

31 August 2021

- Subject: Notification of the Resolutions of the Board of Directors' Meeting No. 7/2021 in relation to the Acceptance of the Entire Business Transfer of C.P. Retail Holding Company Limited and the Offering of Newly Issued Shares of Siam Makro Public Company Limited 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
2. Information Memorandum on the Offering of Newly Issued Shares of Siam Makro Public Company Limited to C.P. Retail Holding Company Limited as Consideration for the Entire Business Transfer
3. Information Memorandum on the Offering of Newly Issued Shares of Siam Makro Public Company Limited to the Public (Public Offering)
4. Capital Increase Report Form (F 53-4)

We, Siam Makro 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. 7/2021 which was held on 31 August 2021 as follows:

1. The acceptance of the entire business transfer of C.P. Retail Holding Company Limited

The Board of Directors, by the disinterested directors, resolved to propose to the Extraordinary General Meeting of Shareholders for consideration and approval of the acceptance of the transfer of the entire business of C.P. Retail Holding Company Limited ("**CPRH**") pursuant to which the Company 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 the Company and support the Company'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, and resolved to approve the entering into an entire business transfer agreement (the "**EBT Agreement**"), contracts and other documents in relation to the acceptance of the entire business transfer from CPRH (the "**EBT Transaction**"). Details of the transaction are as follows:

Overview of the Transaction

CPRH have 3 shareholders, namely, CP All Public Company Limited ("**CPALL**"), Charoen Pokphand Holding Company Limited ("**CPH**") and C.P. Merchandising Company Limited ("**CPM**") (CPALL, 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, the Company will issue and allocate up to 5,010,323,500 new ordinary shares of the Company 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 the Company 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 the Company.

The process of the entire business transfer will occur after the meetings of shareholders of the Company and CPALL (which the Company is a subsidiary) 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 the 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 of the Extraordinary General Meeting of Shareholders of the Company and CPALL resolve to approve the EBT Transaction and the Share Allocation Transaction as EBT Consideration or on any other date as mutually agreed between the Company and CPRH.

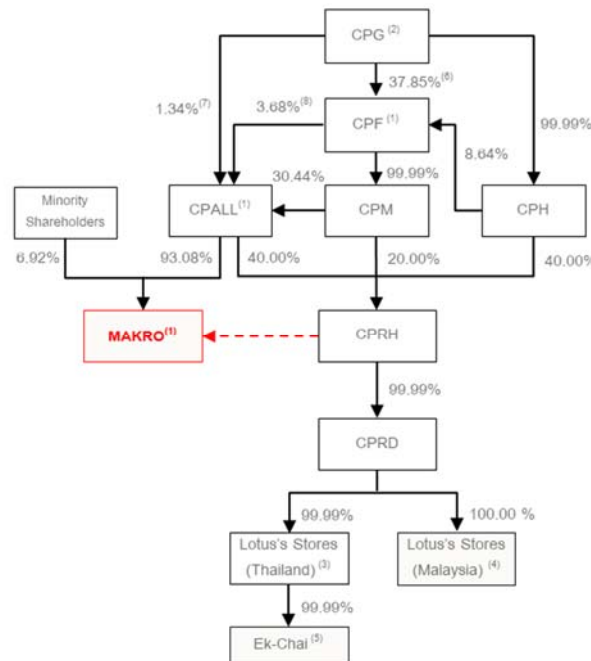
In this regard, the EBT Transaction will be carried out in compliance with the conditions under the Revenue Code in relation to the entire business transfer, pursuant to which CPRH will proceed to register its dissolution within the year 2021, which is within the same fiscal year in which the entire business transfer of CPRH takes place. Following the registration of dissolution, all remaining assets of CPRH, including shares in the Company 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**"). CPALL, CPH and CPM will receive 2,004,129,400 shares, 2,004,129,400 shares and 1,002,064,700 shares in the Company, representing 20.43 percent, 20.43 percent and 10.21 percent of the total outstanding shares in the Company after the Share Allocation Transaction as EBT Consideration, respectively. In this regard, CPALL, 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)

After the completion of the EBT Transaction and the Share Allocation Transaction as EBT Consideration, the Company will issue and offer newly issued ordinary shares to the public (Public Offering). CPALL, CPH and CPM will jointly sell a portion of the ordinary shares in the Company 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 the Company to be in the total proportion of not less than 15.00 percent of the paid-up capital of the Company which will result in the Company 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 obligation of CPH an CPM to make a tender offer for all securities in the Company

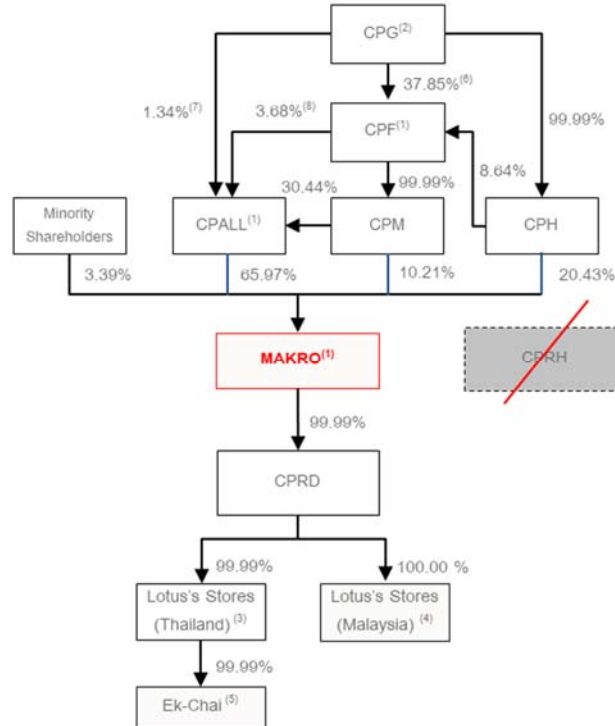
The shareholding structure of the Company and CPRH before the EBT Transaction is summarised below.



- 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

(English Translation)

The shareholding structure of the Company 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) CPALL's direct and indirect shareholding in the Company will decrease from approximately 93.08 percent to 65.97 percent of the total voting rights in the Company, 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 CPALL, namely CPM, the total direct and indirect shareholding of CPALL 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, CPALL is not required to make a mandatory tender offer for all securities in the Company.

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

- (2) CPH's direct shareholding in the Company will increase from 0.00 percent to 20.43 percent of the total voting rights in the Company, 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 CPALL 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 the Company.
- (3) CPM's direct shareholding in the Company will increase from 0.00 percent to 10.21 percent of the total voting rights in the Company, and when combined with the 65.97 percent shareholding of the person under Section 258 of the SEC Act of CPM, namely CPALL, 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 the Company.

As CPM and CPH are required to make a mandatory tender offer for all securities in the Company, both CPM and CPH will jointly make a mandatory tender offer for all securities in the Company at the price of THB 43.50 per share which is the same price as the Company's share price under the Share Allocation Transaction as EBT Consideration and which is the highest price that CPM and CPH have acquired ordinary shares in the Company during the period of 90 days prior to the date on which CPM and CPH submit the tender offer document with the Office of the Securities and Exchange Commission (the "**SEC Office**") pursuant to the Notification No. ThorJor. 12/2554. CPM will purchase ordinary shares in the Company in the proportion of one-third and CPH will purchase ordinary shares in the Company in the proportion of two-thirds of the shares accepted in such mandatory tender offer for all securities in the Company. 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 the Company following the Share Allocation Transaction as EBT Consideration. Such maximum number of shares is calculated by deducting (a) the number of shares in the Company which CPM and CPH will hold following the Return of Investment to the CPRH Shareholders; and (b) the number of shares in the Company which CPALL currently holds and will acquire following the Return of Investment to the CPRH Shareholders as CPALL will not sell shares in respect of the tender offer by CPH and CPM in this case. It is expected that such tender offer for securities will occur within 3 business days after CPM, CPH and CPALL have fully received newly issued shares in the Company from the Return of Investment to the CPRH Shareholders.

Nonetheless, CPM and CPH have never had any mutual intention or nature of relationship or behaviour that would be considered as acting-in-concert in the context of the Notification of the Capital Market Supervisory Board No. TorChor. 7/2552 Re:

Acting in Concert as a Result of the Nature of a Relationship or Behaviour and Requirements under Sections 246 and 247 dated 20 February 2009 (as amended).

Relevant regulations in connection with the entering into the EBT Transaction

The entering into the EBT Transaction is considered as an acceptance of a transfer of business of another company to be the Company's own business 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 EBT 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 the interested shareholders.

In addition, the EBT Transaction 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 1,135.65 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 1,135.65 percent, which is equal to 100.00 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 Kiatnakin Phatra Securities 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 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

(English Translation)

shareholders not having the right to vote must be specified in the notice of the meeting of shareholders.

