	Mr. Sushmita Jeni Paul	Director
8	Mr. Azliza Baizura Binti Azmel	Director

## 5. Key Pro Forma Consolidated Financial Information of Makro

The key unaudited pro forma consolidated financial information of Makro for the year ended 31 December 2020 which has been provided assurance by the auditor can be summarised below.

Unit: THB million	The year ended 31 December 2020
<b>Consolidated Statement of Profit and Loss</b>	
Revenue from sale of goods	411,594
Revenue from rendering services	4,081
Revenue from rental and rendering retail services	11,548
Other income	2,565
<b>Total Revenue</b>	<b>429,788</b>
Cost of sale of goods	352,679
Cost of rental and rendering of services	5,526
Distribution costs	41,474
Administrative expenses	11,624
<b>Total Expenses</b>	<b>411,303</b>
<b>Profit (Loss) from operating Activities</b>	<b>18,485</b>
Finance costs	(7,391)
Share of profit from investment in joint ventures and associates	782
<b>Profit (Loss) before Income Tax Expenses</b>	<b>11,876</b>
Income tax expenses	3,806
<b>Profit for the year</b>	<b>8,070</b>
<b>Consolidated Statement of Financial Position</b>	
<b>Assets</b>	

<b>Unit: THB million</b>	<b>The year ended 31 December 2020</b>
Cash and cash equivalents	36,388
Inventories	28,648
Property, plant and equipment	101,063
Right-of-use assets	31,815
Investment properties	27,713
Goodwill	247,071
Other assets	20,949
<b>Total Assets</b>	<b>493,647</b>
<b>Liabilities</b>	
Short-term borrowings from financial institutions	120,046
Trade payables	55,190
Lease liabilities (including current portion)	39,047
Other liabilities	38,697
<b>Total Liabilities</b>	<b>252,980</b>
Issued and paid-up share capital	4,906
Premium on ordinary shares	218,734
Deficit from changes in ownership interests in subsidiary	(20)
Deficit from business combination under common control	(1,627)
Retained earnings (Deficits)	18,378
Other components of equity	(182)
<b>Equity Attributable to Equity Holders of the Company</b>	<b>240,189</b>
Non-controlling interests	478
<b>Total Equity</b>	<b>240,667</b>
<b>Total Liabilities and Equity</b>	<b>493,647</b>

Notes: The historical columns of unaudited pro forma consolidated financial information are derived from the following:

- (1) The audited consolidated financial statements of Makro and its subsidiaries for the year ended 31 December 2020, included in financial statements with an unmodified audit opinion dated 19 February 2021, which have been publicly disclosed.
- (2) The audited consolidated financial statements of CPRD and its subsidiaries for the period from 6 March 2020 (date of incorporation) to 31 December 2020, included in financial statements with an unmodified audit opinion dated 28 May 2021, which have not been publicly disclosed.
- (3) The financial information of the Lotus TH and Lotus MY are derived from the unaudited consolidated pro forma financial information of CPRD and its subsidiaries for the year ended 31 December 2020, which have not been publicly disclosed.

**6. Total Value of Consideration and Criteria for Determination of Total Value of Transaction and Consideration**

The total value of consideration in respect of the EBT Transaction is approximately THB 217,949,072,250.

Upon the full satisfaction of the conditions of the EBT Transaction, Makro will issue 5,010,323,500 new ordinary shares at the offering price of THB 43.50 per share to CPRH as consideration for the entire business transfer as payment in kind, instead of in cash, totalling THB 217,949,072,250. Consideration has been given to the appropriateness of the capital structure of Makro and the value is based on the negotiations between the parties on the basis of valuation in accordance with the discounted cash flow approach which has taken into consideration the operating results and other relevant factors and the market comparable (with companies operating similar businesses) approach.

After Makro has sold the newly issued ordinary shares to CPRH under the private placement and after the CPRH Shareholders have accepted the transfer of shares in Makro as part of the liquidation process of CPRH, the CPRH Shareholders, namely, the Company, CPH and CPM will, directly and indirectly, hold 65.97 percent, 20.43 percent and 10.21 percent of the total issued and paid-up shares in Makro, respectively.

**7. Value of Acquired Assets**

The value of the assets acquired by the Company from the EBT Transaction is approximately THB 217,949,072,250.

**8. Expected Benefits of the Company**

The transaction will:

- (a) reinforce the business of Makro and support the Company's long-term strategies to become the largest grocer in Asia (excluding Japan) in the retail and wholesale industry<sup>(1)</sup>;
- (b) allow the Company to realise greater benefits which are expected to be derived from the consolidation of Makro and CPRD, including from combining the strengths in various aspects of Makro with those of the Lotus's Group, such as the coverage of store formats and the expansion of the coverage of the business operations at a regional level;
- (c) increase the liquidity of the Company's investment by converting from the investment in the shares in CPRD (through shareholding in CPRH) which has no liquidity and the shares are not listed on the SET to investment in shares of Makro which are securities listed on the SET, which has trading liquidity;
- (d) enhance the retail and wholesale industry to become more modernized, strengthen the competitive advantage against international e-commerce companies or technology companies that compete in Thailand by allowing quick response to rapid changes in consumer behaviour (particularly consumers' spending behaviour which has changed during the Covid-19 pandemic) at both national and regional levels and will be beneficial to stakeholders in all sectors through the internal restructuring and business restructuring for the purpose of achieving such objectives.

Following the completion of the EBT Transaction and the Share Allocation Transaction as EBT Consideration, the Company's direct and indirect shareholding in Makro will be approximately 65.97 percent of the total voting rights in Makro, which holds 99.99 percent of the total voting rights in CPRD.

Note (1) With reference to the Euromonitor Report in respect of sales in the year 2020 in the Asia (excluding Japan)

## 9. Conditions of the Transactions

The EBT Transaction and the Share Allocation Transaction as EBT Consideration will only occur after the full satisfaction of the conditions precedent as specified in the EBT Agreement and other documents in relation to such transactions. Material conditions precedent are summarised below:

- (a) The meeting of shareholders of Makro has resolved to approve the EBT Transaction and the Share Allocation Transaction as EBT Consideration, including other matters necessary for and/or in connection with such transactions in compliance with the relevant regulations.
- (b) The meeting of shareholders of the Company has resolved to approve the EBT Transaction, the Share Allocation Transaction as EBT Consideration and the transfer of the entire business of CPRH, including the execution of the EBT Agreement, and other matters necessary for and/or in connection with such transactions in compliance with the relevant regulations.
- (c) The meetings of the board of directors of CPF, CPM and CPH have resolved to approve the transfer of the entire business of CPRH, including the execution of the EBT Agreement, and other matters necessary for and/or in connection with such transactions in compliance with the relevant regulations.
- (d) The meeting of the board of directors and meeting of shareholders of CPRH have resolved to approve the transfer of the entire business to Makro, including the execution of the EBT Agreement and other relevant documents, as well as any other actions to ensure the successful completion of the transfer of the entire business to Makro.
- (e) As at the EBT Date, no events or actions have occurred which may result in material adverse effects on the entire business of CPRH, the businesses of CPRD, companies within the Lotus's Group and the subsidiaries in which CPRH (directly and indirectly) holds more than 50.00 percent shares and/or the business of Makro and no events have occurred which obstruct the EBT Transaction and the Share Allocation Transaction as EBT Consideration.
- (f) The SEC Office has approved the offering of the newly issued ordinary shares to CPRH which is an offering to a specific person (Private Placement).
- (g) Makro, companies within the Makro's group, CPRH, CPRD, companies within the Lotus's Group and the subsidiaries in which CPRH (directly and indirectly) holds more than 50.00 percent shares have obtained the necessary consents, permissions, agreements or waivers from customers, suppliers, creditors or contract parties who are third parties of Makro, companies within the Makro's group, CPRH, CPRD companies within the Lotus's Group, and the subsidiaries in which CPRH (directly and indirectly) holds more than 50.00 percent shares in connection with the EBT Transaction and the Share Allocation Transaction as EBT Consideration.

- (h) In order to enable CPRH to transfer shares in CPRD (which are a part of the assets of CPRH) to Makro pursuant to the EBT Agreement, Makro will execute a guarantee in the form to be agreed between creditors of CPRD and Makro. Such guarantee will come into effect when Makro has accepted the transfer of shares in CPRD from CPRH.

#### **10. Nature and Scope of Interests of Connected Persons**

CPRH is a connected person of the Company because (a) CPRH's major shareholder, CPM, is a major shareholder of the Company as well as a subsidiary of CPF, whereby CPM holds 398,959,149 shares in CPRH (representing 20.00 percent of the total voting rights in CPRH); and (b) CPRH's indirect major shareholder, CPG, who indirectly holds 797,918,298 shares in CPRH through CPH (representing 40.00 percent of the total voting rights in CPRH) is an indirect major shareholder of the Company. As a result, the EBT Transaction and the Share Allocation Transaction as EBT Consideration are considered as connected transactions under the type of transactions relating to assets or service pursuant to the Notifications on Connected Transactions.

The value of the transactions is calculated based on the latest consolidated financial statements of the Company which have been reviewed by the auditor as at 30 June 2021 and is equal to 253.94 percent of the value of the net tangible assets of the Company. Upon combining with the acquisition of assets transactions of the Company and/or its subsidiaries during the past six months, the highest value of the transaction under the net tangible assets (NTA) basis is equal to 254.22 percent. Thus, such transactions are considered as connected transactions under the type of transactions relating to assets or service of which the transaction value is higher than 3.00 percent of the net tangible assets of the Company.

#### **11. Source of Funds and Method of Payment of Consideration**

Makro will issue 5,010,323,500 new ordinary shares with a par value of THB 0.50 each at the offering price of THB 43.50 per share to CPRH as consideration for the entire business transfer of CPRH as payment in kind, instead of in cash, totalling THB 217,949,072,250.

#### **12. Opinion of the Board of Directors on the Transaction**

The meeting of the Board of Directors No. 6/2021 which was held on 31 August 2021, excluding directors who are interested persons, who did not attend and were not entitled to vote in the meeting on this agenda, is of the view that the entering into the EBT Transaction is reasonable and is for the best interest of the Company and the shareholders of the Company as the entering into such transaction reinforces the business of Makro and CPRD in becoming the leaders in the retail and wholesale business of groceries and consumer products and to expand the coverage of the business operations to be at a regional level, as well as to reinforce the business as a result of the expected benefits of combining the strengths in various aspects of Makro with those of the Lotus's Group, such as the coverage of store formats. In addition, the combined benefits from the joint operations will improve the efficiency, and it is expected that this will be beneficial to the Company and the shareholders of the Company in the future through the internal restructuring and business restructuring for the purpose of achieving such objectives.



The consideration for the entire business transfer of CPRH is reasonable as it was derived from negotiations between the parties with the fair value of the business derived from multiple approaches in accordance with international standards. Therefore, the consideration for the entire business transfer of CPRH is reasonable when compared with transactions executed on an arm's length basis.

Therefore, the meeting of the Board of Directors has resolved to approve the EBT Transaction and to propose to the meeting of shareholders of the Company to consider and approve the acceptance of the transfer of the entire business of CPRH by Makro.

**13. Opinion of the Audit Committee and/or the Directors of the Company which is different from the Board of Directors' Opinion as specified in Paragraph 12**

The Audit Committee and the directors of the Company do not have different opinion from the Board of Directors' opinion as specified in Paragraph 12. In addition, the Audit Committee is of the view that the transaction is reasonable as it will reinforce the Company's group to be ready for future business expansion, and it complies with the relevant regulations of Capital Market Supervisory Board. After taking into consideration the opinion of the executives in charge of this matter, the Audit Committee is of the view that the management has proceeded with transparent process and measure and for the best interest of the Company.

**Information Memorandum on the Disposal of Assets in relation to  
the Entire Business Transfer of C.P. Retail Holding Company Limited  
to Siam Makro Public Company Limited**

**Pursuant to Annex (1)**

The meeting of the Board of Directors No. 6/2021 of CP All Public Company Limited (the “**Company**” or “**CPALL**”), which was held on 31 August 2021, resolved to approve the disposal of assets in relation to the entire business transfer of C.P. Retail Holding Company Limited (“**CPRH**”), an affiliate in which the Company holds shares representing 40.00 percent of the total registered capital of CPRH, to Siam Makro Public Company Limited (“**Makro**”) with the total value of THB 87,179,628,900 (by considering the shareholding proportion of the Company in CPRH at 40.00 percent). CPRH will receive up to 5,010,323,500 newly issued ordinary shares in Makro with a par value of THB 0.5 each at the offering price of THB 43.50 per share, totalling THB 217,949,072,250, as consideration for the entire business transfer of CPRH as payment in kind, instead of in cash. Makro will accept the transfer of the entire business of CPRH, including all assets, debts, rights, obligations and liabilities of CPRH existing at present and in the future as at the entire business transfer date (the “**EBT Date**”). CPRH will proceed to register its dissolution within 2021 which is within the same fiscal year in which the entire business transfer of CPRH takes place. Following the registration of dissolution, all remaining assets of CPRH, including shares in Makro which CPRH will receive as consideration for the entire business transfer, will be delivered to the CPRH Shareholders in proportion to their respective shareholding as part of the liquidation process of CPRH (the “**Disposal of Assets in relation to the Entire Business Transfer of CPRH Transaction**”). The Board of Directors resolved to approve that the matter be proposed to the Extraordinary General Meeting of Shareholders for further consideration and approval and resolved to approve the entering into in the entire business transfer agreement (the “**EBT Agreement**”), contracts and other documents in relation to the Disposal of Assets in relation to the Entire Business Transfer of CPRH Transaction. In addition, the Board of Directors resolved to approve the Company, in the capacity as a shareholder of CPRH, to vote in favour of the entering into the Disposal of Assets in relation to the Entire Business Transfer of CPRH Transaction and the dissolution of CPRH at the meeting of shareholders of CPRH.

The Disposal of Assets in relation to the Entire Business Transfer of CPRH Transaction is considered a transfer of a material part of the business of the Company to other person under Section 107(2)(b) of the Public Limited Companies Act B.E. 2535 (1992) (as amended) (the “**PLCA**”). As such, the Company is required to obtain an approval for the entering into the Disposal of Assets in relation to the Entire Business Transfer of CPRH Transaction from the meeting of shareholders of the Company and must obtain the approval from the meeting of shareholders with votes of not less than three-fourths of all votes of the shareholders attending the meeting and having the right to vote.

In this regard, the Disposal of Assets in relation to the Entire Business Transfer of CPRH Transaction is a transaction of CPRH which is not a subsidiary of the Company (under the definition set out in Section 89/1 of the Securities and Exchange Act B.E. 2535 (1992), as amended), hence the transaction is not one which the Company would need to calculate and consider the transaction size and follow other procedures under the Notification of the Capital Market Supervisory Board No. TorJor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets dated 31 August 2008 (as amended) and the

Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets B.E. 2547 (2004) dated 29 October 2004 (as amended) (the “**Notifications on Acquisition or Disposal of Assets**”). However, the Board of Directors has considered and is of the view that this Disposal of Assets in relation to the Entire Business Transfer of CPRH Transaction has specific details being that Makro will issue new shares to CPRH as payment of consideration for the entire business of CPRH. After the completion of the transfer of the entire business of CPRH, CPRH will proceed to register its dissolution within the year 2021 and following the registration of dissolution, all the remaining assets of CPRH, including the shares in Makro which CPRH will receive as consideration for the entire business, will be delivered to CPRH's shareholders in proportion to their respective shareholding as part of the liquidation process of CPRH. As such, it is deemed appropriate to adapt and apply the relevant requirements under the Notifications on Acquisition or Disposal of Assets to the entering into the Disposal of Assets in relation to the Entire Business Transfer of CPRH Transaction, *mutatis mutandis*, as though the Company itself is entering into a disposal of assets transaction.

In this regard, the Disposal of Assets in relation to the Entire Business Transfer of CPRH Transaction will be carried out only if the Extraordinary General Meetings of Shareholders of the Company and Makro resolve to approve the EBT Transaction and the Share Allocation Transaction as EBT Consideration as well as other matters necessary for and/or in connection with the foregoing transactions and the satisfaction of the conditions precedent under the EBT Agreement.

The Company, therefore, would like to inform the details of the disposal of assets transaction of the Company with respect to the Disposal of Assets in relation to the Entire Business Transfer of CPRH Transaction as follows:

**1. Date, Month and Year of the Transaction**

Around one to three weeks from the date of the Extraordinary General Meeting of Shareholders of the Company.

**2. Parties Involved and Relationship with the Company**

Transferor: CPRH

Transferee: Makro

Relationship with the Company: The Company holds shares representing 40.00 percent of the total registered capital of CPRH

**3. General Description of the Transaction and Transaction Size**

**3.1 General Description of the Transaction**

CPRH will transfer its entire business to Makro through the entire business transfer method, including 99.99 percent shares in C.P. Retail Development Company Limited (“**CPRD**”) held by CPRH and CPRH's other assets such as cash and cash equivalents. In return, Makro will issue up to 5,010,323,500 new shares with a par value of THB 0.5 each at the offering price of THB 43.50 per share to CPRH as consideration for the Disposal of Assets in relation to the Entire Business Transfer of CPRH Transaction as payment in kind, instead of in cash.

CPRH is an investment holding company with its main assets being shares in CPRD in the proportion of 99.99 percent of the registered capital of CPRD and other assets such as cash and cash equivalents. CPRD holds (a) 99.99 percent shares in Lotus's Stores (Thailand) Company Limited which holds 99.99 percent shares in Ek-Chai Distribution System Company Limited, an operator of a retail business under the name Lotus's in Thailand; and (b) holds 100.00 percent shares in Lotuss Stores (Malaysia) Sdn. Bhd (collectively referred to as the "**Lotus's Group**"). The business of the Lotus's Group is divided into two main groups which are the retail business and the business of leasing space in shopping malls. The Lotus's Group is a leading operator in the retail business of groceries and consumer products with multi-store formats comprising hypermarkets, supermarkets and mini-supermarkets, and operates the business of leasing space in shopping malls in Thailand and Malaysia. For the year ended 31 December 2020, CPRD's total pro forma revenue was THB 208,648 million and the total pro forma assets was THB 406,640 million.

### 3.2 Transaction Size and Calculation of the Transaction Size of the Disposal of Assets Transaction

The Disposal of Assets in relation to the Entire Business Transfer of CPRH Transaction (by considering the shareholding proportion of the Company in CPRH at 40.00 percent) is considered as a disposal of assets transaction under Notifications on Acquisition or Disposal of Assets. When calculating the value of the transaction on the basis of the net tangible assets (NTA), the highest value of the transaction is equal to 92.97 percent based on the consolidated financial statements of the Company which have been reviewed by the auditor for the six-month period ended 30 June 2021. In this regard, when considering together with the Company's Shares Offering Transaction (as explained in the Information Memorandum (Enclosure 3)) and the disposal of assets transactions of the Company and/or its subsidiaries during the past six months, the highest value of the transaction under the net tangible assets (NTA) basis is equal to 109.06 percent, therefore, it is considered as a Class 1 disposal of assets transaction under the Notifications on Acquisition or Disposal of Assets. Details of the calculation of the transaction size are as follows:

#### **Financial Information used in the Calculation of the Transaction Size**

**Unit: THB Million**

	<b>The Company</b>	<b>CPRH</b>	<b>CPRD</b>
<b>Financial Information</b>	<b>Consolidated Financial Statements ended 30 June 2021</b>	<b>Separate Financial Statements ended 31 December 2020</b>	<b>Pro Forma Consolidated Financial Information ended 31 December 2020</b>
Net Tangible Assets <sup>(1)</sup> (NTA)	85,826	199,479	
Total assets	513,087		
Net profit (loss)	12,359 <sup>(2)</sup>		1,778

Note: (1) Net Tangible Assets are calculated as the total assets less related intangible assets, total liabilities and non-controlling interests.