However, entering into the EBT Transaction in this case does not require the submission of a new listing application with the SET pursuant to 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, with the details as follows:

Basis of the Consideration of the Exception	Details
1. The acquired business is in a similar line of business or a mutually supporting business to the Company's business	The Company and CPRD operate similar business which is the retail/wholesale business of groceries and consumer products. CPRD engages in investment business (investment holding company) with investment in a group of companies that operate retail business with multi-store formats under the retail brand, Lotus's. The Company's acceptance of the entire business and its shareholding in CPRD will enhance and support the operation of the Company's current business which will strengthen the Company's group of companies in becoming the leader in the retail and wholesale business of groceries and consumer products as well as enable the Company to expand the coverage of the business operations to be at a regional level, including to become a Thai company with the potential to compete with operators throughout Asia, and enable the Company to create opportunities and value to other operators in the country and in all sectors, and promote the Company's group of companies to be one of the first retail and wholesale business operators in the region who are leaders in the Online to Offline or O2O business model that combine sales via both online and offline channels.
2. The Company has no policy to make a significant change to its main business	The Company has no policy to make material change to its main business.
3. The company's group of companies has suitable qualifications for listing on the SET	As a result of the acquisition of assets, the company's group of companies has suitable qualifications for listing on the SET. Examples of important details: <ul style="list-style-type: none"><li data-bbox="746 1736 1375 1883">(a) The directors, management and person who has controlling power possess the qualifications in accordance with the prescribed rules.<li data-bbox="746 1892 1375 2004">(b) One-third of the directors are independent directors and there are at least 3 independent directors and audit committee members.

Basis of the Consideration of the Exception	Details
	<p>(c) The auditor has been approved by the SEC Office.</p> <p>(d) There is an internal control system which is in accordance with the prescribed rules.</p> <p>(e) There is no conflict of interests. The company's group of companies engage in the retail and wholesale business of groceries and consumer products but with different forms of business operations and are not in direct competition with major shareholders of the Company. That is, the Company and CPRD engage in the retail and wholesale business of groceries and consumer products with multi-store formats (including (a) cash and carry trade centres; (b) hypermarkets; (c) supermarkets; and (d) mini-supermarkets) and the business of leasing space in shopping malls. Whereas the main business of CPALL (which is a major shareholder of the Company) is the operator of the convenience store retail business.</p> <p>(f) The Company has a plan to increase the shares distribution of minority shareholders (Free Float) to be in accordance with the SET Regulation Re: Listing of Shares as Listed Securities by which the Company will offer newly issued shares to the public following the completion of the EBT Transaction.</p> <p>(g) There is a provident fund.</p>
<p>4. There will be no material change in the composition of the Board of Directors and the controlling power in the Company or controlling shareholders of the Company</p>	<p>(a) There will be no material change (i.e. change in not more than one-half of the composition) in the composition of the Board of Directors and the management of the Company as a result of the entering into the EBT Transaction and the Share Allocation Transaction as EBT Consideration. In the event of change in the Board of Directors and the management of the Company, the Company will comply with the relevant regulations and will further notify the details of such change to the shareholders of the Company.</p> <p>(b) Following the EBT Transaction, the Share Allocation Transaction as EBT Consideration and the allocation of newly issued ordinary</p>

Basis of the Consideration of the Exception	Details
	<p>shares for offering to the public (Public Offering) (as explained in Paragraph 5), CPALL will remain as the major shareholder with controlling power in the Company and CPALL's shareholding proportion will be decreased to not less than 51.63 percent of the total issued and outstanding ordinary shares in the Company after the completion of the allocation of newly issued ordinary shares for offering to the public (Public Offering).</p>

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, CPALL, who holds 797,918,298 shares in CPRH (representing 40.00 percent of the total voting rights in CPRH) is also a major shareholder of the Company; (b) CPRH's major shareholder, CPM, who holds 398,959,149 shares in CPRH (representing 20.00 percent of the total voting rights in CPRH) is an indirect major shareholder of the Company and a subsidiary of Charoen Pokphand Foods Public Company Limited ("**CPF**"); and (c) 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 1,240.81 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, the Company and/or its subsidiaries have had no connected transactions with CPRH or connected persons of CPRH during the past six months prior to the date on which there is an agreement to enter into the EBT Transaction and the Share Allocation Transaction as EBT Consideration.

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 Kiatnakin Phatra Securities 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 this regard, the Board of Directors have approved the pro forma consolidated financial information of the Company for the year ended 31 December 2020 which has been prepared on the basis of certain assumptions to ensure that the shareholders have sufficient information for consideration in the passing of resolution in relation to the entering into the EBT Transaction and the confidence in which has been assured by the auditor in respect of the compilation of such pro forma consolidated financial information of the Company.

Given that the Company is a subsidiary of CPALL, the entering into the above acquisition and disposition of assets transactions and connected transactions must also receive an approval from the meeting of shareholders of CPALL. Such approval is one of the conditions precedents to the transactions. In addition, as (a) the EBT Transaction as explained in Paragraph 1; (b) the increase of the registered capital of the Company as will be explained in Paragraph 2; and (c) the amendment to the Memorandum of Association of the Company to reflect the increase of the registered capital of the Company as will be explained in Paragraph 3; and (d) the Share Allocation Transaction as EBT Consideration as will be explained in Paragraph 4 are transactions which are connected and are conditions to each of the other transactions, therefore, all the 4 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, which are acquisition of assets transaction and connected transaction of a listed company, 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 (**Enclosure 1**) and the Information Memorandum on the Offering of Newly Issued Shares of Siam Makro Public Company Limited to C.P. Retail Holding Company Limited as Consideration for the Entire Business Transfer (**Enclosure 2**).

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, contracts and other documents in relation to such transactions. Material conditions precedent are summarised below:

- (1) The meeting of shareholders of the Company 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 related regulations.
- (2) The meeting of shareholders of CPALL 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 the Company, 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 the Company.
- (5) As at the EBT Date, no events or actions have occurred which may result in material adverse effects on the businesses of CPRH, 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 the Company 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) The Company, companies within the Company'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 the Company, companies within the Company'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 the Company pursuant to the EBT Agreement, the Company will execute a guarantee in the form to be agreed between creditors of CPRD and the Company. Such guarantee will come into effect when the Company 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 deemed 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 the EBT Agreement, 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 persons in relation to the foregoing.

2. The increase of the registered capital of the Company in the amount of THB 3,186,161,750 from the current registered capital of THB 2,400,000,000 to be the registered capital of THB 5,586,161,750

The Board of Directors resolved to propose to the Extraordinary General Meeting of Shareholders for consideration and approval of the increase of the registered capital of the Company in the amount of THB 3,186,161,750, from the current registered capital of THB 2,400,000,000 to be the registered capital of THB 5,586,161,750, by issuing up to 6,372,323,500 new ordinary shares with a par value of THB 0.50 each, consisting of (a) up to 5,010,323,500 shares with a par value of THB 0.50 each as an offering to CPRH which is an offering to a specific person (Private Placement) as payment of consideration for the entire business transfer; and (b) up to 1,362,000,000 shares with a par value of THB 0.50 each as an offering to the public (Public Offering).

Please consider the details of the issuance, offering and allocation of newly issued ordinary shares of the Company in the Information Memorandum on the Offering of Newly Issued Shares of Siam Makro Public Company Limited to C.P. Retail Holding Company Limited as Consideration for the Entire Business Transfer (**Enclosure 2**), the Information Memorandum on the Offering of Newly Issued Shares of Siam Makro Public Company Limited to the Public (Public Offering) (**Enclosure 3**) and the Capital Increase Report Form (F 53-4) (**Enclosure 4**).

In addition, for convenience and practicality in the registration of the increase of the registered capital of the Company, the Board of Directors deemed it 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 increase of the registered capital 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 increase of the registered capital 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.

3. The amendment to the Memorandum of Association of the Company to reflect the increase of the registered capital of the Company

The Board of Directors resolved to propose to the Extraordinary General Meeting of Shareholders for consideration and approval of the amendment to Clause 4 of the Memorandum of Association of the Company to reflect the increase of the registered capital of the Company with the details as follows:

Clause 4. Amount of Registered Capital	:	THB 5,586,161,750	(Five billion five hundred eighty-six million one hundred sixty-one thousand seven hundred and fifty baht)
--	---	-------------------	--

(English Translation)

Divided into	:	11,172,323,500 shares	(Eleven billion one hundred seventy-two million three hundred twenty-three thousand and five hundred shares)
Par value per share	:	THB 0.50	(Fifty satang)
Divided into	:		
Ordinary Shares	:	11,172,323,500 shares	(Eleven billion one hundred seventy-two million three hundred twenty-three thousand and five hundred shares)
Preferred Shares	:	-None-	(-)

In addition, for convenience and practicality in the registration of the amendment to the Memorandum of Association of the Company, the Board of Directors deemed it 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 amendment to the Memorandum of Association 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 amendment to the Memorandum of Association 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.

4. The allocation of newly issued ordinary shares to offer to specific persons (Private Placement) as payment of consideration for the entire business transfer

The Board of Directors, by the disinterested directors, resolved to propose to the Extraordinary General Meeting of Shareholders for consideration and approval of the issuance and allocation of up to 5,010,323,500 newly issued shares with a par value of THB 0.50 each at the offering price of THB 43.50 per share for the total value of THB 217,949,072,250 to CPRH under the Share Allocation Transaction as EBT Consideration. CPRH will transfer its entire business to the Company which includes all assets, debts, rights, obligations and liabilities of CPRH existing at present and in the future as at the EBT Date, including 1,994,745,742 ordinary shares with a par value of THB 100 each in CPRD which is a subsidiary of CPRH (which CPRH holds approximately 99.99 percent of the registered capital of CPRD), with the total value of THB 217,949,072,250, as payment in kind, instead of in cash, for the newly issued ordinary shares in the Company. Following the registration of dissolution and as part of the liquidation process of CPRH, all remaining assets of CPRH, including shares in the Company, will be delivered to the CPRH Shareholders in proportion to their respective shareholding.

The Share Allocation Transaction as EBT Consideration is the offering of newly issued ordinary shares to a specific person (Private Placement), which must be in compliance with the relevant regulations of the SEC Office and the SET. The meeting of shareholders of the Company will resolve to clearly determine the specified offering price at THB 43.50 per share which is an offering price that is not lower than 90.00 percent of the market price pursuant to the requirements of the Notification of the Capital Market Supervisory Board No. TorJor. 72/2558 Re: Permission for Listed Companies to Offer Newly Issued Shares to Specific Investors dated 28 October 2015 (as amended) (the “**Notification No. TorJor. 72/2558**”).

The market price pursuant to the Notification No. TorJor. 72/2558 above is calculated from the weighted average price of the Company’s ordinary shares traded on the SET for the past 15 consecutive business days prior to the date on which the Board of Directors resolved to propose to the meeting of shareholders of the Company to consider and approve the issuance and allocation of the Company’s newly issued ordinary shares to CPRH which is a specific person, the period of which is from 9 to 30 August 2021 and the price of which is THB 39.52 (Source: SETSMART from www.setsmart.com).

The Share Allocation Transaction as EBT Consideration is also 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, CPALL, who holds 797,918,298 shares in CPRH (representing 40.00 percent of the total voting rights in CPRH) is also a major shareholder of the Company; (b) CPRH’s major shareholder, CPM, who holds 398,959,149 shares in CPRH (representing 20.00 percent of the total voting rights in CPRH) is an indirect major shareholder of the Company and a subsidiary of CPF; and (c) 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 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 Kiatnakin Phatra Securities 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.

Please consider the details of the issuance, offering and allocation of newly issued ordinary shares of the Company in the Information Memorandum on the Offering of Newly Issued Shares of Siam Makro Public Company Limited to C.P. Retail Holding Company Limited as Consideration for the Entire Business Transfer (**Enclosure 2**) and the Capital Increase Report Form (F 53-4) (**Enclosure 4**).

For the purpose of the allocation of newly issued ordinary shares to offer to a specific person (Private Placement) as payment of consideration for the entire business transfer, the Board of Directors resolved 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 said issuance, offering and allocation of the newly issued ordinary shares and to ratify any actions taken by such authorised persons in relation to the foregoing, including to take the following actions:

- (1) To determine, amend or supplement the details relating to the issuance, offering and allocation of the newly issued ordinary shares, the offering date of the newly issued ordinary shares and the payment method for the newly issued ordinary shares (and may determine the allocation period for the allocation to be done all at once or several times), including to take any actions in connection with the issuance, offering and allocation of such newly issued ordinary shares, and to oversee the submission of information and disclosure of relevant details to the SET.
- (2) To sign, amend, modify, contact or report various transactions in application documents and evidences necessary for and in connection with the issuance, offering and allocation of such newly issued ordinary shares, as well as to contact and submit such applications, documents and evidences with the Ministry of Commerce, the SEC Office, the SET, government agencies or other relevant authorities, and to apply for the listing of the newly issued ordinary shares of the Company on the SET and to be authorised to take any other actions as necessary and appropriate for the successful completion of the Company's issuance, offering and allocation of the newly issued ordinary shares to the specific person.
- (3) To take any relevant actions so as to achieve the objectives of the foregoing and in accordance with the relevant notifications, regulations, rules and laws.

In addition, for convenience and practicality in the registration of various matters involving the Ministry of Commerce, the Board of Directors deemed it 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 applications or other documents in connection with the registration of the various matters with the Ministry of Commerce, and to amend, supplement or make changes to the applications or statements in such documents which are required to be submitted to the Ministry of Commerce, including to be authorised to take any actions necessary for and 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.

5. The allocation of newly issued ordinary shares for offering to the public (Public Offering)

The Board of Directors resolved to propose to the Extraordinary General Meeting of Shareholders for consideration and approval of the allocation of up to 1,362,000,000 newly issued ordinary shares with a par value of THB 0.50 each as an offering to the public

(Public Offering), representing up to 12.19 percent of the total issued and outstanding ordinary shares in the Company after the offering of the ordinary shares to the public (Public Offering).

Under the foregoing allocation of newly issued ordinary shares for offering to the public (Public Offering), the Company may consider allocating certain portions of the newly issued ordinary shares for offering to cornerstone investor(s) and other investors, as will be specified. The Company may consider allocating certain portions of the newly issued ordinary shares for offering to (a) existing shareholders of the Company (other than CPALL and subsidiaries of CPALL); (b) existing shareholders of CPALL (other than the CPG group as specified in Form 56-1 for the year 2020 of CPALL); 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 the Company has received the approval from the SEC Office to offer the newly issued ordinary shares to the public (Public Offering) and will be further notified by the Company to the shareholders.

In addition, the Company may consider the allocation of over-allotment shares to subscribers to be carried out by the underwriter who acts as the over-allotment agent. Such over-allotment shares will be shares which the over-allotment agent will borrow from CPALL (the "**Over-Allotment Shares**"). The over-allotment process, which is a part of the issuance and offering of newly issued ordinary shares to the public (Public Offering) in this case, is considered appropriate by the Board of Directors under the requirements specified in the Notification of the Capital Market Supervisory Board No. TorThor. 72/2552 Re: Allotment of Shares in Excess of Underwriting Amount dated 3 August 2009 (as amended). The Over-Allotment Shares that will be allocated will not be more than 15.00 percent of the total shares to be offered to the public in this case. In this regard, CPALL will grant the right to the over-allotment agent to purchase ordinary shares in the Company from CPALL for the purpose of returning shares which are borrowed from CPALL, whether in whole or in part.

Such issuance and allocation of the newly issued ordinary shares to the public (Public Offering) will be made by the Company following the completion of the EBT Transaction and the Share Allocation Transaction as EBT Consideration. CPALL, CPH and CPM will jointly sell a portion of the ordinary shares in the Company 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 which will result in the Company being able to successfully maintain the qualification relating to shares distribution (Free Float) in accordance with the SET Regulation Re: Listing of Shares as Listed Securities and will take into consideration the various relevant factors such as the appropriateness of the capital structure, proceeds utilisation plans of each company etc.

Please consider the details of the increase of the registered capital and the allocation of the newly issued ordinary shares to the public in the Information Memorandum on the Offering of Newly Issued Shares of Siam Makro Public Company Limited to the Public (Public Offering) (**Enclosure 3**) and the Capital Increase Report Form (F 53-4) (**Enclosure 4**).

The Company must obtain an approval from the meeting of shareholders to allocate newly issued ordinary shares for offering to the public (Public Offering) and other relevant resolutions. The Company must also obtain an approval from the SEC Office in accordance with the requirements of the Notification of the Capital Market Supervisory Board No. TorJor. 39/2559 Re: Application for Approval and Granting of Approval for Offering of Newly Issued Shares dated 30 September 2016 (as amended) and will be required to file a registration statement for the securities offering and a draft prospectus with the SEC Office and clearly disclose the information regarding the offering of the newly issued ordinary shares in the prospectus as required by the Notification of the Capital Market Supervisory Board No. TorJor. 40/2557 Re: Selling of Newly Issued Shares and Share Warrants of an Equity Issuer dated 7 November 2014 (as amended), as well as to apply for an approval for the registration statement and the prospectus of the Company to become effective after obtaining the approval for the securities offering. In addition, the Company must obtain the approval from the SET to accept the newly issued ordinary shares as listed securities on the SET and other approvals from any other agencies as necessary.

In this regard, the Company will propose the allocation of the newly issued ordinary shares for offering to the public (Public Offering) to the Extraordinary General Meeting of Shareholders of the Company for its consideration and approval only if the Extraordinary General Meeting of Shareholders of the Company has resolved 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 such transactions.

For the purpose of the allocation of newly issued ordinary shares for offering to the public (Public Offering), the Board of Directors deemed 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 said issuance, offering, allocation and subscription of the newly issued ordinary shares and to ratify any actions taken by such authorised persons in relation to the foregoing, including to take the following actions:

- (1) To determine and/or amend the details or conditions relating to the offering and allocation of the newly issued ordinary shares, the offering period, the number of offered shares, the offering and allocation method, the payment of shares and share subscription, 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, and 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 to such persons would or may result in (a) 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 (b) the shares offering being in non-compliance with the rules, methods or conditions prescribed for the offering or allocation of shares.
- (2) To determine and/or amend the book building price range, the offering price, the offering period, the conditions, the allocation procedure, the allocation method, the subscription method, the offering proportion, the subscription period, the payment of shares, the allocation of shares, the reservation of a certain portion of shares for offering to cornerstone investors and the offering and allocation of shares to various

types of subscribers which include, but not limited to, customers, suppliers or persons providing any other benefits (patrons) of the Company, CPALL, CPM and/or CPH and/or existing shareholders of the Company, CPALL and CPF (other than the persons specified above), including 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, including the conditions and other details, as well as to take any other actions necessary for and in connection with the issuance and the offering of ordinary shares to the public in accordance with the rules regarding the subscription, underwriting and allocation of 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 offering of newly issued ordinary shares to the public (Public Offering).
- (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 issuance and offering or sale of such newly issued ordinary shares, which includes 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 the Company, CPALL, CPM, and/or CPH and/or existing shareholders of the Company, CPALL and CPF (other than the persons specified above), and the allocation of over-allotment shares in the over-allotment process, 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 allocation and offering of newly issued ordinary shares to the public (Public Offering) in this case in all respects, including but without limitation to, to determine the offering price of the newly issued ordinary shares, the offering period, the subscription date of the newly issued ordinary shares, the payment of the ordinary shares, as well as the relevant conditions and details, including to take any actions in relation thereto.
- (6) To amend statements or texts in respect of documents, minutes of meetings of shareholders, the Memorandum of Association and/or any applications and/or to take any actions to comply with any order of the registrar in the submission of registration of increase of the registered capital of the Company with the Department of Business Development, the Ministry of Commerce.
- (7) To disclose information, provide information, prepare, deliver and sign any applications, documents in relation to the said issuance and offering of newly issued ordinary shares, documents and evidences necessary for or in connection with the offering of newly issued ordinary shares to the public (Public Offering), 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 issuance and offering of newly issued ordinary shares to the public (Public Offering) and to proceed for the listing of the newly issued ordinary shares on the SET, as well as to take any actions in relation to the foregoing.