(2) Net profit (loss) attributable to equity holders of the Company of the past 12 months

**Basis of the Calculation of the Size of the Disposal of Assets Transaction****Unit: THB Million (unless specified otherwise)**

Basis of Calculation	Calculation Basis	Disposal of Investment in CPRH	Total Transaction Size (percent)
1. Value of Net Tangible Assets (NTA) basis	$\frac{((\text{NTA of company to be sold} \times \text{Disposed proportion}) \times 100)}{(\text{NTA of listed company})}$	$\frac{((199,479 \times 40\%) \times 100)}{85,826}$	92.97
2. Net Operating Profits basis	$\frac{(\text{Net operating profits of company to be sold} \times \text{Disposed proportion}) \times 100}{\text{Net operating profits of listed company}}$	$\frac{((1,778 \times 40\%) \times 100)}{12,359}$	5.75
3. Total Value of Consideration basis	$\frac{(\text{Value of disposed transaction} \times 100)}{\text{Total assets of listed company}}$	$\frac{((217,949 \times 40\%) \times 100)}{513,087}$	16.99
4. Value of Securities Issued for the Payment of Assets basis	-	-	-

**4. Details of the Disposed Assets**

CPRH will transfer the entire business to Makro, comprising all assets and liabilities with details as follows:

**(1) Assets**

(1.1) All shares in CPRD held by CPRH in the amount of 1,994,745,742 shares with a par value of THB 100 each, representing 99.99 percent of the total issued and paid-up shares in CPRD.

(1.2) Other assets existing as at the EBT Date.

**(2) Liabilities**

All liabilities existing as at the EBT Date.

**4.1 General Information of CPRH****(1) General description of the business**

Company name	C.P. Retail Holding Company Limited
Type of business	Investment business by holding shares in other companies
Office address	313 C.P. Tower, 44th Floor, Silom Road, Silom Sub-district, Bang Rak District, Bangkok
Juristic person registration number	0105563041629
Registration date	6 March 2020

Registered capital as at 31 July 2021	THB 199,479,574,500
Issued and paid-up capital as at 31 July 2021	THB 199,479,574,500

## (2) Business operations of CPRH

CPRH operates the business of holding shares in other companies (investment holding company) and holds shares in its subsidiary, namely, CPRD.

## (3) List of shareholders of CPRH as at 31 July 2021

No.	Shareholders	Shares	Voting Rights
1	The Company	797,918,298	40.00 percent
2	CPH	797,918,298	40.00 percent
3	CPM	398,959,149	20.00 percent
	<b>Total</b>	<b>1,994,795,745</b>	<b>100.00 percent</b>

## (4) List of directors of CPRH as at 31 July 2021

No.	Directors	Position
1	Mr. Soopakij Chearavanont	Director
2	Mr. Narong Chearavanont	Director
3	Mr. Suphachai Chearavanont	Director
4	Mr. Adirek Sripratak	Director
5	Mr. Umroong Sanphasitvong	Director

## (5) Summary of financial position and operating results

The key financial information of CPRH for the accounting period from 6 March 2020 (the date of incorporation) and ending on 31 December 2020 based on the audited separate financial statements can be summarised below.

Unit: THB million	The period from 6 March 2020 (the date of incorporation) to 31 December 2020
<b>Statement of Comprehensive Income</b>	
Total revenue	0.11
Total expenses	0.68
Net profit	(0.58)
<b>Statement of Financial Position</b>	

Unit: THB million	The period from 6 March 2020 (the date of incorporation) to 31 December 2020
Total assets	199,479.62
Total liabilities	0.62
Total shareholders' equity	199,479.00

## 4.2 General information of subsidiary of CPRH

### 4.2.1 CPRD

#### (1) General description of the business

Company name	C.P. Retail Development Company Limited
Type of business	Investment business by holding shares in other companies
Office address	629/1 Nawamin Road, Nuan Chan Sub-district, Bueng Kum District, Bangkok
Juristic person registration number	0105563042102
Registration date	6 March 2020
Registered capital as at 31 July 2021	THB 199,474,574,500
Issued and paid-up capital as at 31 July 2021	THB 199,474,574,500

#### (2) Business operations of CPRD

CPRD operates the business of holding shares in other companies (investment holding company) and holds shares in its subsidiary, namely, (a) Lotus's Stores (Thailand) Company Limited ("**Lotus TH**"); (b) Ek-Chai Distribution System Company Limited ("**Ek-Chai**") which is CPRD's subsidiary through Lotus TH's shareholding; and (c) Lotuss Stores (Malaysia) Sdn. Bhd ("**Lotus MY**").

#### (3) List of shareholders of CPRD as at 31 July 2021

No.	Shareholders	Shares	Voting Rights
1	CPRH	1,994,745,742	99.99 percent
2	Mr. Soopakij Chearavanont	1	<0.01 percent
3	Mr. Adirek Sripratak	1	<0.01 percent
4	Mr. Umroong Sanphasitvong	1	<0.01 percent
	<b>Total</b>	<b>1,994,745,745</b>	<b>100.00 percent</b>

#### (4) List of directors of CPRD as at 31 July 2021

No.	Directors	Position
1	Mr. Suphachai Chearavanont	Director
2	Mr. Narong Chearavanont	Director
3	Mr. Adirek Sripratak	Director
4	Mr. Piyawat Titasattavorakul	Director
5	Mr. Pittaya Jearavisitkul	Director
6	Mr. Suparat Kawatkul	Director
7	Mr. Umroong Sanphasitvong	Director
8	Mr. Boonchai Opas-iam-likit	Director
9	Mr. Kriengchai Boonpoapichart	Director
10	Mr. Naris Thamkuekool	Director
11	Mr. Sompong Rungnirattisai	Director
12	Mr. Noppadol Dej-Udom	Director
13	Mr. Thirapol Thanomsakyuth	Director
14	Mr. Prasit Boondoungprasert	Director
15	Mr. Nattawat Chunhawuttiyanon	Director

(5) Summary of financial position and operating results

The key financial information of CPRD for the accounting period from 6 March 2020 (the date of incorporation) and ending on 31 December 2020 based on the audited consolidated financial statements can be summarised below.

Unit: THB million	The period from 6 March 2020 (the date of incorporation) to 31 December 2020
<b>Statement of Comprehensive Income<sup>(1)</sup></b>	
Total revenue <sup>(2)</sup>	9,570.17
Total expenses <sup>(3)</sup>	(9,083.80)
Gross profit	1,346.86
Net profit	(157.97)
<b>Statement of Financial Position</b>	
Total assets	400,957.81
Total liabilities	201,657.59
Total shareholders' equity	199,300.22

Notes: (1) CPRD purchased the shares in Lotus TH and Lotus MY on 18 December 2020. Therefore, CPRD has consolidated Lotus's Group operating results as from 18 December 2020 onwards.



- (2) The total revenue consists of revenue from sale of goods, rental income and revenue from rendering services and other income.
- (3) The total expenses consists of the cost of sales, cost of rental and cost of rendering of services, distribution costs and administrative expenses.

The key pro forma consolidated financial information of CPRD for the years ended 31 December 2019 and 2020 which has been provided assurance by the auditor can be summarised below.

Unit: THB million	The year ended 31 December 2019	The year ended 31 December 2020
<b>Consolidated Statements of Profit and Loss</b>		
Revenue from sale of goods	205,227	197,460
Rental income and revenue from rendering services	14,805	11,188
Cost of sales	(166,237)	(160,670)
Cost of rental and cost of rendering of services	(5,354)	(5,526)
<b>Gross Profit</b>	<b>48,441</b>	<b>42,452</b>
Gains (loss) on foreign exchange rate	(2)	87
Other income	3,093	2,370
Net derivative gain	1	2
Distribution costs	(28,557)	(28,716)
Administrative expenses	(5,595)	(6,434)
<b>Profit (Loss) from Operating Activities</b>	<b>17,381</b>	<b>9,761</b>
Finance costs	(6,736)	(6,772)
Share of profit from investment in joint ventures and an associate	815	782
<b>Profit (Loss) before Income Tax Expense</b>	<b>11,460</b>	<b>3,771</b>
Income tax expense	(3,127)	(1,993)
<b>Profit for the year</b>	<b>8,333</b>	<b>1,778</b>

Unit: THB million	The year ended 31 December 2019	The year ended 31 December 2020
<b>Consolidated Statements of Financial Position</b>		
<b>Assets</b>		
Cash and cash equivalents	21,724	20,357
Trade and other current receivables	3,419	2,725
Inventories	12,386	11,930
Investment properties	29,695	29,186
Property, plant and equipment	72,986	71,113
Right-of-use Assets	25,422	26,894
Goodwill	226,228	226,228
Other assets	16,514	18,207
<b>Total Assets</b>	<b>408,374</b>	<b>406,640</b>
<b>Liabilities</b>		
Short-term borrowings from financial institutions	120,823	120,823
Trade and other current payables	37,127	38,361
Lease liabilities (including current portion)	30,241	34,059
Other liabilities	16,849	15,808
<b>Total Liabilities</b>	<b>205,040</b>	<b>209,051</b>
Issued and paid-up share capital	199,475	199,475
Retained earnings (Deficits)	8,333	10,112
Difference arising from pro forma adjustments	(4,561)	(12,066)
Other components of shareholders' equity	80	61
<b>Total Shareholders' Equity Attributable to Owners of the Parent</b>	<b>203,327</b>	<b>197,582</b>
Non-controlling interests	7	7
<b>Total Shareholders' Equity</b>	<b>203,334</b>	<b>197,589</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>408,374</b>	<b>406,640</b>

Notes: The unaudited pro forma consolidated financial information of CPRD has been compiled based on:

- (1) The separate financial statements of CPRD for the period from 6 March 2020 (the date of incorporation) to 31 December 2020 prepared in accordance with Thai Financial Reporting Standards and audited by auditor in accordance with Thai Standards on Auditing, expressing the unmodified opinion dated 28 May 2021. The auditor's report has not been published.
- (2) The special purpose consolidated financial statements of Lotus TH and its subsidiaries for the years ended 28 February 2021 and 29 February 2020 prepared in accordance Thai the Financial Reporting Standards and audited by auditor in accordance with Thai Standards on Auditing, expressing the unmodified opinion dated 31 August 2021. The auditor's report has not been published.
- (3) The special purpose financial statements of Lotus MY for the years ended 28 February 2021 and 29 February 2020 prepared in accordance with Malaysian Financial Reporting Standards and audited by the auditor in accordance with International Standards on Auditing with unqualified opinion dated 30 August 2021. The auditor's report has not been published.

#### 4.2.2 Lotus TH which is a subsidiary of CPRD

- (1) General description of the business

Company name	Lotus's Stores (Thailand) Company Limited
Type of business	Investment business by holding shares in other companies
Office address	629/1 Nawamin Road, Nuan Chan Sub-district, Bueng Kum District, Bangkok
Juristic person registration number	0105541029677
Registration date	15 May 1998
Registered capital as at 31 July 2021	THB 12,301,000
Issued and paid-up capital as at 31 July 2021	THB 12,301,000

- (2) Business operations of Lotus TH

Lotus TH operates the business of holding shares in other companies (investment holding company) and holds shares in its subsidiary, namely, Ek-Chai.

- (3) List of shareholders of Lotus TH as at 31 July 2021

No.	Shareholders	Shares	Voting Rights
1	C.P. Retail Development Company Limited	1,230,098	99.99 percent
2	Mr. Narong Chearavanont	1	<0.01 percent
3	Mr. Suphachai Chearavanont	1	<0.01 percent
	<b>Total</b>	<b>1,230,100</b>	<b>100.00 percent</b>

- (4) List of directors of Lotus TH as at 31 July 2021

No.	Directors	Position
1	Mr. Adirek Sripratak	Director
2	Mr. Umroong Sanphasitvong	Director
3	Mr. Suphachai Chearavanont	Director

#### 4.2.3 Ek-Chai which is a subsidiary of CPRD through shareholding by Lotus TH

- (1) General description of the business

Company name	Ek-Chai Distribution System Company Limited
Type of business	Retail trading of groceries and consumer products
Office address	629/1 Nawamin Road, Nuan Chan Sub-district, Bueng Kum District, Bangkok
Juristic person registration number	0105536092641
Registration date	13 August 1993
Registered capital as at 31 July 2021	THB 5,137,500,050
Issued and paid-up capital as at 31 July 2021	THB 5,137,500,050

- (2) Business operations of Ek-Chai

Ek-Chai engages in the retail business of groceries and consumer products with multi-store formats under the name, Lotus's, and the business of leasing space in shopping malls in Thailand.

- (3) List of shareholders of Ek-Chai as at 31 July 2021

No.	Shareholders	Shares	Voting Rights
1	Lotus's Stores (Thailand) Company Limited	513,750,003	99.99 percent
2	Mr. Narong Chearavanont	1	<0.01 percent
3	Mr. Suphachai Chearavanont	1	<0.01 percent
	<b>Total</b>	<b>513,750,005</b>	<b>100.00 percent</b>

- (4) List of directors of Ek-Chai as at 31 July 2021

No.	Directors	Position
1	Mr. Sompong Rungnirattisai	Director
2	Mr. Naris Thamkuekool	Director
3	Mr. Nattawat Chunhawuttiyanon	Director
4	Ms. Salinla Seehaphan	Director
5	Mrs. Aurakanda Attavipach	Director

#### 4.2.4 Lotuss Stores (Malaysia) Sdn. Bhd. which is a subsidiary of CPRD

- (1) General description of the business

Company name	Lotuss Stores (Malaysia) Sdn. Bhd.
Type of business	Retail store business
Office address	12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia
Juristic person registration number	200001018812 (521419-K)
Registration date	24 July 2000
Registered capital	No information
Issued and paid-up capital	Malaysian Ringgit 656,000,000, comprising: 1) Class A ordinary shares – 39,200,000 shares; 2) Class B ordinary shares – 16,800,000 shares; and 3) Preference shares (non-convertible non-cumulative irredeemable preference shares) – 60,000,000 shares

- (2) Business operations of Lotus MY

Lotus MY engages in the retail business of groceries and consumer products with multi-store formats under the name, Lotus's, and the business of leasing space in shopping malls in Malaysia.

- (3) List of shareholders of Lotus MY as at 31 July 2021

No.	Shareholders	Shares	Voting Rights
1	C.P. Retail Development Company Limited	1) Class A ordinary shares – 39,200,000 shares; 2) Class B ordinary shares – 16,800,000 shares; and	100.00 percent

No.	Shareholders	Shares	Voting Rights
		3) Preference shares (non-convertible non-cumulative irredeemable preference shares) – 60,000,000 shares	

## (4) List of directors of Lotus MY as at 31 July 2021

No.	Directors	Position
1	Mr. Narong Chearavanont	Director
2	Mr. Naris Thamkuekool	Director
3	Mr. Piyawat Titasattavorakul	Director
4	Mr. Nattawat Chunhawuttiyanon	Director
5	Mr. Kenneth Chuan Jin Kiat	Director
6	Mr. Yong Yvonne	Director
7	Mr. Sushmita Jeni Paul	Director
8	Mr. Azliza Baizura Binti Azmel	Director

**5. Total Value of Consideration and Criteria for Determination of Total Value of Transaction and Consideration**

The total value of consideration in respect of the Disposal of Assets in relation to the Entire Business Transfer of CPRH Transaction is THB 87,179,628,900 (by considering the shareholding proportion of the Company in CPRH at 40.00 percent). Makro will issue up to 5,010,323,500 new shares with a par value of THB 0.5 each at the offering price of THB 43.50 per share to CPRH as consideration for the Disposal of Assets in relation to the Entire Business Transfer of CPRH Transaction as payment in kind, instead of in cash. The value is based on the negotiations between Marko and CPRH on the basis of valuation in accordance with the discounted cash flow and market comparable (with companies operating similar businesses) approaches.

**6. Value of Disposed Assets**

The value of the assets disposed by the Company in the Disposal of Assets in relation to the Entire Business Transfer of CPRH Transaction is approximately THB 87,179,628,900 (by considering the shareholding proportion of the Company in CPRH at 40.00 percent).

**7. Expected Benefits of the Company**

The Company believes that this Disposal of Assets in relation to the Entire Business Transfer of CPRH Transaction will:

- (a) reinforce the business of Makro and support the Company's long-term strategies to become the largest grocer in Asia (excluding Japan) in the retail and wholesale industry <sup>(1)</sup>;
- (b) allow the Company to realise greater benefits which are expected to be derived from the consolidation of Makro and CPRD, including from combining the strengths in various aspects of Makro with those of the Lotus's Group, such as the coverage of store formats and the expansion of the coverage of the business operations at a regional level;
- (c) increase the liquidity of the Company's investment by converting from the investment in the shares in CPRH which has no liquidity and the shares are not listed on the SET to investment in shares of Makro which are securities listed on the SET, which has trading liquidity;.
- (d) enhance the retail and wholesale industry to become more modernized, strengthen the competitive advantage against international e-commerce companies or technology companies that compete in Thailand by allowing quick response to rapid changes in consumer behaviour (particularly consumers' spending behaviour which has changed during the Covid-19 pandemic) at both national and regional levels and will be beneficial to stakeholders in all sectors through the internal restructuring and business restructuring for the purpose of achieving such objectives.

Following the completion of the EBT Transaction and the Share Allocation Transaction as EBT Consideration, the Company's direct and indirect shareholding in Makro will be approximately 65.97 percent of the total voting rights in Makro, which holds 99.99 percent of the total voting rights in CPRD, which is in line with the investment policies and strategies of the Company and which will strengthen the business of Makro, a subsidiary of the Company, in becoming the leader in the retail and wholesale business of groceries and consumer products at a regional level. In addition, the shareholding structure of Makro after the EBT Transaction and the Share Allocation Transaction as EBT Consideration which there will be joint investments of other major shareholders jointly invest and is an appropriate structure when considering various factors, including the capital structure of the Company.

Hence, the Company is confident that the entering into this transaction is reasonable and is for the best interest of the Company. As a shareholder, the Company has the right to independently manage the Company's investment in proportion to the Company's shareholding in Makro. In addition, the Company, as a company listed on the SET, upholds equal and fair treatments of all shareholders, and primarily take into account the benefits to the Company and all shareholders and follows good governance and internal control measures which include measures relating to the entering into transactions that may involve conflict of interest and measures governing related party transactions, for example, a transaction that may involve conflict of interest would require an approval from the Board of Directors and would need to be considered by the Audit Committee to ensure that it complies with laws and regulations of the SET and in order for the Company to be confident that such transaction is reasonable, contains general terms and conditions as though it was a transaction with a third party and it is for the best interest of the Company. In addition, regulations applicable to listed companies support the transparency and fairness of the existing connected transactions as well as those that may be entered into in future. In this

regard, interested persons will not have the right to vote on the entering into a transaction that may involve a conflict of interest, whether as the Company's directors or shareholders.

Note (1) With reference to the Euromonitor Report in respect of sales in the year 2020 in Asia (excluding Japan)

## 8. Conditions of the Transactions

The Disposal of Assets in relation to the Entire Business Transfer of CPRH Transaction will only occur after the full satisfaction of the conditions precedent as specified in the EBT Agreement and other documents in relation to such transactions. Material conditions precedent are summarised below:

- (a) The meeting of shareholders of Makro has resolved to approve the EBT Transaction and the Share Allocation Transaction as EBT Consideration, including other matters necessary for and/or in connection with such transactions in compliance with the relevant regulations.
- (b) The meeting of shareholders of the Company has resolved to approve the EBT Transaction, the Share Allocation Transaction as EBT Consideration and the transfer of the entire business of CPRH, including the execution of the EBT Agreement, and other matters necessary for and/or in connection with such transactions in compliance with the relevant regulations.
- (c) The meetings of the board of directors of CPF, CPM and CPH have resolved to approve the transfer of the entire business of CPRH, including the execution of the EBT Agreement, and other matters necessary for and/or in connection with such transactions in compliance with the relevant regulations.
- (d) The meeting of the board of directors and meeting of shareholders of CPRH have resolved to approve the transfer of the entire business to Makro, including the execution of the EBT Agreement and other relevant documents, as well as any other actions to ensure the successful completion of the transfer of the entire business to Makro.
- (e) As at the EBT Date, no events or actions have occurred which may result in material adverse effects on the entire business of CPRH, the businesses of CPRD, companies within the Lotus's Group and the subsidiaries in which CPRH (directly and indirectly) holds more than 50.00 percent shares and/or the businesses of Makro and no events have occurred which obstruct the entering into the EBT Transaction and the Share Allocation Transaction as EBT Consideration.
- (f) The SEC Office has approved the offering of the newly issued ordinary shares to CPRH which is an offering to a specific person (Private Placement).
- (g) Makro, companies within the Makro's group, CPRH, CPRD, companies within the Lotus's Group and the subsidiaries in which CPRH (directly and indirectly) holds more than 50.00 percent shares have obtained the necessary consents, permissions, agreements or waivers from customers, suppliers, creditors or contract parties who are third parties of Makro, companies within the Makro's group, CPRH, CPRD, companies within the Lotus's Group, and the subsidiaries in which CPRH (directly and indirectly) holds more than 50.00 percent shares in connection with the EBT Transaction and the Share Allocation Transaction as EBT Consideration.