- (8) 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.

In addition, for convenience and practicality in the registration of various matters involving the Ministry of Commerce, the Board of Directors deemed it 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 applications or other documents in connection with the registration of the various matters with the Ministry of Commerce, and to amend, supplement or make changes to the applications or statements in such documents which are required to be submitted to the Ministry of Commerce, including to be authorised to take any actions necessary for and 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.

6. The appointment of independent financial advisor to render opinions to shareholders in relation to the acquisition of assets transaction, the connected transaction and the tender offer for securities

The Board of Directors resolved to approve the appointment of Kiatnakin Phatra Securities 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 the EBT Transaction and the Share Allocation Transaction as EBT Consideration (which are considered as an acquisition of assets transaction and a connected transaction of a listed company) to ensure that the shareholders of the Company have the complete and sufficient information for consideration in the passing of resolutions on such acquisition of assets transaction and connected transaction in compliance with the requirements under the Notifications on Acquisition or Disposal of Assets and the Notifications on Connected Transactions.

Moreover, the Board of Directors resolved to approve the appointment of Kiatnakin Phatra Securities 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 in respect of the tender offer for all securities by CPH and CPM, in the capacity as an advisor to the shareholders of the Company, to ensure that the shareholders of the Company have the complete and sufficient information for consideration of such tender offer for all securities in accordance with the requirements under the Notification of the Capital Market Supervisory Board No. TorJor. 40/2552 Re: Statement Form and Period for Preparing Opinion Concerning Tender Offer dated 3 August 2552 (as amended).

7. The determination of the additional remuneration for the auditors for the fiscal year ending 31 December 2021

The Board of Directors resolved to propose to the Extraordinary General Meeting of Shareholders for consideration and approval of the additional remuneration for the auditors for the fiscal year ending 31 December 2021 in the amount of THB 2,000,000, from THB 7,170,000

to be a total of THB 9,170,000. The reason for this additional remuneration is due to the additional key transactions the Company entered into under the EBT Transaction which results in the increase in the scope of work of the said auditors. The foregoing auditors' remuneration excludes the observation of product destruction and the actual cost incurred in the process, which shall not exceed 10.00 percent of the auditors' remuneration for the entire year.

8. 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 15.30 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 approve the acceptance of the transfer of the entire business of C.P. Retail Holding Company Limited.
- Agenda 2 To consider and approve the increase of the registered capital of the Company in the amount of THB 3,186,161,750, from the current registered capital of THB 2,400,000,000 to be the registered capital of THB 5,586,161,750.
- Agenda 3 To consider and approve the amendment to the Memorandum of Association of the Company to reflect the increase of the registered capital of the Company.
- Agenda 4 To consider and approve the allocation of newly issued ordinary shares for offering to specific persons (Private Placement) as payment of consideration for the entire business transfer.
- Agenda 5 To consider and approve the allocation of newly issued ordinary shares for offering to the public (Public Offering).
- Agenda 6 To consider and approve the additional remuneration for the auditor for the accounting period ended as at 31 December 2021.
- Agenda 7 To consider other matters (if any).

Please kindly be informed accordingly.

Yours faithfully,

(Mrs. Saowaluck Thithapant)

Deputy Chief Executive Officer – Siam Makro

Group Shared Service Line

**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**

Pursuant to Annex (1)

The meeting of the Board of Directors No. 7/2021 of Siam Makro Public Company Limited (the “**Company**”), which was held on 31 August 2021, resolved to propose to the Extraordinary General Meeting of Shareholders for consideration and approval of the acceptance of the transfer of the entire business of C.P. Retail Holding Company Limited (“**CPRH**”) pursuant to which the Company 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 the Company and support the Company’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 approved the entering into an entire business transfer agreement between the Company and CPRH (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, CP All Public Company Limited (“**CPALL**”), Charoen Pokphand Holding Company Limited (“**CPH**”) and C.P. Merchandising Company Limited (“**CPM**”) (CPALL, 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, the Company will issue and allocate up to 5,010,323,500 new ordinary shares of the Company 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 the Company 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 the Company.

The process of the entire business transfer will occur after the meetings of shareholders of the Company and CPALL (which the Company is a subsidiary) 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 the 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 of the Extraordinary General Meeting of Shareholders of the Company and CPALL resolve to approve the EBT Transaction and the Share Allocation Transaction as EBT Consideration or on any other date as mutually agreed between the Company and CPRH.

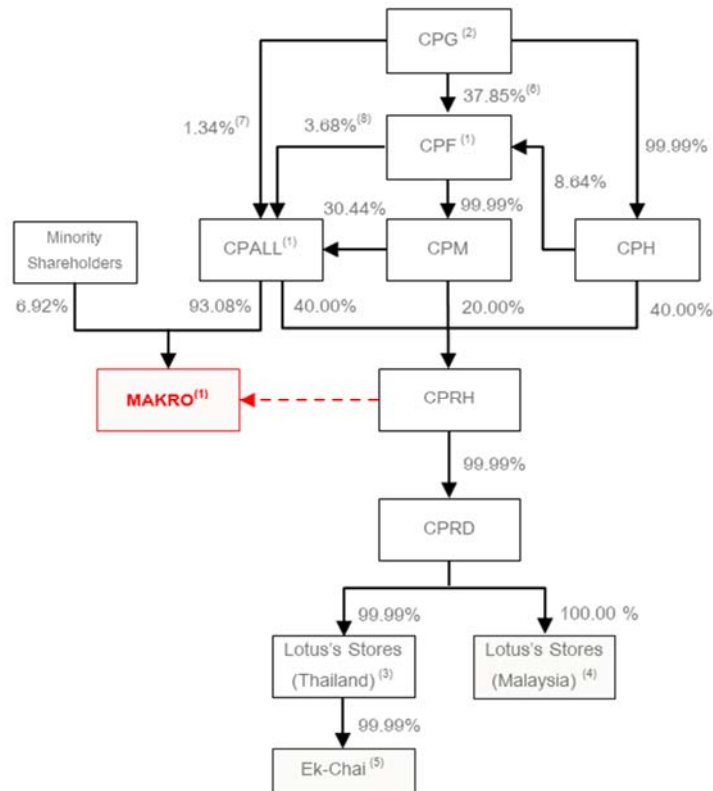
In this regard, the EBT Transaction will be carried out in compliance with the conditions under the Revenue Code in relation to the entire business transfer, pursuant to which CPRH will proceed to register its dissolution within the year 2021, which is within the same fiscal year in which the entire business transfer of CPRH takes place. Following the registration of dissolution, all remaining assets of CPRH, including shares in the Company 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**"). CPALL, CPH and CPM will receive 2,004,129,400 shares, 2,004,129,400 shares and 1,002,064,700 shares in the Company, representing 20.43 percent, 20.43 percent and 10.21 percent of the total outstanding shares in the Company after the Share Allocation Transaction as EBT Consideration, respectively. In this regard, CPALL, 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)

After the completion of the EBT Transaction and the Share Allocation Transaction as EBT Consideration, the Company will issue and offer newly issued ordinary shares to the public (Public Offering). CPALL, CPH and CPM will jointly sell a portion of the ordinary shares in the Company 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 the Company to be in the total proportion of not less than 15.00 percent of the paid-up capital of the Company which will result in the Company 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 2020 (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.