- (h) In order to enable CPRH to transfer shares in CPRD (which are a part of the assets of CPRH) to Makro pursuant to the EBT Agreement, Makro will execute a guarantee in the form to be agreed between creditors of CPRD and Makro. Such guarantee will come into effect when Makro has accepted the transfer of shares in CPRD from CPRH.

Schedule of actions of for all relevant transactions is as follows:

No.	Procedures	Time period
1.	The date of the Board of Directors' Meeting No. 6/2021	31 August 2021
2.	The date to determine the names of shareholders who are entitled to attend the Extraordinary General Meeting of Shareholders (Record Date)	15 September 2021
3.	The date of the Extraordinary General Meeting of Shareholders	12 October 2021
4.	The Disposal of Assets in relation to the Entire Business Transfer of CPRH Transaction	One to three weeks from the date of the Extraordinary General Meeting of Shareholders
5.	The offering of shares in Makro by the Company to the Public (Public Offering)	After the completion of the Disposal of Assets in relation to the Entire Business Transfer of CPRH Transaction and after Makro has obtained approval for the offering of ordinary shares to the public (Public Offering) from the SEC Office and the registration statement for securities offering and the prospectus have become effective.

Remark: The above schedule may be subject to change.

## 9. Opinion of the Board of Directors on the Transaction

The meeting of the Board of Directors of the Company No. 6/2021 which was held on 31 August 2021, excluding directors who are interested persons, is of the view that the entering into the Disposal of Assets in relation to the Entire Business Transfer of CPRH Transaction is reasonable and is for the best interest of the Company and the shareholders of the Company as the entering into such transaction reinforces the business of Makro and CPRD in becoming the leaders in the retail and wholesale business of groceries and consumer products and to expand the coverage of the business operations to be at a regional level, as well as to reinforce the business as a result of the expected benefits of combining the strengths in various aspects of Makro with those of the Lotus's Group, such as the coverage of store formats. In addition, the combined benefits from the joint operations will improve the efficiency, and it is expected that this will be beneficial to the Company and the shareholders of the Company in the future through the internal restructuring and business restructuring for the purpose of achieving such objectives.

Therefore, the meeting of the Board of Directors has resolved to approve the Disposal of Assets in relation to the Entire Business Transfer of CPRH Transaction and to propose to the meeting of shareholders of the Company to consider and approve the Company to dispose of such assets in relation to the entire business transfer of CPRH.

**10. Opinion of the Audit Committee and/or the Directors of the Company which is different from the Board of Directors' Opinion as specified in Paragraph 9**

The Audit Committee and the directors of the Company do not have different opinion from the Board of Directors' opinion as specified in Paragraph 9. In addition, the Audit Committee is of the view that the transaction is reasonable as it will reinforce the Company's group to be ready for future business expansion, and it complies with the relevant regulations of Capital Market Supervisory Board. After taking into consideration the opinion of the executives in charge of this matter, the Audit Committee is of the view that the management has proceeded with transparent process and measure and for the best interest of the Company.

**Information Memorandum on the Disposal of Assets as a result of the Offering of Shares  
in Siam Makro Public Company Limited to the Public (Public Offering)**

**Pursuant to Annex (1)**

The meeting of the Board of Directors No. 6/2021 of CP All Public Company Limited (the “**Company**”), which was held on 31 August 2021, resolved to approve various transactions in connection with the offering of ordinary shares in Siam Makro Public Company Limited (“**Makro**”) to the public (Public Offering) (following the completion of the EBT Transaction) as set out below, and resolved to approve that the matter be proposed to the Extraordinary General Meeting of Shareholders for further consideration and approval.:

- (1) The offering of a portion of the ordinary shares in Makro which are held by the Company to the public (Public Offering) at the same time as the issuance and offering of newly issued ordinary shares to the public (Public Offering) by Makro, which is a subsidiary of the Company, in the amount of up to 363,200,000 shares with a par value of THB 0.50 each, representing up to 3.70 percent of the total issued and outstanding ordinary shares in Makro after the Share Allocation Transaction as EBT Consideration or representing up to 3.25 percent of the total issued and outstanding ordinary shares in Makro after the completion of the issuance and offering of new ordinary shares to the public (Public Offering) by Makro (the “**Company’s Offered Shares**”).

In this regard, in the offering of ordinary shares to the public (Public Offering) in this case, certain portions of the ordinary shares may be considered for allocation as offering to (a) existing shareholders of the Company (other than the CPG group as specified in Form 56-1 for the year 2020 of the Company); (b) existing shareholders of Makro (other than the Company and the Company’s subsidiaries); and (c) existing shareholders of CPF (other than the CPG group as specified in Form 56-1 for the year 2020 of CPF). In this regard, the Company reserves the right, at the Company’s discretion, to consider not to offer or allocate newly issued ordinary shares to any persons or subscribers if such offering or allocation of newly issued ordinary shares will or may result in the Company having legal obligations under foreign law in addition to those required under relevant Thai laws or regulations in connection with the issuance and offering of securities, or will result in the shares offering being in non-compliance with the rules, methods or conditions prescribed for the offering or allocation of shares. The details on the rights to receive the shares allocation will be determined after Makro has received the approval from the Office of the Securities and Exchange Commission (the “**SEC Office**”) to offer the ordinary shares to the public (Public Offering) and the registration statement and the prospectus have become effective and will be further notified by the Company to the shareholders.

- (2) The lending of ordinary shares in Makro which are held by the Company to the over-allotment agent for the over-allotment process in the amount of up to 340,500,000 shares, representing up to 3.47 percent of the total issued and outstanding ordinary shares in Makro after the completion of the Share Allocation Transaction as EBT Consideration or representing up to 3.05 percent of the total issued and outstanding ordinary shares in Makro after the completion of the issuance and offering of new ordinary shares to the public (Public Offering) by Makro (the “**Lent Shares**”).

- (3) The granting of the right to the over-allotment agent to purchase ordinary shares held by the Company in the amount of up to 340,500,000 shares, representing up to 3.47 percent of the total issued and outstanding ordinary shares in Makro after the completion of the Share Allocation Transaction as EBT Consideration or representing up to 3.05 percent of the total issued and outstanding ordinary shares in Makro after the completion of the issuance and offering of new ordinary shares to the public (Public Offering) by Makro (the “**Option Shares**”) for the purpose of returning shares which are borrowed by the over-allotment agent from the Company, whether in whole or in part, which is a part of the over-allotment process of the issuance and offering of ordinary shares to the public.

(The offering of the Company’s Offered Shares, the lending of the Lent Shares to the over-allotment agent and the granting of the right to purchase the Option Shares to the over-allotment agent are collectively referred to as the “**Company’s Shares Offering Transaction**”). The entering into the Company’s Shares Offering Transaction has taken into consideration the various relevant factors, for example, the appropriateness of the capital structure and proceeds utilisation plan of the Company etc.

In the case where the over-allotment agent exercises the right to purchase all the Option Shares from the Company, the Company’s shareholding proportion in Makro will reduce to be not less than 51.63 percent of the total issued and outstanding ordinary shares in Makro after the completion of the issuance and offering of newly issued ordinary shares to the public by Makro.

In this regard, the Company’s Shares Offering Transaction will be carried out only if the Extraordinary General Meeting of Shareholders of Makro has resolved to approve the EBT Transaction and the Share Allocation Transaction as EBT Consideration and approve the increase of the registered capital and the allocation of newly issued ordinary shares for offering to the public (Public Offering), including other matters necessary for and/or in connection with the foregoing transactions. In addition, the Company’s Shares Offering Transaction will occur after the completion of the EBT Transaction and the Share Allocation Transaction as EBT Consideration (as explained in the Information Memorandum (Enclosure 1)).

The Company’s Shares Offering Transaction is considered as a Class 1 disposal of assets transaction under the Notification of the Capital Market Supervisory Board No. TorJor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets dated 31 August 2008 (as amended) and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets B.E. 2547 (2004) dated 29 October 2004 (as amended) (the “**Notifications on Acquisition or Disposal of Assets**”).

The Company, therefore, would like to inform the details of the disposal of assets transaction of the Company in relation to the entering into the Company’s Shares Offering Transaction as follows:

#### 1. **Date, Month and Year of the Transaction**

After the completion of the EBT Transaction and the Share Allocation Transaction as EBT Consideration and after Makro has received the approval from the SEC Office to offer the ordinary shares to the public (Public Offering) and the registration statement and the prospectus have become effective.

## 2. Parties Involved and Relationship with the Company

- Purchasers:
- 1) The public and/or institutional investors
  - 2) Existing shareholders of (a) Makro (other than the Company and subsidiaries of the Company); (b) the Company (other than the CPG group as specified in Form 56-1 for the year 2020 of the Company); and (c) Charoen Pokphand Foods Public Company Limited (“CPF”) (other than the CPG group as specified in Form 56-1 for the year 2020 of CPF) (if any)
  - 3) Customers, suppliers or persons providing any other benefits (patrons) of Makro, the Company, CPM and/or CPH (if any)
  - 4) Cornerstone investors (if any)

Seller: The Company

## 3. General Description of the Transaction and Transaction Size

### 3.1 General Description of the Transaction

The Company will take the following actions in connection with the offering of ordinary shares in Makro:

- (1) The Company will offer a portion of the ordinary shares in Makro which are held by the Company to the public (Public Offering) at the same time as the issuance and offering of newly issued ordinary shares to the public (Public Offering) by Makro in the amount of up to 363,200,000 shares with a par value of THB 0.50 each, representing up to 3.70 percent of the total issued and outstanding ordinary shares in Makro after the Share Allocation Transaction as EBT Consideration or representing up to 3.25 percent of the total issued and outstanding ordinary shares in Makro after the completion of the issuance and offering of new ordinary shares to the public (Public Offering) by Makro.

In this regard, Makro will issue new ordinary shares in the amount of up to 6,372,323,500 shares with a par value of THB 0.50 each, dividing into (a) up to 5,010,323,500 shares with a par value of THB 0.50 each to C.P. Retail Holding Company Limited (“CPRH”) as consideration for the entire business transfer as payment in kind; instead of in cash; and (b) up to 1,362,000,000 shares with a par value of THB 0.50 each for public offering.

- (2) The Company will lend ordinary shares in Makro which are held by the Company to the over-allotment agent in the amount of up to 340,500,000 shares, representing up to 3.47 percent of the total issued and outstanding ordinary shares in Makro after the completion of the Share Allocation Transaction as EBT Consideration or representing up to 3.05 percent of the total issued and outstanding ordinary shares in Makro after the completion of the issuance and offering of new ordinary shares to the public (Public Offering) by Makro for the over-allotment process.

- (3) The Company will grant the right to the over-allotment agent to purchase ordinary shares in Makro held by the Company in the amount of up to 340,500,000 shares, representing up to 3.47 percent of the total issued and outstanding ordinary shares in Makro after the completion of the Share Allocation Transaction as EBT Consideration or representing up to 3.05 percent of the total issued and outstanding ordinary shares in Makro after the completion of the issuance and offering of new ordinary shares to the public (Public Offering) by Makro for the purpose of returning shares which are borrowed by the over-allotment agent from the Company, whether in whole or in part, which is a part of the over-allotment process of the issuance and offering of ordinary shares to the public.

In the case where the over-allotment agent exercises the right to purchase all the Option Shares from the Company, the Company's shareholding proportion in Makro will reduce to be not less than 51.63 percent of the total issued and outstanding ordinary shares in Makro after the completion of the issuance and offering of newly issued ordinary shares to the public by Makro.

### 3.2 Transaction Size and Calculation of the Transaction Size of the Disposal of Assets Transaction

The Company's Shares Offering Transaction is considered as a disposal of assets transaction. When calculating the value of the transaction on the basis of the net tangible assets (NTA), the highest value of the transaction is equal to 15.93 percent based on the consolidated financial statements of the Company which have been reviewed by the auditor for the six-month period ended 30 June 2021. In this regard, when considering together with the Disposal of Assets in relation to the Entire Business Transfer of CPRH Transaction (as explained in the Information Memorandum (Enclosure 2)) and the disposal of assets transactions of the Company and/or its subsidiaries during the past six months, the highest value of the transaction under the net tangible assets (NTA) basis is equal to 109.06 percent, therefore, it is considered as a Class 1 disposal of assets transaction under the Notifications on Acquisition or Disposal of Assets. Details of the calculation of the transaction size are as follows:

#### Financial Information used in the Calculation of the Transaction Size

Unit: THB Million

	The Company	Makro	CPRH	CPRD
Financial Information	Consolidated Financial Statements ended 30 June 2021	Consolidated Financial Statements ended 30 June 2021	Separate Financial Statements ended 31 December 2020	Pro Forma Consolidated Financial Information ended 31 December 2020
Net Tangible Assets (NTA) <sup>(1)</sup>	85,826	17,565	199,479	
Total assets	513,087	70,131		
Net profit (loss)	12,359 <sup>(2)</sup>	6,723 <sup>(2)</sup>		1,778

- Note: (1) Net Tangible Assets are calculated as the total assets less related intangible assets, total liabilities, and non-controlling interests.
- (2) Net profit (loss) attributable to equity holders of the Company of the past 12 months.

**Basis of the Calculation of the Size of the Disposal of Assets Transaction****Unit: THB Million (unless specified otherwise)**

<b>Basis of Calculation</b>	<b>Calculation Basis</b>	<b>Disposal of shares in Makro which are held by the Company</b>	<b>Total Transaction Size (percent)</b>
1. Value of Net Tangible Assets (NTA) basis	$\frac{((\text{NTA of company to be sold} \times \text{Disposed proportion}) \times 100)}{(\text{NTA of listed company})}$	$\frac{(((17,565+199,479) \times 6.30\%) \times 100)}{85,826}$	15.93
2. Net Operating Profits basis	$\frac{(\text{Net operating profits of company to be sold} \times \text{Disposed proportion}) \times 100}{\text{Net operating profits of listed company}}$	$\frac{(((6,723+1,778) \times 6.30\%) \times 100)}{12,359}$	4.33
3. Total Value of Consideration basis	$\frac{(\text{Value of disposed transaction} \times 100)}{\text{Total assets of listed company}}$	$\frac{((703.7 \times 39.52^{(1)}) \times 100)}{513,087}$	<u>5.42</u>
4. Value of Shares Issued for the Payment of Assets basis	-	-	-

Note: (1) The value of the disposed transaction per share is calculated from the weighted average price of ordinary shares in Makro traded on the SET for the past 15 consecutive business days prior to the date on which the Board of Directors passed the resolution, the period of which is from 9 to 30 August 2021 and the price of which is THB 39.52 per share (Source: SETSMART from www.setsmart.com).

**4. Details of the Disposed Assets**

Ordinary shares in the total amount of 703,700,000 shares, representing 6.30 percent of the total issued and outstanding ordinary shares in Makro after the completion of the issuance and offering of new ordinary shares to the public (Public Offering) by Makro comprising (a) up to 363,200,000 of the Company's Offered Shares; and (b) up to 340,500,000 Option Shares.

**4.1 General Information of Makro**

(1) General description of the business

Company name	Siam Makro Public Company Limited Company Limited
Type of business	Wholesale business of groceries and consumer products
Office address	1468 Phatthanakan Road, Phatthanakan Sub-district, Suan Luang District, Bangkok
Juristic person registration number	0107537000521

Registration date	11 February 1994
Registered capital as at 31 July 2021	THB 2,400,000,000
Issued and paid-up capital as at 31 July 2021	THB 2,400,000,000

## (2) Business operations of Makro

Makro operates cash and carry trade centres business under the name “Makro” to sell groceries and consumer products and engages in the import, export and distribution of frozen and chilled food products as well as provides storage and delivery services.

## (3) List of the first 10 shareholders of Makro as at 15 March 2021

No.	Shareholders	Shares	Voting Rights (percent)
1	Siam Makro Holding (Thailand) Limited <sup>(1)</sup>	2,640,302,800	55.01
2	CPALL	1,827,598,700	38.07
3	Bualuang Long-Term Equity Fund	38,441,700	0.8
4	Mr. Prinya Tieworn	34,300,000	0.71
5	Thai NVDR Company Limited	18,879,397	0.39
6	Bualuang Long - Term Equity Fund 75/25	17,106,100	0.36
7	Bualuang Flexible RMF	11,310,300	0.24
8	Bualuang Equity RMF	8,302,900	0.17
9	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	7,107,958	0.15
10	Bualuang Basic Dividend LTF	6,287,300	0.13
	<b>Total</b>	<b>4,609,637,155</b>	<b>96.03</b>

Note: (1) Siam Makro Holdings (Thailand) Limited is 99.99 percent indirect subsidiary of the Company. The combined shareholding in Makro is 93.08 percent of total issued and paid-up shares in Makro.



In this regard, list of the shareholders after the EBT Transaction and the Share Allocation Transaction as EBT Consideration and before the tender offer for securities by CPM and CPH are as follows:

No.	Shareholders	Shares	Voting Rights (percent)
1	CPALL	3,831,728,100	39.06
2	Siam Makro Holding (Thailand) Limited	2,640,302,800	26.91
3	CPH	2,004,129,400	20.43
4	CPM	1,002,064,700	10.21
5	Minority shareholders	332,098,500	3.39
	<b>Total</b>	<b>9,810,323,500</b>	<b>100.00</b>

(4) List of directors of Makro as at 31 July 2021

No.	Directors	Position
1	Mr. Suphachai Chearavanont	Director
2	Mr. Korsak Chairasmisak	Director
3	Mrs. Suchada Ithijarukul	Director
4	Mr. Umroong Sanphasitvong	Director
5	Mr. Piyawat Titasattavorakul	Director
6	Mr. Pittaya Jearavisitkul	Director
7	Mr. Adirek Sripratak	Director
8	Mr. Prasert Jarupanich	Director
9	Mr. Narong Chearavanont	Director
10	Mrs. Saowaluck Thithapant	Director
11	Mr. Joti Bhokavanij	Independent Director
12	Mr. Rawat Chamchalerm	Independent Director
13	Mrs. Kannika Ngamsopee	Independent Director
14	Mr. Jukr Boon-Long	Independent Director
15	Mr. Prasobsook Boondech	Independent Director

After the EBT Transaction and the Share Allocation Transaction as EBT Consideration, there will be no material change (change in not more than one-half of the composition) in the composition of the Board of Directors of Makro. In the event of change in the Board of Directors, Makro will further notify the details of such change to the shareholders of Makro.

## (5) Summary of financial position and operating results

The key financial information of Makro for the years ended 31 December 2018, 2019 and 2021 and for the six-month period ended 30 June 2021 based on the consolidated financial statements of Makro which have been reviewed by the auditor can be summarised below.

Unit: THB million	The year ended 31 December 2018	The year ended 31 December 2019	The year ended 31 December 2020	The six month ended 30 June 2021
<b>Statement of Comprehensive Income</b>				
Total revenue <sup>(1)</sup>	192,930.09	210,627.04	218,760.19	111,052.81
Total expenses <sup>(2)</sup>	185,120.27	202,422.55	209,803.69	106,981.01
Gross profit <sup>(3)</sup>	18,943.85	21,167.71	22,123.90	10,702.92
Net profit <sup>(4)</sup>	5,941.99	6,244.59	6,562.67	3,020.86
<b>Statement of Financial Position</b>				
Total assets	62,065.26	62,641.33	74,034.15	70,130.98
Total liabilities	42,808.63	41,906.96	51,323.64	47,274.21
Total shareholders' equity	19,256.63	20,734.37	22,710.52	22,856.77

- Notes: (1) The total revenue consists of revenue from sales, revenue from rendering services and other incomes.  
 (2) The total expenses consist of cost of sales, cost of distribution and administrative expenses.  
 (3) The gross profit is calculated by revenue of sale less the cost of goods sold.  
 (4) Net profit (loss) attributable to equity holders of Makro

## 5. Total Value of Consideration and Criteria for Determination of Total Value of Transaction and Consideration

The total value of consideration in respect of the Company's Shares Offering Transaction will be in line with the offering price of newly issued ordinary shares and existing ordinary shares in Makro which will be offered to the public (Public Offering). At present, the shares offering price has not yet been determined. The offering price will be determined through a book building process in which institutional investors are to express their intention to purchase the shares in Makro at the desired price (Book building) through a survey by securities companies or by other appropriate methods.

## 6. Value of Disposed Assets

The assets disposed are a portion of the ordinary shares in Makro which are held by the Company. The Company will receive consideration in the form of cash from investors.

At present, the offering price of shares which will be offered to the public (Public Offering) has not yet been determined. The offering price will be determined through a book building process in which institutional investors are to express their intention to purchase the shares in Makro at the desired price (Book building) through a survey by securities companies or by other appropriate methods.

## **7. Expected Benefits of the Company**

The Company believes that this Company's Shares Offering Transaction will be directly and indirectly beneficial to the Company as follows:

- (1) The Company will receive fund from the fund raising through the Company's Shares Offering Transaction which will reinforce the Company's financial position and which can be used for payment of loans, business expansion and as the Company's working capital in line with various business plans of the Company.
- (2) The Company's Shares Offering Transaction and the offering of newly issued ordinary shares to the public (Public Offering) by Makro in this case will increase the shares distribution of minority shareholders (Free Float) of Makro to be in accordance with the requirements on the maintenance of qualifications of companies listed on the SET and will increase the liquidity in the trading of ordinary shares in Makro. This will allow the share price to better reflect the demand and supply of investors in the market.

The Company will be able to realise the actual value of the investment in companies within the Lotus's Group which, at present, the Company invests through the shareholding in CPRH. This will be reflected in the value of the ordinary shares in Makro after the acceptance of the transfer of the entire business of CPRH which includes the businesses within the Lotus's Group. In this regard, the offering price of the ordinary shares in Makro that will be offered to the public (Public Offering) will be the price that will be determined through a book building process based on the demand of institutional investors to purchase the securities.

## **8. Conditions of the Transactions**

- (a) The meeting of shareholders of Makro has resolved to approve Makro to issue and offer new shares to the public (Public Offering) and has resolved to approve the EBT Transaction and the Share Allocation Transaction as EBT Consideration.
- (b) Makro has registered the increase of the registered capital with the Department of Business Development, the Ministry of Commerce
- (c) The EBT Transaction and the Share Allocation Transaction as EBT Consideration have been completed.
- (d) Makro has received the approval from the Office of the Securities and Exchange Commission to offer newly issued shares to the public (Public Offering).

## **9. Opinion of the Board of Directors on the Transaction**

The Board of Directors is of the view that the entering into the transaction in this case is reasonable as it will reinforce the Company's group to be ready for future expansion of various projects which will support the Company's group of companies to expand the

business in the future, as well as will increase the shares distribution of minority shareholders (Free Float) to be in the proportion of not less than 15.00 percent of the registered capital of Makro in accordance with the requirements on the maintenance of qualifications of companies listed on the SET and will increase the liquidity in the trading of ordinary shares in Makro. The entering into the Company's Shares Offering Transaction has taken into consideration the various relevant factors, for example, the appropriateness of the capital structure and proceeds utilisation plan of the Company etc

**10. Opinion of the Audit Committee and/or the Directors of the Company which is different from the Board of Directors' Opinion as specified in Paragraph 9**

The Audit Committee and the directors of the Company do not have different opinion from the Board of Directors' opinion as specified in Paragraph 9. In addition, the Audit Committee is of the view that the transaction is reasonable as it will reinforce the Company's group to be ready for future business expansion, as well as will increase the shares distribution of minority shareholders, and it complies with the relevant regulations of Capital Market Supervisory Board. After taking into consideration the opinion of the executives in charge of this matter, the Audit Committee is of the view that the management has proceeded with transparent process and measure and for the best interest of the Company.

## BUSINESS DESCRIPTION<sup>1</sup>

### Overview

CPRD is a leading retailer of groceries and consumer goods which has a variety of store formats as well as a leading mall operator in Thailand and Malaysia. In Thailand, through its subsidiary Ek-Chai, CPRD is a leading multichannel retailer in terms of both physical store space and market share. As of 28 February 2021, it had 2,094 stores across the country, including 219 hypermarkets, 196 supermarkets and 1,679 mini-supermarkets. CPRD's retail business in Thailand is supported by strong local supply chains and efficient distribution and logistics networks. In addition, CPRD also has strong brand equity and investment plans in the various strategic initiatives.

In addition, through its subsidiary Ek-Chai, CPRD is a leading operator of malls in Thailand in terms of number of malls. As of 28 February 2021, in Thailand it had:

- 196 malls (excluding the 23 LPF listed property fund malls described below) representing permanent net lettable area ("NLA") of approximately 715,000 m<sup>2</sup> in aggregate, occupied by CPRD's hypermarkets. 61 of these malls were owned by CPRD under freehold over land and building;
- an occupancy rate of approximately 90% at its malls based on permanent NLA; and
- a 25% interest in LPF, through its subsidiary Ek-Chai, a listed property fund that holds 23 malls across Thailand with permanent NLA of approximately 337,000 m<sup>2</sup>.

CPRD also operates a leading retail store business and malls business in Malaysia through its subsidiary Lotus MY. As of 28 February 2021, CPRD operated 46 hypermarkets and 16 supermarkets across Peninsular Malaysia. Similar to CPRD's retail business in Thailand, CPRD's Malaysia retail business is supported by reliable supply chains and robust distribution and logistics networks, as well as CPRD's strong brand equity and significant investments in the various strategic initiatives discussed above.

As of 28 February 2021, CPRD's malls business in Malaysia had:

- 57 malls representing permanent NLA of approximately 296,000 m<sup>2</sup> in aggregate, of which 40 malls were owned by CPRD under freehold or leasehold over title<sup>2</sup>; and
- an occupancy rate of approximately 92% at its malls based on permanent NLA.

As of and for the year ended 31 December 2020, CPRD had revenue from sale of goods of THB 197,460 million, rental income and revenue from rendering of services of THB 11,188 million and total assets of THB 406,640 million, in each case on a pro forma basis.<sup>3</sup>

<sup>1</sup> Due to rounding conventions, totals given for columns of figures in this document may not equal the sums of the individual line items contained therein.

<sup>2</sup> In Malaysia, a freehold gives the title holder the right from the Malaysian government to use the land for an indefinite period. A leasehold gives the title holder the right from the Malaysian government to use the land for a term not exceeding 99 years, which means the landowner can hold the land until the expiry of the leasehold period and, unless extended or renewed, the leasehold land will revert to the Malaysian state. Both freeholds and leaseholds are transferrable.

<sup>3</sup> Unless stated otherwise, references to "pro forma" financial information for CPRD assumes CPRD acquired Lotus TH, Ek-Chai and Lotus MY effective 1 January 2019. In addition, although CPRD's fiscal year-end is 31 December, the underlying financial statements of Lotus TH and Lotus MY have a fiscal year-end of 28 February until 28 February 2021. Therefore, the data presented herein for Lotus TH and Lotus MY are based on their respective financial years ended 29 February 2020 and 28 February 2021.

## Recent Developments

### *Asset acquisitions from CPFT*

- On 31 May 2021, CPRD entered into an agreement with CPF Trading Co., Ltd. (“CPFT”), an indirect subsidiary of CPF, through its subsidiary Ek-Chai, to purchase certain assets including equipment, IT systems and other relevant assets and information. CPRD has agreed to pay total consideration of approximately THB 862 million for these assets. CPRD plans to use such assets to support CPRD’s existing businesses.

### *Impact of COVID-19 pandemic*

- General impact.** Thailand and Malaysia have experienced and continue to experience multiple waves of the COVID-19 outbreak, and new variants of COVID-19 have been discovered. The COVID-19 pandemic has caused significant disruptions to global and regional economies, including the economies of Thailand and Malaysia. To curb the spread of COVID-19, the governments in Thailand and Malaysia have imposed various protective measures against the outbreak. For example, they have implemented protective measures including temporary shutdowns of operating facilities or reduced operating hours, implemented lock downs in high risk areas, implemented travel restrictions and border controls, suspended business activities, imposed rules on quarantines and social distancing and suspended major events. This has significantly affected the Thai and Malaysian economies, production and supply chains and the business operations of companies in these countries, including ours. In Thailand, the impact of COVID-19 was initially less severe than in other countries. However, the most recent wave of COVID-19 infections has severely impacted Thailand since December 2020 and has resulted in the implementation of full or partial lockdowns in several regions where CPRD’s stores and malls are located. These measures have disrupted normal business operations both in and outside of affected areas, and the resulting economic effects have had a particularly negative impact on Thailand’s travel and tourism industry, with large-scale closures of hotels, restaurants and airlines throughout the country. CPRD’s management is closely monitoring the situation and cooperating with the local governments to ensure the sufficiency of food availability and to minimise the impact on its business to the extent possible.
- Measures undertaken by CPRD.** CPRD have taken extensive precautionary measures to protect its employees and customers from COVID-19 and the effects of the pandemic. Among many measures:
  - it has implemented strict safety measures, such as regular sanitation efforts and social distancing measures, across its stores, distribution centres and offices;
  - it has provided protective equipment to its employees;
  - it has adjusted its work processes and enabled various groups within its work force to work from home in order to reduce the risk of infection without materially sacrificing operations and productivity;
  - it has provided COVID-19 insurance coverage to many of its employees who were most at risk;
  - it has provided additional assistance to its employees including cash coupons for purchasing necessary supplies from its stores; and
  - it has endeavoured to avoid layoffs and in some cases, even increased recruitment during the pandemic period. It also paid out special cash awards to certain

customer-facing employees to show its appreciation for their efforts and dedication to its customers throughout the pandemic.

- *Impact on CPRD's business and further responses.* The government's protective measures against the outbreak and disruptions in Thailand and in Malaysia have had the following impact on CPRD's business:
  - Government-mandated lockdowns and restrictions have affected CPRD's stores' operating hours, affected its customer traffic, and required it to adopt safety measures. CPRD's retail stores and distribution centres stayed open during lockdown periods as the Government permitted businesses selling food products to remain open. However, in Thailand, the Government prohibited the sale or display of "non-essential" goods, such as clothing, alcohol and electrical appliances, during the lockdown periods, which has negatively affected CPRD's sales of such products. The Government also implemented a COVID-19 stimulus campaign which provided financial stimulus aimed mainly at supporting traditional stores such as local "mom-and-pop" stores, rather than large-scale modern stores like ours. This has had the effect of increasing competition from such local traditional stores with CPRD's retail businesses. The Government did implement other initiatives which provided some relief for CPRD's businesses in the form of reduced social security expenses and property taxes. CPRD's retail business experienced panic buying following the announcement of lockdowns, which led to shortages of some products, exacerbated by the eventual closures of international borders which caused logistical problems for imported goods. Another effect of the COVID-19 pandemic has been to accelerate the shift in customers' shopping behaviour to online purchases due to the difficulties of physically accessing CPRD's stores during periods of lockdown or due to fears of disease. CPRD's retail business in Thailand saw a decrease in revenue from sale of goods of THB 8,364 million, or 4.9%, from THB 171,326 million in the year ended 29 February 2020 to THB 162,962 million in the year ended 28 February 2021, in part as a result of this combination of factors. However, CPRD believes these factors were partially offset by increased food sales as a result of panic buying and other factors. The government of Malaysia implemented similar prohibitions on "non-essential" goods and, depending on the severity of the outbreak in the relevant district, imposed travel distance restrictions, restrictions on inter-district or inter-state travel and trading hour. Nevertheless, CPRD's retail business in Malaysia saw an increase in revenue from sale of goods of MYR 98 million (THB 597 million), or 2.2%, from MYR 4,542 million (THB 33,901 million) in the year ended 29 February 2020 to MYR 4,640 million (THB 34,498 million) in the year ended 28 February 2021 due to the opening of new stores and increases in demand for online shopping. CPRD believes that its compliance with safety protocols in Malaysia and the hygiene practices in its stores have helped to make customers feel confident to continue shopping at its stores during the pandemic.
  - The government-mandated lockdowns resulted in closures or significantly reduced operating hours for most malls in Thailand and Malaysia at various times during the COVID-19 pandemic. This development led to a downturn in earnings for the tenants of CPRD's malls in Thailand and Malaysia, which then led to increased vacancies in its malls and stores. As of 28 February 2021, CPRD's permanent occupancy rate in Thailand had fallen to approximately 90% from an average of approximately 95% in periods before the COVID-19 pandemic. To help mitigate the

impact on its tenants from the pandemic despite a decrease in occupancy rates, CPRD extended financial support through rent reductions to the tenants of its malls in Thailand, which had a negative effect on its rental income. Government stimulus programs aimed at consumers and business owners also helped improve the prospects of its tenants. Although such measures helped to ameliorate the fall in occupancy rates at CPRD's malls as a result of COVID-19, due to the new waves of COVID-19 since April 2021, as of 30 June 2021, the permanent occupancy rate in its malls in Thailand further decreased to approximately 80%.

As a result, CPRD's malls business in Thailand saw a 24.1% decrease in rental income and revenue from rendering of services, from THB 12,739 million in the year ended 29 February 2020 to THB 9,670 million in the year ended 28 February 2021. In Malaysia, CPRD's malls business was able to maintain a relatively steady fixed tenant occupancy rate of approximately 90% throughout the pandemic. However, CPRD offered significant rental waivers and discounts to its mall tenants in Malaysia. As a result, CPRD's malls business in Malaysia saw a 26.4% decrease in rental income and revenue from rendering of services from MYR 277 million (THB 2,066 million) in the year ended 29 February 2020 to MYR 204 million (THB 1,518 million) in the year ended 28 February 2021.

- The buying habits of CPRD's customers changed during the COVID-19 pandemic, particularly in the retail sector. In addition to being more careful with their expenses in general, CPRD's customers began to spend more on fresh food products and other grocery products, and less on non-food products, and began to prefer shopping in their neighbourhoods, avoiding big retail stores, preferring instead to shop in smaller-format stores such as supermarkets, mini-supermarkets and local "mom-and-pop" stores, and shopping online. This was magnified by Government stimulus measures which encouraged shopping at traditional stores such as local "mom-and-pop" stores, rather than large-scale modern stores, as well as, in certain cases, government restrictions on travel and movement. While this shift in retail consumer spending patterns had a negative effect on CPRD's larger format stores, it had a positive effect on its small format stores. The aggregate contribution from supermarkets and mini-supermarkets to CPRD's aggregate revenue from sale of goods and other income relating to retail business<sup>4</sup> in Thailand increased by 1.6% from THB 62,571 million in the year ended 29 February 2020 to THB 63,556 million in the year ended 28 February 2021. In response to these changes, CPRD improved its fresh food offerings particularly in its mini-supermarkets to meet this increased local demand.
- There was also increased interest from CPRD's customers in shopping online, especially during the early stages of Government-mandated lockdowns. In response to this increased interest, CPRD accelerated its online channel activity across Thailand and Malaysia to capitalise on the fast-emerging online trend during COVID-19. CPRD's revenue from sale of goods from its online segment in Thailand grew by 63.4% from THB 744 million in the year ended 29 February 2020 to THB 1,216 million in the year ended 28 February 2021. Similarly, CPRD's revenue from sale of goods from its online segment in Malaysia grew by 37.7% from MYR 122 million (THB 909 million) in the year ended 29 February 2020 to

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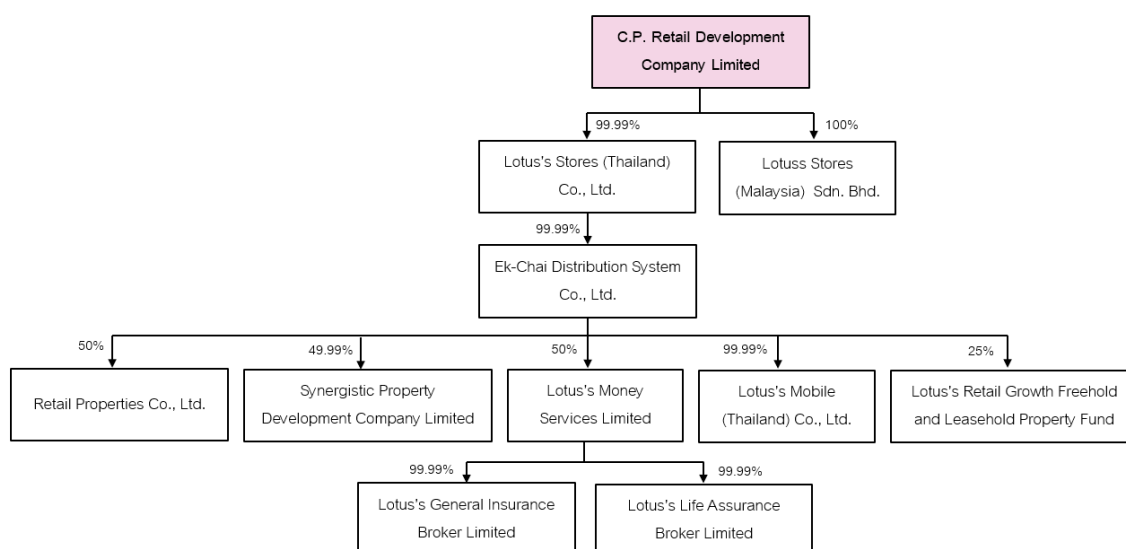
<sup>4</sup> Other income relating to retail business comprises consignment income, delivery income and staff discounts arising from CPRD's retail business.



MYR 168 million (THB 1,246 million) in the year ended 28 February 2021. Since 28 February 2021, CPRD's online segment has continued to demonstrate substantial growth, with revenue from sale of goods from its online segment for the three months ended 31 May 2021 more than twice the level seen in the corresponding period of 2020.

### Structure of the CPRD's Group

As of 31 July 2021, CPRD has only two direct subsidiaries, Lotus TH, the holding company for the Thai operations, and Lotus MY, the operating company in Malaysia. Lotus TH, in turn, has only one direct subsidiary, Ek-Chai, the operating company in Thailand. For further detail of CPRD's joint ventures, see "*Associates and Joint Ventures*".