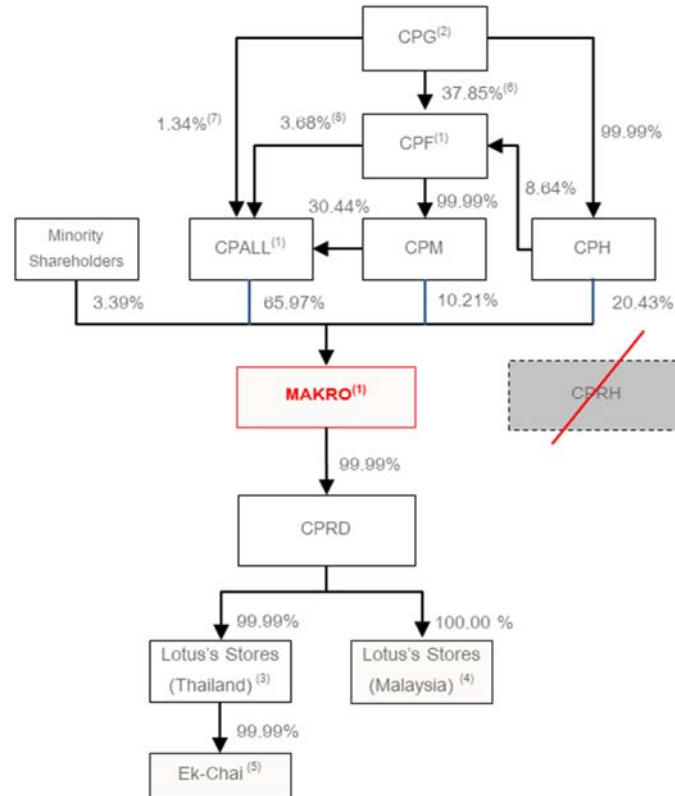
Shareholding structure before and after the EBT Transaction and the obligation of CPH an CPM to make a tender offer for all securities in the Company

The shareholding structure of the Company 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 the Company 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) CPALL's direct and indirect shareholding in the Company will decrease from approximately 93.08 percent to 65.97 percent of the total voting rights in the Company, 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 CPALL, namely CPM, the total direct and indirect shareholding of CPALL 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, CPALL is not required to make a mandatory tender offer for all securities in the Company.

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

- (2) CPH’s direct shareholding in the Company will increase from 0.00 percent to 20.43 percent of the total voting rights in the Company, 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 CPALL 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 the Company.
- (3) CPM’s direct shareholding in the Company will increase from 0.00 percent to 10.21 percent of the total voting rights in the Company, and when combined with the 65.97 percent shareholding of the person under Section 258 of the SEC Act of CPM, namely CPALL, 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 the Company.

As CPM and CPH are required to make a mandatory tender offer for all securities in the Company, both CPM and CPH will jointly make a mandatory tender offer for all securities in the Company at the price of THB 43.50 per share which is the same price as the Company’s share price under the Share Allocation Transaction as EBT Consideration and which is the highest price that CPM and CPH have acquired ordinary shares in the Company during the period of 90 days prior to the date on which CPM and CPH submit the tender offer document with the Office of the Securities and Exchange Commission (the “**SEC Office**”) pursuant to the Notification No. ThorJor. 12/2554.

CPM will purchase ordinary shares in the Company in the proportion of one-third and CPH will purchase ordinary shares in the Company in the proportion of two-thirds of the shares accepted in such mandatory tender offer for all securities in the Company. 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 the Company following the Share Allocation Transaction as EBT Consideration. Such maximum number of shares is calculated by deducting (a) the number of shares in the Company which CPM and CPH will hold following the Return of Investment to the CPRH Shareholders; and (b) the number of shares in the Company which CPALL currently holds and will acquire following the Return of Investment to the CPRH Shareholders (as CPALL will not sell shares in respect of the tender offer by CPH and CPM in this case). It is expected that such tender offer for securities will occur within 3 business days after CPM, CPH and CPALL have fully received newly issued shares in the Company from the Return of Investment to the CPRH Shareholders.

Nonetheless, CPM and CPH have never had any mutual intention or nature of relationship or behaviour that would be considered as acting-in-concert in the context of the Notification of the Capital Market Supervisory Board No. TorChor. 7/2552 Re: Acting in Concert as a Result of the Nature of a Relationship or Behaviour and Requirements under Sections 246 and 247 dated 20 February 2009 (as amended).

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

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

Transferee: The Company

Transferor: CPRH

Relationship with the Company: CPRH is a connected person of the Company because (a) CPRH's major shareholder, CPALL, who holds 797,918,298 shares in CPRH (representing 40.00 percent of the total voting rights in CPRH) is also a major shareholder of the Company; (b) CPRH's major shareholder, CPM, who holds 398,959,149 shares in CPRH (representing 20.00 percent of the total voting rights in CPRH) is an indirect major shareholder of the Company and a subsidiary of Charoen Pokphand Foods Public Company Limited ("CPF"); and (c) 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 Stock Exchange of Thailand 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

The Company will accept the transfer of the entire business of CPRH through the method of entire business transfer. CPRH is an investment business and owns securities being shares in CPRD in the proportion of 99.99 percent of the registered capital in CPRD and other assets such as cash and cash equivalents and CPRD holds 99.99 percent shares in (a) 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 100.00 percent shares in (b) Lotuss Stores (Malaysia) Sdn. Bhd. which operates a retail business under the name Lotus's in Malaysia. The entire business transfer will be carried out under the terms and conditions of the EBT Agreement, whereby the Company 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, the Company will allocate to CPRH up to 5,010,323,500 newly issued ordinary shares in the Company 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 an acceptance of a transfer of business of another company to be the Company's own business under Section 107(2)(b) of the Public Limited Companies Act B.E. 2535 (1992), as amended (the "PLCA");
- (2) considered as a Class 4 acquisition of assets 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"). However, the entering into the EBT Transaction in this case does not require the submission of a new listing application with the SET pursuant to 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, with the details as follows:

Basis of the Consideration of the Exception	Details
1. The acquired business is in a similar line of business or a mutually supporting business to the Company's business	The Company and CPRD operate similar business which is the retail/wholesale business of groceries and consumer products. CPRD engages in investment business (investment holding company) with investment in a group of companies that operate retail business with multi-store formats under the retail brand, Lotus's. The Company's acceptance of the entire business and its shareholding in CPRD will enhance and support the operation of the Company's current business which will strengthen the Company's group of companies in becoming the leader in the retail and wholesale business of groceries and consumer products as well as enable the Company to expand the coverage of the business operations to be at a regional level, including to become a Thai company with the potential to compete with operators

Basis of the Consideration of the Exception	Details
	throughout Asia, and enable the Company to create opportunities and value to other operators in the country and in all sectors, and promote the Company's group of companies to be one of the first retail and wholesale business operators in the region who are leaders in the Online to Offline or O2O business model that combine sales via both online and offline channels.
2. The Company has no policy to make a significant change to its main business	The Company has no policy to make material change to its main business.
3. The company's group of companies has suitable qualifications for listing on the SET	<p>As a result of the acquisition of assets, the company's group of companies has suitable qualifications for listing on the SET. Examples of important details:</p> <ul style="list-style-type: none"> (a) The directors, management and person who has controlling power possess the qualifications in accordance with the prescribed rules. (b) One-third of the directors are independent directors and there are at least 3 independent directors and audit committee members. (c) The auditor has been approved by the SEC Office. (d) There is an internal control system which is in accordance with the prescribed rules. (e) There is no conflict of interests. <p>The company's group of companies engage in the retail and wholesale business of groceries and consumer products but with different forms of business operations and are not in direct competition with major shareholders of the Company. That is, the Company and CPRD engage in the retail and wholesale business of groceries and consumer products with multi-store formats (including (a) cash and carry trade centres; (b) hypermarkets; (c) supermarkets; and (d) mini-supermarkets) and the business of leasing space in shopping malls. Whereas the main business of CPALL (which is a major shareholder of the Company) is the</p>

Basis of the Consideration of the Exception	Details
	<p>operator of the convenience store retail business.</p> <p>(f) The Company has a plan to increase the shares distribution of minority shareholders (Free Float) to be in accordance with the SET Regulation Re: Listing of Shares as Listed Securities by which the Company will offer newly issued shares to the public following the completion of the EBT Transaction.</p> <p>(g) There is a provident fund.</p>
<p>4. There will be no material change in the composition of the Board of Directors and the controlling power in the Company or controlling shareholders of the Company</p>	<p>(a) There will be no material change (i.e. change in not more than one-half of the composition) in the composition of the Board of Directors and the management of the Company as a result of the entering into the EBT Transaction and the Share Allocation Transaction as EBT Consideration. In the event of change in the Board of Directors and the management of the Company, the Company will comply with the relevant regulations and will further notify the details of such change to the shareholders of the Company.</p> <p>(b) Following the EBT Transaction, the Share Allocation Transaction as EBT Consideration and the allocation of newly issued ordinary shares for offering to the public (Public Offering), CPALL will remain as the major shareholder with controlling power in the Company. and CPALL's shareholding proportion will be decreased to not less than 51.63 percent of the total issued and outstanding ordinary shares in the Company after the completion of the allocation of newly issued ordinary shares for offering to the public (Public Offering).</p>

- (3) 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, CPALL, who holds 797,918,298 shares in CPRH (representing 40.00 percent of the total voting rights in CPRH) is also a major shareholder of the Company; (b) CPRH's major shareholder, CPM, who holds 398,959,149 shares in CPRH (representing 20.00 percent of the total voting rights in CPRH) is an indirect major shareholder of the Company and a subsidiary of CPF; and (c) 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 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

	The Company	CPRH	CPRD
Financial Information	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) ⁽¹⁾	17,565	199,479	
Total assets	70,131		
Net profit (loss)	6,723 ⁽²⁾		1,778

Note: (1) Net Tangible Assets are calculated as the total assets less goodwill, other 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 stated otherwise)