### History

Selected key milestones relating to CPRD's business are set out below:

- |      |  |
|------|--|
| 1994 | <ul style="list-style-type: none"> <li>Ek-Chai opened its first store in Bangkok's Seacon Square</li> </ul>  |
| 1996 | <ul style="list-style-type: none"> <li>Ek-Chai opened its first distribution centre in Wangnoi, near Bangkok</li> </ul>  |
| 2001 | <ul style="list-style-type: none"> <li>Ek-Chai opened its first mini-supermarket called Express Ramindra</li> <li>Tesco and Sime Darby entered into a joint venture to form the Lotus MY business</li> </ul>     |
| 2002 | <ul style="list-style-type: none"> <li>Lotus MY opened its first hypermarket store in Puchong, Selangor, Malaysia</li> </ul>   |
| 2003 | <ul style="list-style-type: none"> <li>Ek-Chai launched the first Talad store opened in Phongphet, Thailand</li> </ul>   |
| 2007 | <ul style="list-style-type: none"> <li>Lotus MY launched its Clubcard loyalty programme in Malaysia</li> <li>Lotus MY opened its fresh products distribution centre in Simpang Pulai, Perak, Malaysia</li> </ul> |
| 2009 | <ul style="list-style-type: none"> <li>Ek-Chai launched its Clubcard loyalty programme in Thailand</li> </ul>  |

	<ul style="list-style-type: none"> <li>Lotus MY opened its ambient distribution centre in Bukit Beruntung, Selangor, Malaysia</li> </ul>
2012	<ul style="list-style-type: none"> <li>Tesco Lotus Retail Growth Property Fund (“TGLF”) began trading on the SET</li> </ul>
2013	<ul style="list-style-type: none"> <li>Ek-Chai and Lotus MY launched their Grocery Home Shopping (“GHS”) online shopping platform, allowing customers to buy fresh produce, groceries, and general products online</li> </ul>
2015	<ul style="list-style-type: none"> <li>Ek-Chai’s regional distribution centres opened in the Northeast and South of Thailand</li> <li>Lotus MY launched a strategic partnership with Lazada</li> </ul>
2018	<ul style="list-style-type: none"> <li>Ek-Chai began redeveloping its hypermarket and mini-supermarket concepts</li> </ul>
2019	<ul style="list-style-type: none"> <li>Lotus MY completed a refresh of 21 stores under its next generation program</li> </ul>
2020	<ul style="list-style-type: none"> <li>COVID-19 pandemic caused major disruption in the world economy, affecting CPRD’s business in Thailand and Malaysia</li> <li>The investment in CPRD by CPALL, CPH and CPM through shareholding in special purpose vehicle, CPRH, was completed in December 2020</li> </ul>
2021	<ul style="list-style-type: none"> <li>In February, CPRD’s hypermarket was rebranded under the “Lotus’s” brand, and opened its first “Go Fresh” mini-supermarket</li> <li>In June, Ek-Chai also expanded coverage of its grocery home shopping online platform from 25 stores in February to 89 stores.</li> </ul>

### **CPRD’s Business Segments**

CPRD’s business comprises two main segments:

- Retail business
- Malls business

In addition, CPRD has invested in associates and joint ventures. For a description of CPRD’s joint ventures, see “- *Associates and Joint Ventures*”.

The following table sets forth CPRD’s revenue from sale of goods in Thailand and Malaysia for the periods indicated.

Year Ended 28 February <sup>5</sup>				
	2020	%	2021	%
	<i>(unaudited)</i>			
	<i>(THB millions, except percentages)</i>			
Thailand .....	171,326	83.5	162,962	82.5
Malaysia <sup>6</sup> .....	33,901	16.5	34,498	17.5
<b>Total revenue from sale of goods .....</b>	<b>205,227</b>	<b>100.0</b>	<b>197,460</b>	<b>100.0</b>

The following table sets forth CPRD's rental income and revenue from rendering services in Thailand and Malaysia for the periods indicated.

Year Ended 28 February				
	2020	%	2021	%
	<i>(unaudited)</i>			
	<i>(THB millions, except percentages)</i>			
Thailand .....	12,739	86.0	9,670	86.4
Malaysia <sup>6</sup> .....	2,066	14.0	1,518	13.6
<b>Total rental income and revenue from rendering services .....</b>	<b>14,805</b>	<b>100.0</b>	<b>11,188</b>	<b>100.0</b>

The following table sets forth CPRD's EBITDA by main segment in Thailand and Malaysia and the total EBITDA and as adjusted for share of profit from investment in joint ventures and an associate for the periods indicated.

Year Ended 28 February				
	2020	%	2021	%
	<i>(unaudited)</i>			
	<i>(THB millions, except percentages)</i>			
<b>Business Segment</b>				
Thailand				
Retail .....	15,745	52.4	11,135	50.1
Malls .....	9,804	32.6	6,412	28.9

<sup>5</sup> References to 28 February 2020 in financial and operating result table shown in this document are to 29 February 2020, as that was a leap year.

<sup>6</sup> In preparing its pro forma consolidated financial statements, CPRD applied a THB to MYR exchange rate of 7.4634 and 7.4356 for the year ended 29 February 2020 and 28 February 2021, respectively.

Year Ended 28 February				
	2020	%	2021	%
	<i>(unaudited)</i>			
	<i>(THB millions, except percentages)</i>			
Segmental EBITDA for Thailand .....	<b>25,549</b>	<b>85.0</b>	<b>17,547</b>	<b>79.0</b>
Malaysia <sup>6</sup>				
Retail.....	1,938	6.5	2,714	12.2
Malls.....	1,752	5.8	1,162	5.3
Segmental EBITDA for Malaysia.....	<b>3,690</b>	<b>12.3</b>	<b>3,876</b>	<b>17.5</b>
Share of profit from investment in joint ventures and an associate.....	815	2.7	782	3.5
<b>Total EBITDA<sup>(1)</sup> .....</b>	<b>30,054</b>	<b>100.0</b>	<b>22,205</b>	<b>100.0</b>

Note:

(1) EBITDA for any year is defined as profit for the year adding back depreciation and amortisation, finance costs and income tax expense. EBITDA by business segment has been calculated by allocating a portion of such expense items to each segment and also does not include share of profit from investment in joint ventures and an associate. Similarly, EBITDA by geographic segment does not include share of profit from investment in joint ventures and an associate. CPRD uses EBITDA, including EBITDA by segment, to provide additional information about its operating performance. EBITDA, including EBITDA by segment, is not a measure of financial performance under TFRS, MFRS or IFRS. CPRD believes that this measure is useful for certain investors to determine its operating cash flow and historical ability to meet debt service and capital expenditure requirements. CPRD believes the investor community commonly uses this type of financial measure to assess the operating performance of companies in its business sector. You should not consider CPRD's definition of EBITDA, including EBITDA by segment, in isolation or construe it as an alternative to profit for the year or as an indicator of operating performance or any other standard measure under TFRS, MFRS or IFRS. CPRD's definition of EBITDA and its allocation of expenses in calculating EBITDA by business segment may not be comparable to similarly titled measures used by other companies, including in the same industry.

### Thailand

CPRD, through its subsidiary Ek-Chai, operates a retail business and malls business in Thailand. It is a leading multichannel retailer in terms of both physical store space and market share in Thailand. As of 28 February 2021, it had 2,094 stores across the country, including 219 hypermarkets, 196 supermarkets and 1,679 mini-supermarkets. CPRD's retail business in Thailand is supported by strong local supply chains and efficient distribution and logistics networks. CPRD's retail business has been built on its strong brand equity and proven strategy for establishing a platform for profitable growth. CPRD continues to drive growth through continuing investments, including in the following areas:

- capturing new customer segments by modernising and relaunching the new “Lotus’s” brand;
- improving the quality of product offerings and services;
- modernising and renovating its stores and researching the implementation of new technologies to enhance the efficiency of CPRD's business operations and to provide more convenience to its customers;
- implementing the “Go Fresh” concept in its supermarkets and mini-supermarkets;

- expanding the geographical coverage of its stores in Thailand;
- accelerating online sales growth by leveraging its nationwide network of over 2,000 stores, including improving performance and collaborating with popular online marketplaces such as Grab, Shopee and Lazada as other points of sale; and
- launching new businesses, such as the coffee and café chain businesses “Jungle Café” and “Arabitha” and vending machines and collaborating with True retail to expand our product offering.

For additional information, see “CPRD’s Retail Business in Thailand – Thai Retail Initiatives.”

CPRD is also a leading operator of malls in Thailand in terms of number of malls. As of 28 February 2021, in Thailand it had:

- 196 malls (excluding the 23 LPF listed property fund malls described below) representing permanent NLA of approximately 715,000 m<sup>2</sup> in aggregate, occupied by CPRD’s hypermarkets. 61 of these malls were owned by CPRD under freehold over land and building;
- an occupancy rate of approximately 90% at its malls based on permanent NLA; and
- a 25% interest in LPF, through its subsidiary Ek-Chai, a listed property fund that holds 23 malls across Thailand with permanent NLA of approximately 337,000 m<sup>2</sup>.

### CPRD’s Retail Business in Thailand

The following table sets forth sales, by format, of CPRD’s retail business in Thailand for the periods indicated.

	Year Ended 28 February			
	2020	%	2021	%
	(unaudited)			
	(THB millions, except percentages)			
Retail Sales in Thailand				
Retail stores in Thailand				
Hypermarkets .....	108,848	63.2	98,811	60.4
Supermarkets .....	20,191	11.7	21,146	12.9
Mini-supermarkets .....	42,380	24.6	42,410	25.9
Online channel .....	744	0.5	1,216	0.8
Total retail sales in Thailand .....	172,163	100.0	163,583	100.0
(Less) Other income relating to retail business <sup>7</sup> .....	(837)		(621)	
Revenue from sale of goods .....	171,326		162,962	

<sup>7</sup> Other income relating to retail business comprises consignment income, delivery income and staff discounts arising from CPRD’s retail business.

### Thai Retail Stores

CPRD operates three types of brick-and-mortar stores in Thailand: “H-Stores” hypermarkets, “Go Fresh” supermarkets and “Go Fresh” mini-supermarkets.

- *H-Stores* — CPRD’s H-Store hypermarkets are one-stop shopping complexes with a particular emphasis on fresh foods and groceries, with sales floor areas around 2,000 to 7,000 m<sup>2</sup>, with an average sales floor area of approximately 4,500 m<sup>2</sup>. According to Euromonitor, CPRD is, by a significant margin, the leading hypermarket chain in Thailand. CPRD’s hypermarkets’ value proposition is to be a destination for fresh food and dry grocery – food products, but also with full coverage of dry grocery – non-food products, in particular health and beauty products, household products and baby products, home and living products, appliances and apparel. The hypermarkets cater to a broad spectrum of customer needs including top-up needs, “big basket” routine purchases and stock-up needs. These larger-format stores will also be key elements in CPRD’s online integration initiative, as they can serve as fulfilment hubs as well as showrooms for products that will be sold only through online channels. The value proposition of CPRD’s hypermarkets lies in its ability to offer consistently competitive pricing on its products – an “Everyday Low Price” – that appeals to its target customers.

For the year ended 28 February 2021, CPRD’s hypermarkets had aggregate revenue from sale of goods and other income relating to retail business<sup>8</sup> of THB 98,811 million, which accounted for 60.4% of its overall retail sales in Thailand. For the year ended 28 February 2021, the product breakdowns of H-Stores sales were 53.3% from dry grocery, 17.4% from fresh food, 14.3% from general merchandise, 5.5% from apparel and 9.5% from liquor and tobacco products. CPRD believes that more than half of Thailand’s population lives within a 25-minute driving distance from a CPRD H-Store.

- *“Go Fresh” Supermarkets* — As part of CPRD’s rebranding initiative, CPRD is in the process of rebranding its former “Talad” supermarkets to “Go Fresh” supermarkets. Its supermarkets are mid-sized stores ranging in sales floor area from 500 to 1,500 m<sup>2</sup>, with an average sales floor area of approximately 725 m<sup>2</sup> that are mainly located in busy commercial areas or smaller rural towns. They were developed as local neighbourhood stores where customers can regularly shop for groceries as well as other products. The focus of these supermarkets is to provide customers with quality fresh food and dry grocery - food products, and a wide selection of dry grocery – non-food products, in particular health and beauty products, and household and baby products. The supermarkets primarily cater to customers who shop to top-up or stock-up. These mid-sized stores will also play a key part in CPRD’s online initiative.

For the year ended 28 February 2021, CPRD’s supermarkets had aggregate revenue from sale of goods and other income relating to retail business<sup>9</sup> of THB 21,146 million, which accounted for 12.9% of its overall retail sales in Thailand. For the year ended 28 February 2021, the product breakdowns in terms of sales were 60.8% from dry grocery, 31.5% from fresh food, 3.6% from liquor and tobacco products, 3.3% from general merchandise and 0.8% from apparel.

<sup>8</sup> Other income relating to retail business comprises consignment income, delivery income and staff discounts arising from CPRD’s retail business.

<sup>9</sup> Other income relating to retail business comprises consignment income, delivery income and staff discounts arising from CPRD’s retail business.

- **“Go Fresh” Mini-supermarkets** — As part of CPRD’s rebranding initiative, it is in the process of rebranding the former “Tesco Lotus Express” to the new “Lotus’s Go Fresh” mini-supermarkets. Its mini-supermarkets typically have small footprints with sales floor area ranging in size from 150 to 400 m<sup>2</sup>, with an average sales floor size of approximately 170 m<sup>2</sup>. CPRD plans for its mini-supermarkets to be the main future growth driver for its retail business in Thailand. As of 28 February 2021, CPRD was one of the largest mini-supermarket operators in Thailand, and it plans to open approximately 700 additional mini-supermarkets by the end of 2023. CPRD currently operates its mini-supermarkets in a wide range of locations, from residential and commercial areas to gas stations, providing convenience and accessibility to customers. The focus for the mini-supermarkets is to provide a wide selection of fresh food and dry grocery – food products, together with non-food essentials. The mini-supermarkets primarily cater to customers who shop for daily cooking and top-up needs but increasingly play an important role in online sales as well, particularly for on demand delivery. CPRD is also concentrating on placing more of its new Jungle Cafés in its mini-supermarkets to increase foot traffic and attract more customers.

For the year ended 28 February 2021, CPRD’s mini-supermarkets had aggregate revenue from sale of goods and other income relating to retail business<sup>10</sup> of THB 42,410 million, which accounted for 25.9% of its overall retail sales in Thailand. For the year ended 28 February 2021, the product breakdowns of the sales were 63.1% from dry grocery, 22.3% from fresh food, 11.9% from liquor and tobacco, 2.2% from general merchandise and 0.5% from apparel.

The following table sets forth the number of stores, by type, for CPRD’s retail segment in Thailand as of the dates indicated.

Number of Stores	As of 28 February	
	2020	2021
Hypermarkets .....	215	219
Supermarkets .....	178	196
Mini-supermarkets .....	1,595	1,679
<b>Total .....</b>	<b>1,988</b>	<b>2,094</b>

#### *Online Channel*

In addition to its offline retail business, CPRD serves customers in Thailand through its online channel by leveraging its extensive hypermarkets network as fulfilment hubs.

CPRD’s online channel serves customers who want a convenient way to shop for groceries. Its online retail platform, the GHS platform serve as fulfilment hub and allows customers to order online from 89 of its hypermarkets as of June 2021. CPRD’s GHS platform allows customers to either order and pick-up at the store, or to arrange for next-day delivery service. In addition to GHS, CPRD has historically partnered with third-party marketplaces such as Shopee, Lazada and Happy Fresh, and more recently during the COVID-19 pandemic, with Grab and Food Panda to offer its products on their separate online platforms. Customers are able to order CPRD products on these

<sup>10</sup> Other income relating to retail business comprises consignment income, delivery income and staff discounts arising from CPRD’s retail business.

marketplaces, and the marketplace will deliver those products to customers on-demand and within 1-2 days of ordering. In order to better serve this expanding online channel, CPRD is currently upgrading its IT system. The new IT infrastructure, which is expected to be in place by mid-2022, will support CPRD's online catalogue to cover the product offerings from over 2,000 stores in all store formats.

In addition, CPRD will leverage its extensive network of its hypermarkets to be used as fulfilment hubs by expanding from 89 hypermarkets in June 2021 to over 200 hypermarkets clusters nationwide, with 40 to 45 clusters located in the greater Bangkok area, and to leverage its 2,000 stores for both on-demand and next-day deliveries for CPRD's online business. Once this enhanced IT infrastructure is in place, CPRD will be able to fully leverage its nationwide footprints in Thailand to provide an effective combination of on-demand and next-day online service to its customers. In addition, the new infrastructure will cover a significant upgrade across key operating systems including customer application, order management system, picking system and transport management system. The new IT system will also implement a new application that provides personalised customer experiences and is easier for customers to use. For the year ended 28 February 2021, CPRD's had revenue from sale of goods from its online segment in Thailand of THB 1,216 million, which accounted for 0.8% of CPRD's overall retail sales in Thailand. Since 28 February 2021, CPRD's online segment has continued to demonstrate substantial growth, with revenue from sale of goods from its online segment for the three months ended 31 May 2021 more than twice the level seen in the corresponding period of 2020.

#### *Thai Retail Initiatives*

CPRD is committed to improving and expanding its retail store business in Thailand with the following initiatives:

- *Modernise and relaunch "Lotus's" brand.* Since the separation of Lotus TH, Ek-Chai and Lotus MY from their former parent company Tesco, and under the new ownership and management of CPRD, it has launched an initiative to modernise and relaunch the "Lotus's" brand and to distinguish it from the "Tesco Lotus" brand previously operated by Tesco. CPRD believes this initiative will attract and capture new customer segments, particularly younger customers. Its brand modernisation efforts include adopting new colourful logos on our store signs and publicity materials, researching the implementation of technologies to enhance the efficiency of CPRD's business operation and to provide more convenience to customers, strengthening online channel sales and introducing a new loyalty scheme. CPRD's goal is to rebrand all of its hypermarkets to the "Lotus's" brand by the end of 2022 and to continue evolving the format to better fit customers in different regions across Thailand.
- *Improve product offerings and services.* CPRD believes that the main draw of its retail business is the high quality and wide range of products that allow its stores to serve as one-stop-shop destinations. In particular, CPRD's fresh food strategy emphasizes regional sourcing from local vendors, direct delivery to stores to ensure freshness and quality, and offering of a wide range of fresh foods in all of our store formats to meet a broader spectrum of customer needs. CPRD also invests in developing more private label products for the Thai retail market, which it believes offer more options to customer for value-for-money products. Other product lines that CPRD is improving include health, beauty and wellness products and home appliances. In addition to improving its product offerings, CPRD is committed to refining other ancillary aspects of its stores to improve the overall shopping experience. These include ensuring cleanliness and safety of its stores, quick restocking



and shelving of products, in-store support and product recommendations and implementing convenient technology such as self-checkout machines.

- *Modernise and renovate its stores.* CPRD is renovating its hypermarkets to better adapt to the changing needs and demands of its customers. It is currently downsizing the store floor in its hypermarkets for apparel and hardware and expanding fresh food and cooking sections to meet increased demand for such products. CPRD is also implementing new technologies and IT system to improve its customers' shopping experience and to improve store efficiency. The goal of renovation and upgrading all of its hypermarkets is to increase business efficiency and to provide more convenience to customers.
- *Implement "Go Fresh" concept.* CPRD is also rebranding its Talad supermarkets to "Go Fresh" supermarkets and its Tesco Lotus Express to "Lotus's Go Fresh" mini-supermarket. This effort includes repurposing its store space. The "Go Fresh" concept will be a key element in our "Winning with Fresh" strategy. CPRD's Go Fresh stores will focus on fresh food offerings in both loose and packaged form, and uniquely position themselves as close-to-home stores for convenient and quick shopping for fresh food products. The Go Fresh stores will have an enhanced look and feel akin to a "modern wet market" concept, and will offer quality fresh food products to serve the daily cooking and household needs of customers.
- *Mini-supermarkets of CPRD.* The mini-supermarkets will have a wider selecting of grocery products than normal convenience stores, and CPRD aims to enhance the customer experience through the addition of Jungle Café kiosks and mobile shopping services. Smaller stores that can be optimised to accommodate increased store capacity will be upgraded and rebranded as "Lotus's Go Fresh" mini-supermarkets. Currently CPRD plans on implementing the "Go Fresh" concept, under which it aims to complete the rebranding of approximately 1,000 stores in Thailand by the end of 2021 and of the remaining stores in Thailand by the end of 2022. As of 31 July 2021, CPRD has rebranded 343 stores to the "Go Fresh" concept.
- *Expand geographic coverage.* In comparison, traditional trade has a high penetration rate throughout the country, including areas where it does not have stores. Therefore, in order to reach and serve more customers, as well as to improve its fulfilment capabilities, CPRD plans to develop stores where it currently does not have a presence. Under this store expansion plan, CPRD aims to open an average of 4 to 6 new hypermarkets, 10 new supermarkets and 250 mini-supermarkets per year over the next three years.
- *Accelerate online sales by leveraging its strength in nationwide physical footprint.* With its GHS online platform, CPRD aims to expand its online offerings beyond the current coverage through 89 hypermarket stores in the Bangkok area to over 2,000 stores across the country by the end of 2022, including all of its mid and small-sized stores with the "Go Fresh" format. The expansion will enable retail customers in Thailand to receive their online purchases on an on-demand, next-day, and click-and-collect basis nationwide. The new GHS online platform will be enhanced through CPRD's on-going IT initiative, encompassing significant upgrades to customer applications, ordering management system, picking system, and transport management system. In addition, CPRD will continue to work with leading marketplace partners such as Shopee, Lazada, Grab, and Food Panda to complement CPRD's online channel.
- *Launch new businesses to enhance the store experience.* CPRD believes that F&B can drive foot traffic to its stores. As an initial strategy, CPRD has decided to capitalise on

customers' growing interest in coffee shops by making its new Jungle Café and Arabitia coffee shops a key part of its store experience. CPRD believes that its high-quality, good-value coffee products, sold through its coffee shops in various formats at its retail spaces, will entice people to shop with it. CPRD's current plan is to place Jungle Café counters, shops-in-shop or shop-front spaces in its mini-supermarkets and supermarkets, or even placing standalone Arabitia coffee shops in its hypermarket premises. In addition to coffee, CPRD is looking at developing other F&B retail dining concepts to attract customers to its stores. Furthermore, CPRD intends to leverage its partnership with True to enhance the electronic products offerings in its stores as described under the general merchandise segment below.