Basis of Calculation	Calculation Basis	Acceptance of the Entire Business Transfer of CPRH (THB million)	Total Transaction Size (percent)
1. Value of Net Tangible Assets (NTA) basis	$\frac{(\text{NTA of company to be purchased} \times \text{Proportion to be acquired}) \times 100}{\text{Net operating profit of listed company}}$	$\frac{(199,479 \times 100\%) \times 100}{17,565}$	1,135.65
2. Net Operating Profits basis	$\frac{(\text{Net operating profits of the company to be purchased} \times \text{Proportion purchased}) \times 100}{\text{Net operating profit of listed company}}$	$\frac{(1,778 \times 100\%) \times 100}{6,723}$	26.45

Basis of Calculation	Calculation Basis	Acceptance of the Entire Business Transfer of CPRH (THB million)	Total Transaction Size (percent)
3. Total Value of Consideration basis	$\frac{\text{Value of transaction to be purchased} \times 100}{\text{Total assets of listed company}}$	$\frac{(217,949 \times 100\%) \times 100}{70,131}$	310.77
4. Value of Securities Issued for the Payment of Assets basis	$\frac{\text{Number of share capital the Company issues as payment of assets} \times 100}{\text{Number of paid-up shares of the company}}$	$\frac{(5,010 \times 100\%) \times 100}{4,800}$	104.38

Based on the calculation basis above, the highest value from the calculation of the transaction size is equal to 1,135.65 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 1,135.65 percent, which is equal to 100 percent or higher and, therefore, is considered as entering into a Class 4 transaction. Therefore, such transaction is considered as entering into a Class 4 transaction or a backdoor listing under the Notifications on Acquisition or Disposal of Assets. However, the entering into the EBT Transaction in this case does not require the submission of a new listing application as it meets all the 4 criteria under Clause 24 of the Notifications on Acquisition or Disposal of Assets as described above.

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.

Moreover, the transaction is considered as an acceptance of a transfer of business of another company to be the Company's own business under Section 107(2)(b) of the PLCA. As such, the Company is required to obtain an approval for the entering into the EBT 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.

Given that the Company is a subsidiary of CPALL, the entering into the above acquisition and disposition of assets transactions and connected transactions must also receive an approval from the meeting of shareholders of CPALL. Such approval is one of the conditions precedent to entering into the transactions. In addition, as (a) the EBT Transaction; (b) the increase of the registered capital of the Company; and (c) the amendment to the Memorandum of Association of the Company to reflect the increase of the registered capital of the Company; and (d) the Share Allocation Transaction as EBT Consideration are transactions which are connected and are conditions to each of the other transactions,

therefore, all the 4 transactions must be approved by the meeting of shareholders of the Company for the transactions to take place.

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, CPALL, who holds 797,918,298 shares in CPRH (representing 40.00 percent of the total voting rights in CPRH) is also a major shareholder of the Company; (b) CPRH's major shareholder, CPM, who holds 398,959,149 shares in CPRH (representing 20.00 percent of the total voting rights in CPRH) is an indirect major shareholder of the Company and a subsidiary of CPF; and (c) 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 1,240.81 percent of the value of the net tangible assets (NTA) of the Company. In this regard, the Company and/or its subsidiaries have had no connected transactions with CPRH or connected persons of CPRH during the past six months. 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, the Company 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 registered capital in CPRD.
 - (1.2) Other assets existing as at the EBT Date.
- (2) Liabilities

All liabilities existing as at the EBT Date.

As CPRH will enter into the EBT Transaction, CPRD has proceeded to negotiate with a new group of financial institution lenders to request for the refinancing of CPRD's existing loan to repay the existing group of financial institution lenders. In this regard, in order to successfully complete such refinancing, the new group of financial institution lenders has requested the Company to execute documents or agreements to provide security in respect of a portion of the loan of CPRD (which may be in the form of a guarantee, a shares pledge agreement or other security documents as will be agreed with the new group of financial institution lenders) within or after the date of the meeting of shareholders of the Company on which the shareholders resolve to approve the EBT Transaction (i.e. 12 October 2021) before the new group of financial institution lenders will be able to initiate its internal process for the utilisation of the loan. The documents or agreements providing for the security, which are to be executed, will not become legally effective and will not create rights, obligations or liabilities on the part of the Company (in the capacity as the security provider) until the EBT Transaction is completed and CPRD becomes a subsidiary of the Company. Conversely, if the EBT Transaction cannot be completed for any reason and, thereby, CPRD does not become a subsidiary of the Company, the documents or agreements providing for the security in respect of a portion of the loan of CPRD which the Company has earlier executed will not be legally effective and the relevant financial institutions will not have any claims against the Company in any respect.

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	CPALL	797,918,298	40.00 percent
2	CPH	797,918,298	40.00 percent

No.	Shareholders	Shares	Voting Rights
3	CPM	398,959,149	20.00 percent
	Total	1,994,795,745	100.00 percent

- (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) CPALL

CPALL is a major shareholder of the Company. CPALL holds 797,918,298 shares in CPRH, representing 40.00 percent of the total voting rights in CPRH.

(5.2) CPH

CPH is a juristic person whose major shareholder is CPG, which is an indirect major shareholder of the Company. CPH holds 797,918,298 shares in CPRH, representing 40.00 percent of the total voting rights in CPRH.

(5.3) CPM

CPM is a major indirect 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.

- (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
Statement of Comprehensive Income	
Total revenue	0.11
Total expenses	0.68
Net profit	(0.58)
Statement of Financial Position	

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

(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

No.	Shareholders	Shares	Voting Rights
	Total	1,994,745,745	100.00 percent

(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 Chunchawuttiyanon	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
Statement of Comprehensive Income⁽¹⁾	
Total revenue ⁽²⁾	9,570.17
Total expenses ⁽³⁾	(9,083.80)
Gross profit	1,346.86
Net profit	(157.97)
Statement of Financial Position	
Total assets	400,957.81
Total liabilities	201,657.59

Unit: THB million	The period from 6 March 2020 (the date of incorporation) to 31 December 2020
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 incomes.
- (3) The total expenses consist of the cost of sales, cost of cost and cost of rendering of services, distribution cost and administrative expenses.

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

Unit: THB million	The year ended 31 December 2019	The year ended 31 December 2020
Consolidated Statements of Profit and Loss		
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)
Gross Profit	48,441	42,452
Gain (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)
Profit (Loss) from Operating Activities	17,381	9,761
Finance costs	(6,736)	(6,772)
Share of profit from investment in joint ventures and an associate	815	782
Profit (Loss) before Income Tax Expense	11,460	3,771
Income tax expense	(3,127)	(1,993)

Unit: THB million	The year ended 31 December 2019	The year ended 31 December 2020
Profit for the year	8,333	1,778
Consolidated Statements of Financial Position		
Assets		
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
Total Assets	408,374	406,640
Liabilities		
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
Total Liabilities	205,040	209,051
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
Total Shareholders' Equity Attributable to Owners of the Parent	203,327	197,582
Non-controlling interests	7	7

Unit: THB million	The year ended 31 December 2019	The year ended 31 December 2020
Total Shareholders' Equity	203,334	197,589
Total Liabilities and Shareholders' Equity	408,374	406,640

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 the 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 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
	Total	1,230,100	100.00 percent

(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 ("Ek-Chai")
Type of business	Retail trading of 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
	Total	513,750,005	100.00 percent

(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 Chunchawuttiyanon	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. (" Lotus MY ")
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

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 the Company

The key unaudited pro forma consolidated financial information of the Company for the year ended 31 December 2020 assured by the auditor can be summarised below.

Unit: THB million	The year ended 31 December 2020
Consolidated Statement of Profit and Loss	

Unit: THB million	The year ended 31 December 2020
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
Total Revenue	429,788
Cost of sale of goods	352,679
Cost of rental and rendering of services	5,526
Distribution costs	41,474
Administrative expenses	11,624
Total Expenses	411,303
Profit (Loss) from operating Activities	18,485
Finance costs	(7,391)
Share of profit from investment in joint ventures and an associate	782
Profit (Loss) before Income Tax Expenses	11,876
Income tax expenses	3,806
Profit for the year	8,070
Consolidated Statement of Financial Position	
Assets	
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
Total Assets	493,647
Liabilities	
Short-term borrowings from financial institutions	120,046
Trade payables	55,190
Lease liabilities (including the liabilities due within one year)	39,047
Other liabilities	38,697
Total Liabilities	252,980
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)

Unit: THB million	The year ended 31 December 2020
Equity Attributable to Equity Holders of the Company	240,189
Non-controlling interests	478
Total Equity	240,667
Total Liabilities and Equity	493,647

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

- (1) The audited consolidated financial statements of the Company 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.
- (1) The financial information of the Lotus TH and Lotus MY in the previous years was obtained from the unaudited pro forma consolidated financial information of CPRD and its subsidiaries for the year ended 31 December 2020 which have not been disclosed to the public.

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, the Company 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 the Company and the value is based on the negotiations between the parties on the basis of valuation in accordance with the discounted cash flow which has been considered from the operating performance and other relevant factors and market comparable (with companies operating similar businesses) approaches.

Please consider the details of the issuance and allocation of newly issued ordinary shares of the Company as consideration for the entire business transfer in the Information Memorandum on the Offering of Newly Issued Shares of Siam Makro Public Company Limited to C.P. Retail Holding Company Limited as Consideration for the Entire Business Transfer (**Enclosure 2**) and the Capital Increase Report Form (F 53-4) (**Enclosure 4**).

After the Company has sold the newly issued ordinary shares to CPRH under the private placement and after the CPRH Shareholders have received the transferred of shares in the Company as part of the liquidation process of CPRH, the CPRH Shareholders, namely, CPALL, CPH and CPM will hold, directly and indirectly, 65.97 percent, 20.43 percent and 10.21 percent of the total issued and paid-up shares in the Company, 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. Strategic Rationale and Expected Benefits of the Company

8.1 Strategic Rationale

Core principle and objective – Creating a leading fresh grocery online-to-offline (O2O) platform in South and Southeast Asia

We believe that the acquisition of CPRH will be a transformative and complementary restructuring that prioritises the interests of our customers by providing them with an enhanced, convenient and digitally-enabled shopping experience.

The transaction is centred on the following key principles:

- (1) **Becoming a fresh food focused grocer and wholesaler:** Bringing fresh food to our customers through convenient channels and at compelling value
- (2) **Delivering seamless experience to Business-to-Business (“B2B”) customers and Business-to-Customer (“B2C”) consumers:** Through our network of cash & carry, hypermarkets, supermarkets, mini-supermarkets and shopping malls;
- (3) **Elevating our platform from Thai leaders to regional champion:** Bringing our strengths of respective businesses to Asia’s fast-growing markets.
- (4) **Providing superior O2O experience for fresh grocery:** Leveraging Group’s ecosystem to offer an integrated experience, touching consumers and businesses in every need across their daily lives
- (5) **Becoming a trusted partner for local small businesses owners:** Leveraging our business scale to unlock efficiencies in the supply chain and productivity through digitization for our small business owner partners, also providing them with a larger platform to grow.
- (6) **Strengthening our sustainability commitment:** Commit to environmental and social goals - reduce food waste, carbon footprint and invest in more sustainable technologies.

We believe the transaction presents multiple clear and distinct strategic benefits to our business and stakeholders, with long-term value creation potential.

Creating a fresh grocery platform with complementary formats

We will become a leading O2O platform¹ across B2B and B2C in a fast growing and sizeable region for grocery retailing and wholesale distribution.

The Company is already a leading B2B wholesaler in South and Southeast Asia with presence in Thailand, Cambodia, India, Myanmar and China. CPRD is among the leading B2C retailers in Thailand and Malaysia. The two businesses will create a regional platform of scale, bringing together complementary formats across B2B and B2C. Both platforms also operate a number of store brands that offers clear and differentiated value propositions to customers, further strengthening the breadth of capabilities and reach of our group’s businesses. Both the Company and CPRD also bring strong capabilities in fresh food and private labels, which we expect to be important growth drivers in the future.

¹ In South and Southeast Asia based on Euromonitor, in terms of 2020 sales

Our businesses will increase the ability to serve customers across the region through various touch points, delivering high quality and safe products at great value.

Presence in markets with strong potential for modern grocery and consumer goods wholesale and retail growth

We operate in one of the largest, fast growing and most attractive regions globally for grocery retail and wholesale businesses in terms of spending potential, with considerable upside in terms of both GDP per capita and penetration of modern trade in grocery². We believe that upon the successful completion of this transaction, our scale and breadth of wholesale and retail formats should provide us with the capability to truly leverage our strong base in Thailand and Malaysia to pursue regional expansion strategies.

We believe that our strengths in multiple product segments as well as diverse store formats and our management's experience and expertise provide us with a strong capability to grow our business across the region. Our varied store formats and banners should allow us to rollout focused strategies and expansion plans, deploying appropriate formats based on market trends and dynamics.

Overall, markets across Asia provide us with a long-term headroom to grow across the region.

Driving digitalization and O2O development

We believe digitalization is a key driver in grocery retailing and wholesale distribution going forward, with COVID-19 accelerating the trends that were already prevalent across various markets across the region. We believe that creating a scaled and versatile platform is an important part of delivering a convenience-centric O2O experience to customers, and we plan to explore multiples strategic initiatives. These include:

- Investing in B2B marketplace platform, providing one-stop shopping and supply solutions and value-added services for HoReCa and SME customers;
- Developing B2C marketplace platform to provide consumers with services such as convenient one-click shopping and fresh food rapid delivery; and
- Building Business-to-Business-to-Customer ("**B2B2C**") ecosystem where we work with our small business operator partners to modernize and digitize their sales channels in addition to providing them with wider product choices, empowering them further.

Additionally, we will also monetize our technology and data by providing "tech-as-a-service" to other retailers and monetize our significant data resource, in addition to providing "adtech" solutions to brands.

Sizeable real estate portfolio with potential to unlock value

CPRD is a sizeable owner and operator of malls business across Thailand and Malaysia with a sizeable portfolio of externally lettable area in complexes that house our hypermarkets. CPRD's malls are strategically located in terms of consumer catchment areas and access to public transportation networks. In addition to providing a relatively stable stream of income through a diversified and balanced mix of tenants, the mall portfolio will also form an important element in providing our consumers with an experience-led shopping

² Based on Euromonitor statistics on modern grocery spending penetration and nominal GDP per capita

environment. Our malls portfolio not only presents an attractive area to realize future value through various transformation initiatives (such as developing mix retail concepts, cloud kitchens and food courts), but also provides a potential to unlock considerable property value in the future. Additionally, the Com's properties are located in relatively prime locations and provide potential to unlock value by leveraging on CPRD's expertise in property management.

Leveraging the full capabilities of the CPG Group

We are part of the CPG Group, which has sizeable operations across a number of businesses in multiple countries both in the region and globally, including agriculture, food manufacturing, telecommunications, e-commerce and digital, logistics and supply chain and real estate. We believe that we can symbiotically collaborate with the CPG Group companies to unlock long-term value, by driving customer demand and lowering overall costs.

Key areas through which we believe we can drive customer demand include:

- Leveraging CPALL's leading retail network of over 10,000 points of sale to boost our O2O strategy;
- Leveraging CPF's integrated food value chain to drive growth in the fresh food category; and
- Using data analytics and AI capabilities from the CPG Group's telecommunications and digital businesses and digital wallet to drive growth through targeted use of big-data and digital payments and to utilise valuable insights to optimize our customer experiences.

Key areas through which we should be able to further optimize our costs include:

- Using the CPG Group's logistics capabilities to enable last mile delivery, which we believe is a key element for success in our O2O aspiration;
- Utilising the CPG Group's retail IT and infrastructure to facilitate overall cost savings; and
- Lowering customer acquisition costs, such as cross-selling to the CPG Group's customer base.

Potential to realize cost savings through optimization and streamlining initiatives

We also believe that we can realize cost savings and drive efficiencies across a number of areas. These include:

- Leverage our group's strengths in value chain efficiency and sourcing excellence
- SME supplier development - improve efficiency in smaller scale suppliers to enable "win-win" proposition
- Enhancing efficiency and savings of back-office supports including responsive IT systems and other functions
- Drive logistics efficiency in mid, last mile delivery
- Achieve efficiency towards global retailer levels

We see near term cost saving opportunities, of which approximately THB 2.7 billion should be realizable by 2023. We will also continue to explore other value creation opportunities on an ongoing basis

Delivering value to all our stakeholders, including the environment and society

We believe the transaction would be beneficial for all our stakeholders, creating value for consumers, small business operators, our employees and shareholders.

For our consumers, we plan to bring a broad range of quality products at compelling value, particularly in the fresh food category, and to offer a superior O2O and personalized shopping experience.

For our SME partners both on the supply and customer side, we plan to empower them through digitalisation and modernisation, connecting them with our broader ecosystem. We plan to become long-term partners for Thai SMEs and local producers and suppliers and to drive their growth by providing them with a conduit to market their products to a wide end-market across Asia. We believe this will further assist in creating and protecting local jobs.

We will leverage the expertise and experience of all our employees, providing them with exciting opportunities to grow with us.

We will continue to drive meaningful environmental and social impact, in addition to operating under strong corporate governance principles.

The key areas of focus on the environment include:

- Reducing GHG emissions
- Reducing food wastage; and

We will also strive to create social impact by:

- Bringing high quality and safe food options to consumers at affordable prices; and
- Engaging in ethical sourcing of products.

We will continue to operate under strict corporate governance practices. Our aim is to create a platform that provides employment opportunities locally while delivering value to our suppliers.

Lastly, the transaction is expected to create a Thai platform that will be better able to capitalize on the sizeable growth potential across Asia, driving long-term value for all our stakeholders, including shareholders.

8.2 Expected Benefits of the Company

This transaction reinforces the business of the Company and CPRD and supports the Company'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. It will also enhance the food industry to become more modernised in response to rapid changes in consumer behaviour (particularly consumers' spending behaviour which has changed as a result of the impacts of 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. Important details are as follows:

- (a) The transaction will strengthen the Company in becoming the leader in the retail and wholesale business of groceries and consumer products, expand the coverage of

the Company's business operations to be at a regional level and enable the Company to become a Thai company with the potential and the ability to compete with operators throughout Asia while create opportunities and value to all stakeholders in all sectors in Thailand following the transaction.