### *Thai Retail Products*

A key factor for the success of CPRD's Thai retail business is the variety of products offered in its stores. CPRD's main products categorised as Fresh Food, Dry Grocery – Food, Dry Grocery – Non-Food, General Merchandise, Liquor & Tobacco and Apparel. CPRD sells a wide range of leading global and domestic brands alongside a significant number of local SME brands and an extensive range of its private label products, the details of which are set out below:

- *Fresh Food* — Fresh food is the core of all of CPRD's product ranges and the fastest growing category in its retail business. CPRD's fresh food product range comprises meat and seafood (pork, poultry, beef, egg, fish, shrimp), vegetable and fruit, dairy (fresh milk, yogurt and cheese), egg, ready-to-cook and ready-to-eat, bakery, and frozen food (ready-to-cook and ready-to-eat frozen meals and ice cream). CPRD strives to serve high quality fresh food products to customers at affordable prices. It carefully sources and sells products made to the highest quality to ensure that all of its products are safe and comply with all applicable laws and regulations. CPRD leverages its supply chain to help build better relationships and strengthen its capability to source directly from farmers and local suppliers. It extensively develops a value-added range for fresh foods to serve its customer's needs, such as marinades and ready-to-cook and ready-to-eat meals, as well as new innovations such as plant-based meats.
- *Dry grocery – Dry grocery covers both dry food and dry non-food products.*
  - Dry food products comprise cooking essentials (cooking oil, sauce, seasoning), beverages (water, soft drink, juice, coffee, tea), staple food (rice, noodle, grain), shelf-stable and plant-based milk, baby (milk powder and food), confectionery (biscuit, snack, candy), food supplements, canned food and baking needs. CPRD's curated range of dry food products caters to a wide range of key customer needs across its different channels, price ranges, brands and imported goods. CPRD collaborates closely with global suppliers to serve its customers and expand the product categories. It develops strong relationships with local suppliers to develop new products to enhance its offering and strengthen its points of differentiation.
  - *Dry non-food* products include health and beauty (shampoo, soap, toothpaste, lotion, cosmetics, pharmacy), household (laundry detergent, fabric softener, dishwash detergents, floor cleaners, insecticides), paper (toilet tissue, kitchen roll, facial tissue, feminine hygiene and adult diapers), baby (diapers and accessories), pet food and accessories and religious products. With this category of products, CPRD aims to offer an extensive range that includes all leading brands. CPRD purchases these products directly from the manufacturers. It has strong

partnerships with a wide range of global vendors in the dry non-food segment that can help it deliver value for its customers.

- *General Merchandise* — General merchandise covers a wide group of categories including home products such as toys, stationery, sports equipment, bath, bedding, furniture, luggage, plastic storage, home cooking, automotive, lighting and do-it-yourself (“DIY”) home improvement. CPRD offers quality items for everyday use, and, in categories in which leading brands do not have a product offering, offers its private label products. CPRD is therefore able also to differentiate and add value through its private label products. It will be focusing its efforts on offering its home cooking products to align with its overall food product offerings and on repurposing more of the floor space at its stores to optimise sales and follow customer trends. General merchandise also includes electrical products such as televisions, major domestic appliances (refrigerators, washing machines), small domestic appliances (rice cookers, electric cookers, fans, air conditioning, kettles, toasters, irons, vacuum cleaners, hair dryers). CPRD will be partnering with True to offer mobile phones, SIMs, phone accessories as well as internet-connected home products such as smart lights, electrical outlets and thermostats. It is also developing with True a “digital health corner” experience through which customers can have an online consultation with a doctor in its stores.
- *Liquor and tobacco* – CPRD offers a wide range of local and imported beer, wines, spirits and cigarettes with customised ranges and varieties for different groups of stores.
- *Apparel* — Apparel products include everyday clothing, focusing on essentials and comfortable clothing for all members of the family.

In addition to third-party national brands, CPRD offers thousands of private label products across all categories. CPRD’s current brands follow three tiers:

- “Lotus’s” – this is its core brand, which applies to a wide range of products that offer high quality at affordable prices;
- “Khumka” – an entry-level brand for essential products that are fit-for-purpose at very affordable prices; and
- “Prestigo” – this is its premium brand for high-quality products at reasonable prices, particularly for food-inspired and kitchen-related products.

CPRD is currently in the process of transitioning away from the “Tesco” brands previously used when it was part of Tesco and replacing those legacy private label products with the new brands described above. CPRD recently completed the transition to “Lotus’s” brands in its fresh food category. CPRD will launch a broader private label initiative to create strong brand awareness with customers in August 2021, which it expects will be followed by a full conversion to its new brands in all of its non-food product categories by the end of 2021.

CPRD is also developing products under newer brands across more categories, such as “Momento” for home lines, “Aliv” for health and beauty, and “MeStyle” for apparel.

For the year ended 28 February 2021, CPRD’s private label products constituted more than 20% of revenue from sale of goods in Thailand. For developing its private label products, CPRD selectively targets a product category that has a sizeable market, high growth potential with several existing brands and readily available opportunities for distinguishing its products.

CPRD plans to strengthen its general products offerings in its Thai retail segment as well as healthy foods and other health-related items aimed at customers who are increasingly health-conscious.

It also intends to unify its product strategy with its retail business in Malaysia in order to cross-market private label products and jointly source products. CPRD's goal is to align its products and categories across Thailand and Malaysia and provide a unified product line without compromising the needs specific to each market.

The following table sets forth sales revenues, by product type, of CPRD's retail business in Thailand during the periods indicated.

	Year Ended 28 February			
	2020	%	2021	%
	<i>(unaudited)</i>			
	<i>(THB millions, except percentages)</i>			
<b>Retail Sales in Thailand</b>				
Dry grocery .....	98,565	57.3	92,985	56.9
Fresh food.....	31,757	18.4	33,425	20.4
General merchandise.....	18,383	10.7	16,035	9.8
Liquor and tobacco.....	15,669	9.1	15,251	9.3
Apparel.....	7,767	4.5	5,881	3.6
Delivery income and others <sup>11</sup> .....	22	0.0	6	0.0
<b>Total retail sales in Thailand .....</b>	<b>172,163</b>	<b>100.0</b>	<b>163,583</b>	<b>100.0</b>
(Less) Other income relating to retail business <sup>12</sup> .....	(837)		(621)	
<b>Revenue from sale of goods .....</b>	<b>171,326</b>		<b>162,962</b>	

#### *Thai Retail Customers*

CPRD's retail customers in Thailand span a variety of age groups, income demographics and household sizes. CPRD believes that its primary strengths in attracting customers include:

- customers' perception of its products as offering significant value-for-money;
- the public's trust in its brand; for instance, in 2021, CPRD under Lotus's brand was voted as the second most trusted grocery store brand in Thailand, according to a consumer survey on brand image by Ipsos (Thailand) Company Limited; and
- its dedication to customer service and engagement with local communities.

CPRD plans on further leverage its strengths to reach more customers, especially the younger generation.

To better understand its customers, CPRD makes extensive use of customer data analysis. CPRD has extensive data sets covering more than 600 million customer transactions per year from almost 9 million ClubCard customers. CPRD has engaged third-party services with strong reputations and extensive experience in scientific analysis of customer data, who provide the latest technology,

<sup>11</sup> Primarily represents delivery income.

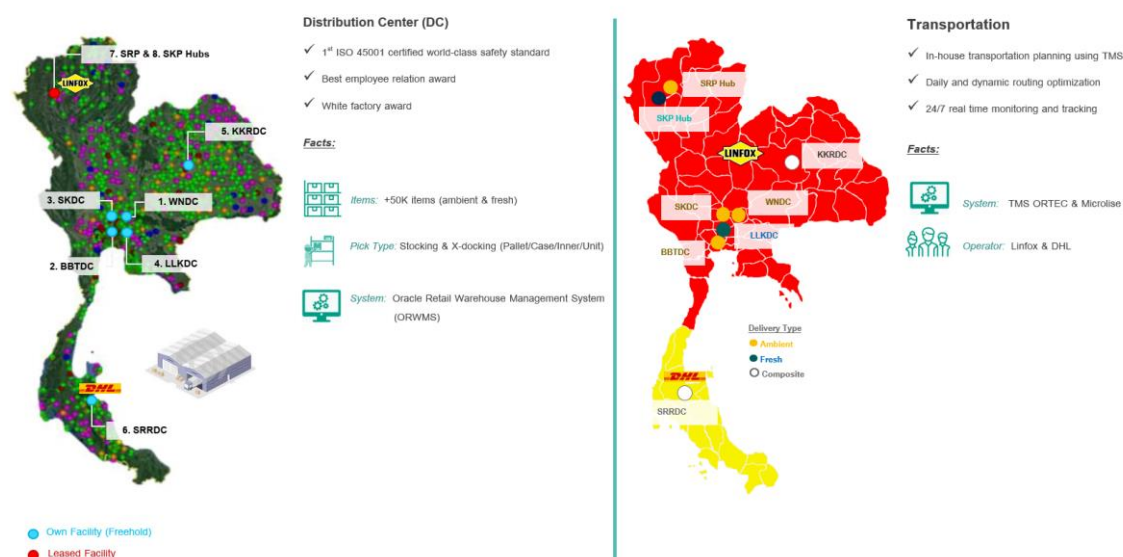
<sup>12</sup> Other income relating to retail business comprises consignment income, delivery income and staff discounts arising from CPRD's retail business.

software and consulting services to help it understand customer behaviour and motivation and formulate strategies to anticipate future buying patterns. CPRD is able to use such analytics to optimise the customer experience from acquisition to retention, as well as to enhance product selection. CPRD also uses its customer data analysis to formulate price and promotion strategies that deliver value to customers.

To keep its retail customers engaged, CPRD offers a Clubcard loyalty programme that allows customers to accumulate reward points for shopping at its stores. CPRD's research shows that loyalty programme members tend to buy more than non-members, both in terms of aggregate purchase amounts and size of individual purchases. As of 28 February 2021, CPRD had approximately 16 million loyalty programme members in Thailand, of whom over 50% were active purchasers. CPRD offers a Clubcard loyalty programme application for mobile phones that functions as a membership card and provides information to members regarding personalised coupons and other personalised promotions while also allowing CPRD a means of direct communication with its customers. CPRD is continuing to develop additional features to improve the customer experience on its loyalty programme application, create better rewards and enable customers to personalise their experience and introducing new loyalty scheme simultaneously with Lotus's rebranding initiative.

### *Thai Retail Distribution and Logistics*

A key part of CPRD's retail strategy is optimizing its supply chain, distribution and logistics. This ensures sufficient and suitable inventory levels across its stores, that the produce and perishable goods it sells are fresh and of high quality, and that it can provide good value to customers while remaining profitable.



CPRD's suppliers' goods are first transported by DHL and Linfox, which are international logistics companies. They provide and operate a large fleet of trucks to CPRD's state-of-the-art distribution centres, from which the products are distributed to its stores. As online sales are increasing rapidly, CPRD has dedicated a few of its distribution centres to storing and distributing online sale products. It is also leveraging its nation-wide network of stores to fulfil online sales, which helps optimise last-mile delivery costs and thereby gives it a competitive advantage over other online retailers.

CPRD is constantly looking for ways to improve the efficiency of its distribution and logistics system. For instance, we are leveraging an "HLE Hub & Spoke" system for home deliveries to customers, whereby we have designated a number of our hyperstores, in addition to existing distribution centres, as hubs for the storage of "white goods". When an order is made, we work with third party operators to arrange for the goods to be picked up from the hubs and delivered directly to consumers' homes. This increases our capacity to offer home deliveries and complements our online growth strategy. Furthermore, we also developed a "Bakery Hub & Spoke" system, whereby it has designated six of its hyperstores as manufacturing hubs for baked goods. Professional bakers and support staffs at these hyperstores produce baked goods, which are then transported directly to CPRD's other stores, bypassing the distribution centres. Such system improves the quality of baked goods and reduces product waste.

As of 28 February 2021, CPRD had 8 DCs in Thailand with an aggregate building floor space of approximately 277,000 m<sup>2</sup> and daily outbound distribution volume of approximately 950,000 cases per day and one online fulfilment centre with building floor space of 10,364 m<sup>2</sup> and daily outbound distribution volume of approximately 200 orders per day. The following table sets forth key details regarding CPRD's DCs and online fulfilment centre:

Facility name, location and description	Building floor space (m <sup>2</sup> )	Approximate daily outbound distribution volume	Approximate average warehouse capacity utilisation for the year ended 28 February 2021
<b>Regional</b>			
SRP Hub – North Regional Ambient Hub	5,800	19,000 cases/day	70%
SKP Hub – North Regional Fresh Hub	1,450	11,000 cases/day	85%
SK RDC – Central Regional Ambient DC	33,700	222,000 cases/day	75%
KKRDC – Northeast Regional Ambient + Fresh DC	51,990	Ambient – 130,000 cases/day Fresh – 42,000 cases/day	80%
LLKRDC – Central Regional Fresh DC	35,000	88,000 cases/day	50%
SRRDC – South Regional Ambient + Fresh DC	51,990	Ambient – 65,000 cases/day Fresh – 20,000 cases/day	50%
<b>National</b>			
WN NDC – National Ambient DC	58,347	192,000 cases/day	75%
Online Fulfilment Centre	10,364	200 orders/day	70%
BBTDC – National Ambient DC	29,000	161,000 cases/day	80%

CPRD's distribution centres in Thailand are outfitted with advanced logistics technology, such as semi-automated single pick machines and automated picking cart with pick-to-light capabilities. Each of CPRD's hypermarkets also has backroom storage with average size of 200-300 m<sup>2</sup>.

CPRD has arrangements with DHL and Linfox, international logistics companies, to provide and operate delivery fleets and logistics capability for its retail business in Thailand.

In addition to transportation and storage for its retail stores, CPRD offers distribution and logistics services to third parties, including warehouse space rental, cross docking platform, product transportation, return-to-vendor services and transport management.

#### *Thai Retail Suppliers*

CPRD's retail business in Thailand has direct buying relationships with many producers of brand-name products. CPRD works with its suppliers to create partnerships that provide it with end-to-end value chain efficiency that translates into quality products at affordable prices for its customers. All of CPRD's buyers receive regular training, and CPRD adheres to a code of conduct to ensure it deals with its suppliers ethically and legally. The COVID-19 pandemic created unprecedented supply constraints including disruptions and delays that have impacted and could continue to impact the flow and availability of certain products.

#### **CPRD's Malls Business in Thailand**

CPRD's malls business in Thailand consists of building and operating its own malls and acting as property manager for malls owned by CPRD's Retail Growth Freehold and Leasehold Property Fund ("LPF"), in which CPRD holds a 25% equity interest through its subsidiary Ek-Chai.

#### *Malls in Thailand*

In Thailand, CPRD's malls business (excluding its role as property manager for LPF) has developed three distinct types of malls to better serve different types of customers.

- *Family Malls* — These large malls are intended to be family-oriented destinations that provide a wide range of shopping and leisure activities. The principal tenants of CPRD's family malls include restaurants, fashion stores, financial and non-financial service providers and entertainment-related tenants. Its family malls in Thailand typically have a permanent NLA of over 5,000 m<sup>2</sup>. As of 28 February 2021, CPRD had 12 family malls in Thailand (excluding 11 family malls held by LPF) with an aggregate permanent NLA of approximately 136,000 m<sup>2</sup>.
- *Neighbourhood Malls* — These are mid-sized malls for quicker visits, with emphasis on food. They offer a diverse array of restaurants, beverage shops and grab & go food stores. Although smaller than CPRD's family malls, neighbourhood malls have entertainment-related tenants for families, as well as fashion stores and financial and non-financial service providers. The permanent NLA of these malls is typically between 2,000 and 5,000 m<sup>2</sup>. As of 28 February 2021, CPRD had 85 neighbourhood malls in Thailand (excluding 11 neighbourhood malls held by LPF) with an aggregate permanent NLA of approximately 444,000 m<sup>2</sup>.
- *Service Malls* — These smaller malls are aimed at providing a "one-stop" shopping space that is well-suited for everyday retail and services needs. As these malls are smaller, they focus on offering essential goods and services for customers, including a few restaurants, shops for various everyday service needs, basic clothing stores and recreational spaces for children. The service malls typically have a permanent NLA of less than 2,000 m<sup>2</sup>. As of 28

February 2021, CPRD had 99 service malls in Thailand (excluding one service mall held by LPF) with an aggregate permanent NLA of approximately 135,000 m<sup>2</sup>

CPRD's malls are strategically located across Thailand to cover as much area as possible and to allow as much access to customers as possible. Each mall has a CPRD hypermarket as its anchor tenant. Most of CPRD's malls are located in the greater and central Bangkok region, as well as in major cities in the North, North East and South regions of Thailand. As of 28 February 2021, approximately 31% of CPRD's malls were located on freehold land.

#### *Mall Initiatives*

CPRD continues to search for prime locations for malls across Thailand with the following criteria:

- large and densely populated areas;
- highly visible and capable of generating increased customer traffic;
- access to major roads and public transportation; and
- large space available for parking and good infrastructure.

CPRD has a number of initiatives that it is pursuing in connection with its malls:

- *Future mall development:* Develop future malls as mixed-use properties that can function as neighbourhood shopping destinations by meeting customers' needs through online channel sales and delivery options. CPRD is also exploring other avenues to improving customers' experience in its future malls through, for example, greater variety and offerings, pairing with strategic partners, and personalized marketing to its customers.
- *Optimise mall layout:* Use underutilised areas and create a seamless layout between the mall and hypermarket.
- *Optimise space usage:* Increase the proportion of mall space used for food options, with a balance between mass-market brands and more niche or traditional offerings, to transform its malls into food destinations to attract more visitors and increase footfall.
- *Improve food court experience:* Upgrade and create right-sized spaces in its malls, and introduce new brands and concepts such as a cloud kitchen, to improve customers' food court experience.
- *Improve digital experience:* Implement IT infrastructure to improve support for digital payments by customers, so as to enhance customers' experience.
- *Actively manage tenant mix:* Actively seek out and acquire quality food and non-food tenants, in particular well-known brands or franchises, and introduce a new look and feel to the mall with the optimal tenant mix.
- *Health, beauty and wellness:* Focus on tenants and space usage in malls for health, beauty and wellness options, to serve changing consumer needs and preferences.

CPRD is also implementing the following strategies to accelerate the recovery of its malls business from the effects of the COVID-19 pandemic:

- invest in online channels and online delivery for mall customers and integrate mall tenants (both food and non-food tenants) onto its online platform; and



- develop new tenants to replace or downsize existing tenant categories that have been particularly badly impacted by COVID-19 by, for example, replacing play areas and cinemas with tenants devoted to home improvement and fitness options.

#### *Investment in and Services to LPF*

CPRD holds a 25% equity interest in LPF, through its subsidiary Ek-Chai, a listed property fund in Thailand, making it the largest unitholder. LPF owns 23 CPRD-branded malls across Thailand. CPRD also has an agreement with LPF to operate LPF's malls as the property manager.

As of 28 February 2021, LPF's property portfolio comprised 11 family malls, 11 neighbourhood malls and one service mall, with an aggregate permanent NLA of approximately 337,000 m<sup>2</sup> and 97% average occupancy rates.

As the property manager of LPF's malls and a 25% unitholder of LPF through its subsidiary Ek-Chai, CPRD derives two separate streams of income from LPF as follows:

- *Property Manager Fees* — As property manager, CPRD collects four different types of fees from LPF in connection with its services rendered in respect of LPF malls, namely: rental collection income, property management fee, incentive fee and commission income. CPRD receives property manager fees on a monthly basis, and these fees are calculated based on various metrics of the LPF malls' performance. The rental collection income is based on a percentage (not exceeding 3%) of LPF's annual net property revenue from malls, the property management fee is calculated based on a percentage (not exceeding 0.3%) of the net asset value of the fund, the incentive fee is based on a percentage (not exceeding 2.35%) of annual net property income of the mall.
- *Dividends* — As unitholder, CPRD receives distributions from LPF based on its unitholding percentage. The dividends have a minimum pay-out ratio of 90% of LPF's quarterly net investment income. CPRD receives four dividend payments per year.

#### *Mall Tenants in Thailand*

CPRD has a diverse mix of tenants across its malls in Thailand. CPRD broadly categorises its tenants into three different types:

- *Permanent tenants* — These are tenants who agree to a tenancy of more than one year with monthly rent of either a fixed amount or a variable rent based on their sales (with or without guaranteed minimum amounts). For the year ended 28 February 2021, CPRD's revenues from these tenants were THB 5,998 million.
- *Temporary tenants* — Temporary tenants lease for less than one year and their fast turnover allows CPRD to renew its product and services offerings based on the customers' needs. Small pop-up stalls and small brand stores fall into this category. For the year ended 28 February 2021, CPRD's revenues from these tenants were THB 1,433 million.
- *Food court* — CPRD enters into service agreements with concessionaires for the food courts in its malls. These leases have an average term of one year. Food courts help maintain traffic to its malls and its other tenants, as customers often come to its malls for affordably priced meals. For the year ended 28 February 2021, CPRD's revenues from these tenants were THB 611 million.

Permanent tenants provide a stable stream of revenue and are thus crucial for the success of CPRD's malls business in Thailand. The average tenancy of its permanent tenants, including CPRD hypermarkets, which constitute the largest group of permanent tenants, is approximately 3 years,

with large anchor tenants averaging up to 30 years. CPRD's permanent tenants can be further categorised as follows:

- *Finance* — these tenants constituted approximately 5% of CPRD's permanent occupied NLA in Thailand as of 28 February 2021 and approximately 16% of CPRD's revenue from permanent tenants in Thailand for the year ended 28 February 2021.
- *Services & Technology* — these tenants constituted approximately 9% of CPRD's permanent occupied NLA in Thailand as of 28 February 2021 and approximately 17% of CPRD's revenue from permanent tenants in Thailand for the year ended 28 February 2021.
- *Food* — these tenants constituted approximately 23% of CPRD's permanent occupied NLA in Thailand as of 28 February 2021 and approximately 24% of CPRD's revenue from permanent tenants in Thailand for the year ended 28 February 2021.
- *Fashion* — these tenants constituted approximately 11% of CPRD's permanent occupied NLA in Thailand as of 28 February 2021 and approximately 20% of CPRD's revenue from permanent tenants in Thailand for the year ended 28 February 2021.
- *Beauty & Leisure* — these tenants constituted approximately 8% of CPRD's permanent occupied NLA in Thailand as of 28 February 2021 and approximately 11% of CPRD's revenue from permanent tenants in Thailand for the year ended 28 February 2021.
- *Anchor and outdoor space* — these tenants constituted approximately 44% of CPRD's permanent occupied NLA in Thailand as of 28 February 2021 and approximately 12% of CPRD's revenue from permanent tenants in Thailand for the year ended 28 February 2021.

### **Malaysia**

CPRD operates a leading retail business and a malls business in Malaysia through its subsidiary Lotus MY. CPRD is a leading retailer in Peninsular Malaysia in terms of market share, with a household penetration rate for the year ended 28 February 2021 of 53%, with 62 stores as of 28 February 2021, including 46 hypermarkets and 16 supermarkets. Similar to CPRD's retail business in Thailand, CPRD's retail business in Malaysia is supported by reliable supply chains and robust distribution and logistics networks, as well as CPRD's strong brand equity and significant investments including:

- capturing new customer segments by modernising and relaunching the new "Lotus's" brand;
- improving the quality of product offerings and services at affordable pricing;
- implementing the "Go Fresh" concept for its new 1,000 m<sup>2</sup> stores;
- increasing coverage by expanding its physical store network in the 1,000 to 4,000 m<sup>2</sup> formats;
- leveraging its network of over 62 stores to accelerate online sales growth, including improving performance and collaborating with popular online marketplaces such as Food Panda, Shopee and Lazada as other points of sale; and
- strengthening its B2B sales channel nationwide by focusing on independent restaurants, traditional stores and other local establishments such as hospitals, hotels and schools.

For additional information, see "*CPRD's Retail Business in Malaysia – Malaysia Retail Initiatives.*"

CPRD also operates a network of malls in Malaysia. As of 28 February 2021, CPRD had:

- 57 malls in Malaysia representing permanent NLA of approximately 296,000 m<sup>2</sup> in aggregate, of which 40 malls were owned by CPRD under freehold or leasehold over title<sup>13</sup>; and
- an occupancy rate of approximately 92% at its malls based on permanent NLA.

### **CPRD's Retail Business in Malaysia**

CPRD, through its subsidiary Lotus MY, is a leading retailer in Peninsular Malaysia. For the year ended 28 February 2021, its network of hypermarkets, supermarkets, "Express" stores (as described below), online and B2B sales channels had retail sales revenues of MYR 3,720 million (THB 27,664 million), MYR 767 million (THB 5,704 million), MYR 10 million (THB 77 million), MYR 168 million (THB 1,246 million) and MYR 22 million (THB 160 million), respectively.

#### *Malaysian Retail Stores*

CPRD operates two types of brick-and-mortar stores in Malaysia: hypermarkets and supermarkets.

As of 28 February 2021, CPRD has a total of 62 retail stores in Malaysia, primarily located in the Northwest, Central and Southwest of Peninsular Malaysia, with a particular concentration of 20 stores in Klang Valley, where the country's capital city, Kuala Lumpur, is located.

- *Hypermarkets* — CPRD's hypermarket stores in Malaysia are one-stop shopping complexes with an emphasis on fresh foods and groceries, with sales floor areas greater than 4,000 m<sup>2</sup>. Most of these hypermarkets are built as anchor stores in CPRD's malls. For the year ended 28 February 2021, these hypermarkets had total retail sales revenue of MYR 3,720 million (THB 27,664 million), which accounted for 79.4% of CPRD's overall retail sales revenues in Malaysia. The product breakdown of sales at CPRD's Malaysian hypermarkets was 68.8% from groceries, 9.4% from general merchandise, 18.8% from fresh food and 3.0% from clothing. CPRD's hypermarkets are a leading hypermarket network in Peninsular Malaysia. These stores are all located in Peninsular Malaysia.
- *Supermarkets* — These are mid-sized stores with sales floor areas ranging from 2,000 to 4,000 m<sup>2</sup> that are mainly located in Peninsular Malaysia. They were developed as local neighbourhood stores where customers can regularly shop for groceries as well as for other products. For the year ended 28 February 2021, CPRD's supermarkets had total retail sales revenue of MYR 767 million (THB 5,704 million), which accounted for 16.4% of its overall retail sales revenues in Malaysia. The product breakdown of sales was 69.0% from groceries, 8.3% from general merchandise, 20.7% from fresh food and 2.0% from clothing.

CPRD is in the process of rebranding its hypermarkets and supermarkets in Malaysia under the name "Lotus's" from the legacy "Tesco" brand name and expects to complete the rebranding by next year. Going forward, CPRD's 1,000 m<sup>2</sup> stores in Malaysia will be branded "Go Fresh." Until September 2020, CPRD's retail business in Malaysia also included a smaller format of stores called "Express", with average sales floor area of approximately 130 m<sup>2</sup>. CPRD previously operated nine such Express stores with a local Malaysian partner but the format was discontinued in September 2020 when the partnership ended. CPRD may in the future explore other ways to open stores in the small format below 1,000 m<sup>2</sup>.

<sup>13</sup> In Malaysia, a freehold gives the title holder the right from the Malaysian government to use the land for an indefinite period. A leasehold gives the title holder the right from the Malaysian government to use the land for a term not exceeding 99 years, which means the landowner can hold the land until the expiry of the leasehold period and, unless extended or renewed, the leasehold land will revert to the Malaysian state. Both freeholds and leaseholds are transferrable.

The following table sets forth the number of stores, by type, for CPRD's retail segment in Malaysia.

	<b>As of 28 February</b>	
<b>Number of Stores</b>	<b>2020</b>	<b>2021</b>
Hypermarkets .....	46	46
Supermarkets .....	14	16
Express stores .....	9	0
<b>Total .....</b>	<b>69</b>	<b>62</b>

#### *Malaysian Online Channels*

In addition to the offline retail business CPRD operates at its brick-and-mortar stores in Malaysia, CPRD serves customers through online channels, in particular through its in-house GHS platform as well as third-party marketplaces such as Lazada, Food Panda, Shopee and Happy Fresh. CPRD has a number of initiatives to improve customers' online experience with its stores:

- offer better online customer experience through its on-going IT upgrade initiative, which should enable same day delivery, smart promotion mechanics and smarter product substitution;
- develop an online fulfilment centre prototype which should offer more online services, improve efficiency and reduce operational cost;
- increase the number of stores in Malaysia that can access its GHS platform beyond the current nine stores; and
- expand the "Click and Collect" functionality of our websites and app, whereby customers can place an order from home but collect it at the store in lieu of delivery, to all of its stores.

#### *Malaysia Retail Initiatives*

CPRD is committed to improving and expanding its retail store business in Malaysia with the following initiatives:

- *Modernise and relaunch "Lotus's" brand.* Since the separation of Lotus MY from its former parent company Tesco, and under the new ownership and management of CPRD, CPRD has embarked on an initiative to modernise and relaunch the "Lotus's" brand and to distinguish it from the "Tesco" brand previously operated by Tesco. CPRD plans to complete the modernisation of the "Lotus's" brand by mid-2022. It believes this initiative will attract and capture new customer segments, particularly younger customers. CPRD's brand modernisation efforts include adopting new colourful logos, researching the implementation of technologies to enhance the efficiency of CPRD's business operation and to provide more convenience to its customers, strengthening online channel sales and introducing a new loyalty scheme.

As a part of relaunching the "Lotus's" brand, CPRD is also introducing smaller stores of 1,000 m<sup>2</sup> branded as "Go Fresh" stores that will have a wider selection of grocery and fresh food products than convenience stores, and it aims to enhance the customer experience through "scan as you shop" functionality and self-service checkout counters. Currently CPRD plans on rebranding 62 stores in Malaysia by mid-2022 and opening 28 new stores by December 2023.

- *Improve product offerings and services.* CPRD believes that the main draw of its retail business is the high quality and wide range of its products, offered at affordable prices that allow the stores to serve as one-stop-shop destinations. In particular, CPRD's fresh food strategy emphasizes regional sourcing from local vendors, direct delivery to stores to ensure freshness and quality, and offering of a wide range of fresh foods to meet a broader spectrum of customer needs. CPRD also invests in developing more private label products for the Malaysian retail market, which it believes offer more options to customer for value-for-money products. CPRD is constantly refreshing its product ranges to keep up to date with changes in consumer needs and trends. Other product lines that it is improving include health, beauty and wellness products and home appliances. In addition to improving its product offerings, CPRD is committed to refining other ancillary aspects of its stores to improve the overall shopping experience. These features include ensuring cleanliness and safety of its stores, quick restocking and shelving of products, in-store support, convenient and smart technologies such as "scan as you shop" and self-service checkout counters.
- *Modernise and renovate its stores.* CPRD is renovating its hypermarkets to better adapt to the changing needs and demands of its customers. CPRD is currently downsizing the store floor in its hypermarkets for apparel and hardware and expanding fresh food and cooking sections to meet increased demand for such products. It is also implementing new technologies and IT systems to improve its customers' shopping experience and store efficiency.
- *Adjust its stores to smaller formats.* CPRD currently operates hypermarkets, which have a sales floor area of over 4,000 m<sup>2</sup>, and supermarkets, which have sales floor areas between 2,000 and 4,000 m<sup>2</sup>. CPRD has observed a shift in consumer preferences towards smaller format stores and is looking to meet this shift by resizing its stores to smaller formats. Smaller format stores also have lower operational costs. Due to prevailing foreign ownership restrictions under Malaysia law, foreign-owned operators are restricted from opening stores smaller than 1,000 m<sup>2</sup>.
- *Leverage store network to accelerate online channel growth.* CPRD is aiming to significantly increase its retail sales by leveraging its extensive store network to accelerate growth in the online channel. Its ongoing efforts include developing an improved and more stable IT system, creating a seamless online shopping experience on its own GHS platform and mobile application and offering various convenience-focused features such as on-demand delivery and "click and collect" drive through shopping. CPRD continues to work on improving its partnerships with third-party platforms such as Happy Fresh, Food Panda, Shopee and Lazada to build a strong online presence and to make sure that it can reach customers conveniently through any online portal of their choice.
- *Strengthen its B2B channel.* In addition to establishing its brick-and-mortar stores as the go-to source for food and other shopping needs, CPRD is seeking to build and strengthen its retail B2B services. CPRD's B2B effort includes being a one-stop shop for restaurants and local "mom-and-pop" stores that are looking for meat, fresh food, dry groceries and cookware. To increase B2B sales from Lotus MY's retail business, CPRD has dedicated sales teams that directly service nearby restaurants and local "mom-and-pop" stores. CPRD also continues to invest in its IT infrastructure to create a more seamless customer experience.
- *Cost reduction.* Recently, CPRD has made investments to implement various cost reduction initiatives. Such initiatives include an energy cost savings project, where it has implemented energy efficient technologies at its stores in refrigeration, HVAC and lighting, as well as a

shift to renewable energy through solar photovoltaic plants on the roofs of its large format stores and DCs. CPRD also performs thorough evaluations of costs relating to distribution and sales network. CPRD reviews its cost structures continuously, and in 2021 it is conducting a study of its supply chain network to optimise and develop for future growth. To further reduce its operating costs, CPRD has also implemented various technological and software tools, such as self-service checkouts, scan as you shop technology, a customer service desk solution, mobile apps for ordering, tablets for in-store communications with our staff, produce scales and payment link.

### *Malaysian Retail Products*

A key factor in the success of CPRD's retail business in Malaysia is the variety of affordably-priced products offered in its stores. CPRD offers a one-stop-shop experience for groceries, fresh food products, general products and apparel from a range of brands, in addition to its private label products.

- *Groceries* — CPRD's grocery products include commodities, canned food, cooking and baking needs, baby products, hot beverages, confectionary goods, food supplements, beer, wine and spirits, cold beverages, health & beauty products, chilled and frozen foods and dried sundries. CPRD aims to sell quality groceries to customers who want a broad range of products available at affordable prices. It constantly optimises its inventories, engages with local suppliers and develops private label products to compete effectively in the market.
- *Fresh Food* — Fresh food products include fresh vegetables and fruits, meats and seafood. In order to offer quality food products at affordable prices, CPRD engages in direct sourcing of products, introduce value-added products such as ready-to-cook or ready-to-eat items and regularly perform end-to-end reviews of its supply chain to ensure the freshness of its products. Fresh food is CPRD's fastest growing product category. Although it is not the most profitable product category, it is effective at increasing customer traffic to its stores. Traditional wet markets and other supermarkets are our direct competitors in the realm of fresh food products.
- *General Products* — General products include home furnishings, furniture, electrical products, computer products, luggage, outdoor leisure, home improvement supplies, automotive products, toys and stationery. CPRD offers quality items for everyday use, including a broad range of private label home products. CPRD refreshes its product line-up periodically and aims to offer new and higher quality products as it finds and partners with more suppliers.
- *Apparel* — CPRD's apparel products include affordable basics daily household needs consisting of both private label products and local brands. CPRD plans to expand its clothing offerings in Malaysia to include clothes for infants and children.

CPRD offers various private label products for each of the product categories above. CPRD's brands presently include "Tesco" for standard products and "Value" for value-focused products, although CPRD plans to migrate to "Lotus's" branding in the future. For the year ended 28 February 2021, CPRD's private label products constituted more than 25% of revenue from sale of goods in Malaysia. For developing its private label products, CPRD selectively targets a product category that has sizeable market size, high market growth potential with several existing brands and readily available opportunities for distinguishing its products. CPRD outsources the manufacturing of private label products to local manufacturers, while retaining IP over the brand and the recipes.

CPRD plans on implementing a policy to unify its Malaysian product strategy with its Thailand retail business, in order to cross-market private label products as well as to jointly source products. Its goal is to align its products and categories across the two regions and provide a unified product line without compromising the needs specific to each market.

The following table sets forth sales revenue, by product type, in CPRD's retail segment in Malaysia for the periods indicated.

	Fiscal Year Ended 28 February			
	2020	%	2021	%
	<i>(unaudited)</i>			
	<i>(MYR millions, except percentages)</i>			
<b>Sales Revenue</b>				
Groceries.....	3,219	70.1	3,246	69.3
Fresh food.....	777	16.9	882	18.8
General products.....	446	9.7	431	9.2
Apparel.....	151	3.3	128	2.7
<b>Total retail sales.....</b>	<b>4,593</b>	<b>100.0</b>	<b>4,687</b>	<b>100.0</b>
(Less) Other income relating to retail business <sup>14</sup> .....	(51)		(47)	
<b>Revenue from sales of goods ...</b>	<b>4,542</b>		<b>4,640</b>	

#### *Malaysian Retail Customers*

CPRD's retail customers in Malaysia span a variety of age groups, income demographics and household sizes. To better understand its customers, CPRD has in the past partnered with customer data science analysis companies to help it better understand its customer segments, develop its product strategy, plan its online and in-store retail shopping experience, develop customer loyalty program and identify effective marketing strategies.

To keep its customers engaged, CPRD offers a Clubcard loyalty programme that allows customers to accumulate reward points for shopping at its stores. CPRD's research shows that loyalty programme members tend to buy more than non-members. As of 28 February 2021, CPRD had approximately 1.9 million household loyalty programme members in Malaysia, of whom approximately 52% were active purchasers. CPRD offers a Clubcard loyalty programme application for mobile phones, which functions as a membership card and provides information regarding coupons and other promotions while also giving it a means to reach and communicate directly with members.

#### *Malaysian Retail Distribution and Logistics*

A key part of CPRD's Malaysian retail strategy is optimizing its supply chain, distribution and logistics. This ensures that its inventory levels across its stores are adequate, that the produce and perishable goods it sells are fresh and are of high quality, and that it can provide good value to customers while remaining profitable.

<sup>14</sup> Other income relating to retail business comprises consignment income arising from CPRD's retail business.

As of 28 February 2021, CPRD had 2 owned distribution centres and 1 rented frozen distribution centre in Malaysia with the aggregate storage space of approximately 108,136 m<sup>2</sup>, and daily distribution outbound volume of approximately 330,231 cases. CPRD uses three kinds of distribution centres for its products: ambient distribution centres for storing groceries and general products at room temperature, fresh products distribution centres where it can store products at 1 to 2 degrees Celsius, and frozen-food distribution centres which are run by third parties. Each of CPRD's hypermarkets in Malaysia has backroom storage space, with an average area greater than 250 m<sup>2</sup> and height of greater than 5.5 metres (excluding fit-out stores where we are in a rented space and have had to adapt our design to the space available).

CPRD largely operates its distribution and logistics functions in-house in Malaysia. As of 28 February 2021, it had a fleet of trucks in Malaysia for transporting products to and from various distribution centres, stores and warehouses. Its fleet includes 20 dedicated trucks for long-haul routes in the north and south regions, 5 dedicated trucks for east coast delivery, 62 prime movers, 52 ambient trailers and 43 refrigerated trailers.

CPRD offers distribution and logistics capabilities to suppliers in Malaysia and to support its own online sales, including cross docking platform, product transportation, return-to-vendor services and transport management systems.

#### *Malaysian Retail Suppliers*

CPRD has direct buying relationships with many producers of brand-name products for its Malaysian retail business. Although it is not reliant on any one supplier, CPRD sources a large portion of products from certain popular brands. CPRD attempts to lower its purchase costs from its suppliers by negotiating volume discounts and additional incentives. While the COVID-19 pandemic created unprecedented supply constraints including disruptions and delays that have impacted and could continue to impact the flow and availability of certain products, CPRD has thus far not experienced any material disruption to its supplies as a result of the COVID-19 pandemic. CPRD has a strong long-term relationship with a wide network of suppliers, and in the event a source of supply becomes unavailable for any reason, it is generally able to procure the same or a substitute product from an alternative supplier by leveraging its supplier network.

#### **CPRD's Malls Business in Malaysia**

As of 28 February 2021, CPRD's malls business in Malaysia had:

- 57 malls representing permanent NLA of approximately 296,000 m<sup>2</sup> in aggregate, of which 40 malls were owned by CPRD under freehold or leasehold over title<sup>15</sup>; and
- an occupancy rate of approximately 92% at its malls based on permanent NLA.

#### *Malls in Malaysia*

In Malaysia, CPRD has developed three distinct types of malls to better serve different types of customers.

- **Family Malls** — These large malls are intended to be family-oriented destinations that provide a wide range of shopping and leisure activities. The principal tenants of CPRD's family malls include restaurants, fashion stores, financial and non-financial service providers and entertainment-related tenants. CPRD's family malls in Malaysia have lease NLA of over

<sup>15</sup> In Malaysia, a freehold gives the title holder the right from the Malaysian government to use the land for an indefinite period. A leasehold gives the title holder the right from the Malaysian government to use the land for a term not exceeding 99 years, which means the landowner can hold the land until the expiry of the leasehold period and, unless extended or renewed, the leasehold land will revert to the Malaysian state. Both freeholds and leaseholds are transferrable.



6,000 m<sup>2</sup>. As of 28 February 2021, CPRD had 23 family malls in Malaysia with an aggregate permanent NLA of approximately 197,000 m<sup>2</sup>.

- *Neighbourhood Malls* — These are mid-sized malls for quicker visits, with emphasis on food. They offer a diverse array of restaurants, beverage shops and grab & go food stores. Although smaller than CPRD's family malls, neighbourhood malls also have entertainment-related tenants for families, as well as fashion stores and financial and non-financial service providers. The lease NLA of these malls are between 3,000 and 6,000 m<sup>2</sup>. As of 28 February 2021, CPRD had 18 neighbourhood malls in Malaysia with an aggregate permanent NLA of approximately 73,000 m<sup>2</sup>.
- *Service Malls* — These smaller malls are aimed at providing "one-stop" shopping space that is well-suited for everyday retail and services needs. As these malls are smaller, they focus on offering essential goods and services for customers, including a few restaurants, shops for various everyday service needs, basic clothing stores and recreational spaces for children. CPRD's service malls in Malaysia have lease NLA of less than 3,000 m<sup>2</sup>. As of 28 February 2021, CPRD had 16 service malls in Malaysia with an aggregate permanent NLA of approximately 26,000 m<sup>2</sup>.

CPRD's malls are strategically located throughout Peninsular Malaysia to cover as much area as possible and to allow as much access to customers as possible, and most have its hypermarkets as anchor tenants. CPRD continues to search for prime locations across Malaysia with the following criteria:

- Large and densely populated areas;
- Highly visible and capable of generating increased customer traffic;
- Access to major roads and public transportation; and
- Large space available for parking and good infrastructure.

#### *Mall Tenants in Malaysia*

CPRD has a diverse mix of different tenants across its malls. It broadly categorises its tenants into three different types:

- *Permanent tenants* — These are tenants who agree to a tenancy of more than one year with monthly rent of either a fixed amount or a variable rent based on their sales (with or without guaranteed minimum amounts). For the year ended 28 February 2021, revenues from these tenants were MYR 146 million (THB 1,089 million) (approximately 71.6% of total mall revenue in Malaysia).
- *Temporary tenants* — Temporary tenants lease for less than one year and their fast turnover allows CPRD to renew its product and services offerings based on the customers' needs. Small pop-up stalls and small brand stores fall into this category. For the year ended 28 February 2021, revenues from these tenants were MYR 40 million (THB 296 million) (approximately 19.6% of total mall revenue in Malaysia).
- *Food court* — CPRD enters into service agreements with concessionaires for food courts at its malls in Malaysia. The average term of their lease is 1 year. Food courts help maintain traffic to CPRD's malls and its other tenants, as customers often come to malls to have a meal at affordable prices. For the year ended 28 February 2021, revenues from these tenants were MYR 18 million (THB 133 million) (approximately 8.8% of total mall revenue in Malaysia).

Permanent tenants provide a stable stream of revenue and are thus crucial for the success of CPRD's malls business in Malaysia. The average tenancy of CPRD's permanent tenants is approximately 2 years, with large anchor tenants averaging up to 3 years. Every year, approximately 1,000 units have leases that expire that year. CPRD's permanent tenants are primarily classified into six categories:

- *Food & Beverages* — these tenants constituted 14.6% of CPRD's permanent occupied NLA in Malaysia as of 28 February 2021 and 23.4% of CPRD's revenue from permanent tenants in Malaysia for the year ended 28 February 2021.
- *Health & Beauty* — these tenants constituted 5.5% of CPRD's permanent occupied NLA in Malaysia as of 28 February 2021 and 16.1% of CPRD's revenue from permanent tenants in Malaysia for the year ended 28 February 2021.
- *DIY & Home* — these tenants constituted 32.4% of CPRD's permanent occupied NLA in Malaysia as of 28 February 2021 and 14.6% of CPRD's revenue from permanent tenants in Malaysia for the year ended 28 February 2021.
- *Fashion* — these tenants constituted 17.0% of CPRD's permanent occupied NLA in Malaysia as of 28 February 2021 and 15.9% of CPRD's revenue from permanent tenants in Malaysia for the year ended 28 February 2021.
- *Services* — these tenants constituted 11.4% of CPRD's permanent occupied NLA in Malaysia as of 28 February 2021 and 21.0% of CPRD's revenue from permanent tenants in Malaysia for the year ended 28 February 2021.
- *Leisure, Sports & Other* — these tenants constituted 19.1% of CPRD's permanent occupied NLA in Malaysia as of 28 February 2021 and 9.0% of CPRD's revenue from permanent tenants in Malaysia for the year ended 28 February 2021.

### Associates and Joint Ventures

CPRD has in the past invested and will continue to seek opportunities to invest in associates and joint ventures. CPRD's share of profits from investment in joint ventures and an associate comprised 9.8% and 44.0% of CPRD's profit for the years ended 31 December 2019 and 2020, respectively, on a pro forma basis. Below is a summary of CPRD's material associates and joint ventures as of 31 December 2020, on a pro forma basis.

Company	Jurisdiction	% Ownership	Business
Lotus's Retail Growth Freehold and Leasehold Property Fund	Thailand	25%	Listed property fund which holds 23 malls across Thailand
Retail Properties Company Limited	Thailand	50%	Leasing land and building where hypermarket in Bang Pakok is located
Synergistic Property Development Company Limited	Thailand	49.99%	Mall and other real estate businesses in Pattaya
Lotus's Money Services Limited	Thailand	50%	Financial and Insurance services

## CPRD RISK FACTORS

### **1 The outbreak of the novel coronavirus (“COVID-19”) has caused, and could continue to cause, severe disruptions in global and regional economies, including the economies of Thailand and Malaysia, which could adversely affect CPRD.**

The COVID-19 pandemic has caused significant disruptions to global and regional economies, including the economies of Thailand and Malaysia. To curb the spread of COVID-19, Thailand and Malaysia have imposed various protective measures against the outbreak. For example, their respective governments have issued orders to temporarily shut down operating facilities or reduce operating hours, locked down risky areas, issued travel restrictions and border controls, extended delays, suspended business activities, imposed rules on quarantines and social distancing and/or suspended major events. This has significantly affected the Thai and Malaysian economies, production and supply chains and the business operations of companies operating in these countries, including CPRD. While progressive relaxations have recently been granted for movement of goods and people and cautious re-opening of businesses and offices, Thailand and Malaysia have experienced and continue to experience waves of COVID-19 infection, which have been exacerbated by the discovery of new variants of COVID-19. In Thailand, the impact of COVID-19 was initially less severe than in other countries. However, the most recent wave of COVID-19 infections has severely impacted Thailand since December 2020 and resulted in several regions where CPRD’s stores and malls are located implementing full or partial lockdowns during this period. These measures have disrupted normal business operations both in and outside of affected areas. CPRD’s management is closely monitoring the situation and cooperating with the relevant governments to ensure the sufficient distribution of food and to minimise the impact on its business to the extent possible.

These restrictions and disruptions in Thailand, and to some extent in Malaysia, are one of the factors which have had a significant impact on CPRD’s business, including:

- a decrease in revenue from sale of goods in Thailand of THB 8,364 million, or 4.9%, from THB 171,326 million for the year ended 29 February 2020 to THB 162,962 million for the year ended 28 February 2021;
- a decrease in rental income and revenue from rendering of services in CPRD’s malls in Thailand and Malaysia, resulting from a combination of decreased occupancy rates and rental waivers, reductions and discounts, such that CPRD’s malls business in Thailand saw a 24.1% decrease in rental income and revenue from rendering of services from THB 12,739 million in the year ended 29 February 2020 to THB 9,670 million in the year ended 28 February 2021, and CPRD’s malls business in Malaysia saw a decrease in rental income and revenue from rendering of services of 26.4% from MYR 277 million (THB 2,066 million) in the year ended 29 February 2020 to MYR 204 million (THB 1,518 million) in the year ended 28 February 2021.

There can be no guarantee that CPRD’s results will improve in future periods. It is possible that there will be a recurrence of more virulent variants of COVID-19, including ones against which existing vaccines may not be as effective, which could lead to future lockdowns or other restrictive measures. Even if the COVID-19 virus were eventually brought under control and the impact of the COVID-19 pandemic subsides, CPRD will still need to capitalise on growth opportunities. In response to changing consumer behaviour to shopping at smaller neighbourhood shops and online, CPRD has committed significant resources to expanding to smaller format stores, growing its online sales and upgrading its IT infrastructure, such as its website and mobile application, among

other initiatives. Any failure by CPRD to capture such opportunities and may result in declining revenue, and its future operating results may fall below expectations.

Despite CPRD's efforts, the most recent waves of COVID-19 infections had a significant impact on its operations, as there were infection clusters at its distribution centres, including the Bang Bua Thong distribution centre for CPRD's retail business in Thailand which CPRD closed down for two weeks, and near many stores and increased risk of infections among its employees, customers and in its stores, malls and other facilities, which led to government orders to close or decrease operating hours for certain of its stores and malls, which in turn led to decreases in sales and income. Although we believe that CPRD has so far responded rapidly and in accordance with government mandates, the perception of an inadequate response in the future could cause reputational harm to CPRD's brand and subject it to lost sales and claims from employees, customers, suppliers, regulators or other parties. If the measures taken by CPRD ultimately turn out to be ineffective, or if its customers do not participate in social distancing and other safety measures, the well-being of its employees and customers could be at risk. Any future outbreak of confirmed COVID-19 cases in CPRD's stores or malls could result in temporary or sustained workforce shortages, limitations on operating hours and/or closures, which would negatively impact CPRD's business and results of operations. In particular, any potential negative impact on the health of CPRD's executive management team or key employees or the executive management team or key employees of its suppliers and distributors, particularly if a significant number of its or their executive management team or key employees are impacted, could adversely affect its or their ability to promote business continuity amidst disruptive events. In addition, any belief by customers that they have contracted COVID-19 in one of CPRD's stores or malls, or that CPRD has not taken appropriate precautionary measures to prevent the spread of COVID-19 in its stores or malls, could result in costly and time consuming litigation and/or negatively impact CPRD's reputation.

Other factors and uncertainties related to the ongoing COVID-19 pandemic include, but are not limited to:

- the severity and duration of the COVID-19 pandemic, including any additional waves of infections in locations where CPRD operates or affecting its employees caused by additional periods of increases or spikes in the number of COVID-19 cases, future variants or related strains of the virus or other factors;
- additional government restrictions that may impact CPRD's business;
- evolving macroeconomic factors, including general economic uncertainty, unemployment rates, and recessionary pressures;
- unknown consequences on CPRD's business performance, initiatives and expansion plans stemming from the substantial diversion of time and other resources to its pandemic response;
- the pace of recovery when the COVID-19 pandemic subsides;
- the impact of the COVID-19 pandemic on the business and results of operations of tenants in CPRD's malls;
- the impact of the COVID-19 pandemic on the supply, cost and inventory of products that CPRD sells in its stores; and
- the long-term impact of the COVID-19 pandemic on CPRD's business, including consumer behaviors. For example, CPRD has observed changing customer behaviour during the pandemic, in particular a shift away from its larger stores to

smaller neighbourhood shops and significant growth in online sales. CPRD may not be able to respond or adapt in a timely manner if such changes in consumer behaviour become more permanent, or occur more rapidly or in a manner different from its expectations.

The extent to which the COVID-19 pandemic, or the future outbreak of any other highly infectious or contagious disease, affects CPRD's business, results of operations and financial condition will depend on future developments, which are highly uncertain, including the scope, severity and duration of such pandemic, the actions taken to contain the pandemic or mitigate its impact, including the adoption of available COVID-19 vaccines, the impact of relaxing or revoking such existing restrictions too quickly, and the direct and indirect economic effects of the pandemic and containment measures, among others. The continuing impacts of the COVID-19 pandemic are highly unpredictable and volatile, may materially adversely affect CPRD's business, financial condition and results of operations, and may have the effect of heightening many of the risks described in this "Risk Factors" section.

## **2 Major legal, regulatory and administrative proceedings may negatively affect CPRD's business.**

CPRD is involved in legal, regulatory and administrative proceedings from time to time, and CPRD is exposed to the possibility of being involved in other legal, regulatory and administrative proceedings in future. The outcome of some of these proceedings or other contingencies could require CPRD to take, or refrain from taking, actions which could negatively affect our operations or could require CPRD to pay substantial amounts of money.

As of the date of this IM1, in particular, there are two on-going legal proceedings against the Thai Trade Competition Commission (the "**TCC**") and the Office of Thai Trade Competition Commission (the "**OTCC**") in relation to the merger control approval granted for the acquisition of Lotus TH by CPRD. On 9 March 2020, CPRD entered into an agreement with Tesco to purchase Lotus TH and Lotus MY. The completion of the acquisition required approval from the TCC in accordance with Thailand's Trade Competition Act B.E. 2560 (2017) ("**TCA**"). In November 2020, the TCC issued an order (the "**TCC Order**") approving the acquisition of Lotus TH. On the basis of this TCC Order, CPRD and Tesco proceeded with completion of the acquisition on 18 December 2020. However, in March 2021, a consumer interest group known as the Foundation for Consumers, together with other third-party groups and individuals, filed a legal action (the "**TCC Claim**") against the TCC and OTCC with the Central Administrative Court of Thailand (the "**Court**") claiming, in essence, that the TCC Order was issued unlawfully due to non-compliance with certain procedures prescribed by laws and the TCC exercised inappropriate and illegitimate discretion in granting the TCC Order. These claimants requested the Court to revoke the TCC Order or to prescribe the following additional conditions to the TCC Order:

- CPRD must sell part of its businesses or assets to mitigate the impact of its market-dominant power and must reduce its combined market share to not exceeding 50%;
- CPRD must be prohibited from opening new branches for a period of 10 years following completion of the merger; and

- the effective periods of the merger conditions specified in the TCC Order must be extended, from the original 5 years set out in condition 2<sup>16</sup> to 10 years, and from the original 2 years set out in conditions 4<sup>17</sup> to 5 years.

Although neither CPRD nor Lotus TH were named as defendants in the TCC Claim, the Court's view was that its ruling on the TCC Claim is relevant to CPRD and Lotus TH. Therefore, the court summoned CPRD and Lotus TH as third-party interpleaders to the proceedings in order for it to properly understand the information and facts relevant to the issues alleged by the claimants.

The claimants also submitted a petition to the Court requesting a temporary suspension of enforcement of the TCC Order during the Court proceedings (the "**Claimants Petition**"). In May 2021, the Court issued an order dismissing the Claimants Petition because at this stage, the Court found that the TCC Order had been duly issued in accordance with procedures and regulation prescribed under the TCA. Therefore, the Court further determined that there was no reason to believe that the TCC Order had been issued unlawfully. Such order dismissing the Claimants Petition is final and cannot be appealed.

In relation to the TCC Claim, the TCC, OTCC, CPRD and Lotus TH filed a motion of defence in which the TCC, OTCC, CPRD and Lotus TH argued, among other points, that the TCC Order was in fact lawful because it was issued in compliance with all procedures prescribed by laws and the exercise of discretion by the TCC was prudent, appropriate and legitimate.

In addition to the TCC Claim which was filed by a consumer interest group, an individual who is an owner of a local convenience store also filed a legal action challenging the TCC Order on similar grounds as the TCC Claim. Therefore, in June 2021, the Court combined this case with the earlier TCC Claim into one case. As at the date hereof, the Court is currently considering the TCC Claim and is in the process of fact-finding. It is possible that the Court may render its judgment before the end of 2021 as it deemed the TCC Claim to be an urgent court proceeding. The parties may appeal the Court's judgment to the Supreme Administrative Court within 30 days from receipt of such judgment. This 30-day period cannot be extended. Any appellate judgment of the Supreme Administrative Court would be final.

We believe that the TCC Order was lawful because the TCC is the authority with the power to approve the acquisition of Lotus TH by CPRD and the submission of the application and all relevant information by CPRD for the TCC consideration was in compliance with all required procedures prescribed by laws. We also believe that the TCC considered all information and issued the TCC Order in compliance with all procedures prescribed by laws. Therefore, we believe that the Court is unlikely to order the revocation of the TCC Order. However, we cannot guarantee the outcome of the Court's decision, or that such ruling will be favourable to us.

In addition, even if the Court were to revoke the original TCC Order, we believe that the Court in this case and TCC will not have any legal justification to require CPRD to unwind or invalidate the acquisition of Lotus TH or impose any administrative fine under the TCA on CPRD because the acquisition of Lotus TH by CPRD was completed in accordance with the laws and in good faith

<sup>16</sup> CPALL and Ek-Chai shall increase their sales proportion of products of small and medium sized enterprises (SMEs) comprising agricultural products, community farming products, community goods, products of small and micro community enterprises (SMCE) or local products (OTOP) and other categories of products, in respect of 7-Eleven and Tesco Stores in aggregate of all store formats; such increase must grow by at least 10 percent per annum from the previous year, for a period of 5 years. In this regard, the criteria on small and medium sized enterprises (SMEs) pursuant to the provisions of law governing the prescription of characteristics of small and medium sized enterprises shall apply.

<sup>17</sup> Ek-Chai shall maintain the conditions of contracts and agreements with its original suppliers of goods or raw materials which have been already executed, for a period of 2 years, except for any change of conditions of contract which benefits or is in favour of the original suppliers of goods or raw materials and it must obtain consent from such original suppliers of goods or raw materials of such change as well.

following CPRD's receipt of the TCC Order which, in fact, was legally binding and effective at the time of the acquisition. However, if the TCC Order is revoked by the Court, the TCC may request CPRD to resubmit its application to approve the acquisition of Lotus TH. We cannot guarantee that the new TCC order will be issued or will be issued without new conditions supplementing the existing conditions under the existing TCC Order or CPRD will be able to fully comply with the additional conditions imposed by the new TCC order. In any case, if CPRD does not agree with TCC's decision or its new order, it has the right to appeal with the Court within the period prescribed under the laws.

While we do not believe the outcome of the TCC Claim will affect the validity of the recent acquisition by our Company of CPRD, if the TCC imposes additional conditions for CPRD, compliance with such conditions may impact its existing business operations and thus result in significant costs and expenses. The TCC Claim may also require significant time commitments by certain members of management and key personnel which could have an adverse effect on the management of our business and growth plans.