- (b) The transaction will promote the Company to be one of the first retail and wholesale business operators in the region who are leaders in the Online to Offline or O2O business model that combine sales via both online and offline channels through the development of an e-commerce platform which will strengthen the Company's competitive advantage against international e-commerce companies or technology companies that compete in Thailand and will allow the Company to benefit from the nationwide store network.
- (c) The transaction will generate more income and growth opportunity for the Company as the Lotus's Group is one of the leading retailers of groceries and consumer products with multi-store formats comprising hypermarkets, supermarkets and mini-supermarkets which will provide greater convenience and easier access to customers. It will also provide opportunity to enhance operational efficiency and benefit from cost savings through optimization and streamlining initiatives, including the management of supply chains.
- (d) The transaction will increase the Company's business coverage. The Company will be able to expand its scope of business, products and services segments and customer base to increase its focus on retail customers. The Lotus's Group has diverse distribution channels which cover all regions across Thailand and Malaysia. This will also provide an opportunity for the Company to receive rental income from lease of space in shopping malls both in Thailand and Malaysia which is operated by the Lotus's Group and realize future value through various transformation initiatives, and provides a potential to unlock considerable property value in the future.
- (e) The transaction will result in the development and enhancement of the food industry standards and modernisation of the food supply chain, and integrate across all sectors from manufacturers, business sectors to consumers as well as provide easier access to consumer products, while also focus on food safety, hygiene and quality from production to distribution which will promote better life quality of the people in the community on a sustainable basis.
- (f) The transaction will provide support to small manufacturers and small and medium-sized businesses (SMEs) in the country such as in selling and exporting their products to the overseas markets, create jobs and work opportunities as well as provide other supports to domestic operators to grow their businesses on a sustainable basis in order to be a key driving force of the Thai economy.
- (g) The Company will play an important part in drawing the attention of local and foreign investors to Thailand, particularly in modern and technology-driven businesses, as well as raising the attractiveness of the Thai capital market that has listed companies which are leading business operators in the region.

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, contracts and other documents in relation to such transactions. Material conditions precedent are summarised below:

- (h) The meetings of shareholders of the Company 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 related regulations.
- (i) The meeting of shareholders of CPALL 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.
- (j) 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.
- (k) The meeting of the board of directors and meeting of shareholders of CPRH have resolved to approve the transfer of the entire business to the Company, 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 the Company.
- (l) As at the EBT Date, no events or actions have occurred which may result in material adverse effects on the businesses of CPRH, CPRD, companies within the Lotus's Group and the subsidiaries in which CPRH, directly and indirectly, holds more than 50.00 percent shares and the business of the Company and no events have occurred which obstruct the entering into the EBT Transaction and the Share Allocation Transaction as EBT Consideration.
- (m) 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).
- (n) The Company, companies within the Company'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 the Company, companies within the Company'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.
- (o) In order to enable CPRH to transfer shares in CPRD (which are a part of the assets of CPRH) to the Company pursuant to the EBT Agreement, the Company will execute a guarantee in the form to be agreed between creditors of CPRD and CPRH. Such guarantee will come into effect when the Company 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, CPALL, who holds 797,918,298 shares in CPRH (representing 40.00 percent of the total voting rights in CPRH) is also a major shareholder of the Company; (b) CPRH's major shareholder, CPM, who holds 398,959,149 shares in CPRH (representing 20.00 percent of the total voting rights in CPRH) is an indirect major shareholder of the Company and a subsidiary of CPF; and (c) 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 of a listed company 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 1,240.81 percent of the value of the net tangible assets (NTA) of the Company. In this regard, the Company and/or its subsidiaries have had no connected transactions with CPRH or connected persons of CPRH during the past six months. 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 (NTA) of the Company.

11. Source of Funds and Method of Payment of Consideration

The Company 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. 7/2021 held on 31 August 2021, excluding directors who are interested persons and did not attend the meeting and did not have the right to vote in this agenda, is of the view that the entering into the EBT Transaction is for the best interest of the Company as, following the EBT Transaction, the Company will be stronger in becoming the leader in the retail and wholesale business of groceries and consumer products at a regional level and will be able to combine strength from the synergy for efficient operation. This will strengthen the competitive advantage against international business operators, as well as create the potential to respond to rapid changes in consumer behaviour (particularly consumers' spending behaviour which has changed as a result of the impacts of the Covid-19 pandemic) at both national and regional levels, while creating opportunities and value to all stakeholders in all sectors in Thailand. It is expected that the entering into the transaction will offer long-term benefits to the Company and the shareholders in several aspects as well as enhance the Company's business advantage and the prospect for business growth in the future. 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. Hence, 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 resolved to propose to the Extraordinary General Meeting of Shareholders for consideration and approval of the EBT Transaction.

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.

**Information Memorandum on the Offering of Newly Issued Shares of
Siam Makro Public Company Limited to C.P. Retail Holding Company Limited
as Consideration for the Entire Business Transfer**

1. Details of the Offering of Newly Issued Shares to a Specific Person, Method of Determination of the Offering Price and the Market Price

1.1 Details of the Offering of Newly Issued Shares to a Specific Person

The meeting of the Board of Directors No. 7/2021 of Siam Makro Public Company Limited (the “**Company**”), which was held on 31 August 2021, resolved to propose to the Extraordinary General Meeting of Shareholders for consideration and approval of the issuance and allocation of up to 5,010,323,500 newly issued shares of the Company 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 C.P. Retail Holding Company Limited (“**CPRH**”) as consideration for the entire business transfer from CPRH as payment in kind, instead of in cash (the “**EBT Transaction**”). The details of the EBT Transaction, which is an acquisition of assets transaction and a connected transaction of a listed company, 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 (**Enclosure 1**).

1.2 Name and Information of the Specific Person to be Offered and Allocated Newly Issued Ordinary Shares

Name	Number of Shares to be Allocated (Shares)	Offering Price (THB per share)	Total Value (THB)
CPRH	5,010,323,500	43.50	217,949,072,250

Following the registration of dissolution and as part of the liquidation process of CPRH, all remaining assets of CPRH, including shares in the Company, will be delivered to the CPRH Shareholders in proportion to their respective shareholding.

2. Objective of the Issuance of Newly Issued Ordinary Shares, the Proceeds Utilisation Plan and Details of the Project

The issuance of newly issued shares in this case is for the payment of consideration for the entire business transfer from CPRH as payment in kind, instead of in cash, in which the Company will primarily acquire approximately 99.99 percent of shares in C.P. Retail Development Company Limited (“**CPRD**”). Consideration has been given to the appropriateness of the capital structure of the Company and the actions required to be taken in compliance with the conditions under the Revenue Code in relation to the entire business transfer. Such transaction is considered as a connected transaction 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) as (a) CPRH’s major shareholder, CP All Public Company Limited (“**CPALL**”), is a major shareholder of the Company; (b) CPRH’s major shareholder, C.P. Merchandising Company Limited (“**CPM**”), is an indirect major shareholder of the Company and a subsidiary

of Charoen Pokphand Foods Public Company Limited; and (c) CPRH's indirect major shareholder, Charoen Pokphand Group Company Limited ("CPG"), who indirectly holds shares in CPRH through Charoen Pokphand Holding Company Limited ("CPH") is an indirect major shareholder of the Company.

Please see the details of the EBT Transaction, which is an acquisition of assets transaction and a connected transaction of a listed company, 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 (**Enclosure 1**).

3. Effects on Shareholders from the Issuance and Offering of Newly Issued Shares to a Specific Person

3.1 Price Dilution

There is no impact on the price of the shares in the Company (Price Dilution).

3.2 Control Dilution

After the issuance and offering of newly issued shares to the specific person, the impact on the reduction in the shareholding proportion (Control Dilution) will be as follows:

In case there is only an allocation of shares as consideration for the entire business transfer for the total number of 5,010,323,500 shares.

$$\begin{aligned}
 &= \frac{\text{Number of shares to be issued}}{\text{Number of paid-up shares} + \text{Number of shares to be issued}} \\
 &= \frac{5,010 \text{ (million shares)}}{4,800 + 5,010 \text{ (million shares)}} \\
 &= 51.07 \text{ percent}
 \end{aligned}$$

3.3 Earnings per Share Dilution

After the issuance and offering of newly issued shares to the specific person, the impact on the reduction in the earnings per share (EPS Dilution) will be as follows:

In case there is only an allocation of shares as consideration for the entire business transfer for the total number of 5,010,323,500 shares.

$$\begin{aligned}
 \text{EPS0} &= \frac{6,563 \text{ (THB million)}}{4,800 \text{ (million shares)}} \\
 \text{EPS1} &= \frac{8,109 \text{ (THB million)}}{4,800 + 5,010 \text{ (million shares)}} \\
 \text{EPS Dilution} &= \frac{(\text{EPS0} - \text{EPS1})}{\text{EPS0}} \\
 &= 39.54 \text{ percent}
 \end{aligned}$$

The net profit used in the calculation of EPS0 is the net profit attributable to owners of the parent of the past 12 months of the Company for the year ended 31 December 2020 (before the acceptance of the entire business transfer from CPRH) and the net profit used in the calculation of EPS1 is the net profit attributable to owners of the parent of the past 12 months

based on the pro forma consolidated financial information of the Company for the year ended 31 December 2020, the confidence in which has been assured by the auditor.

4. Opinion of the Board of Directors

4.1 Rationale and Necessity of the Capital Increase and the Offering of Newly Issued Shares to a Specific Person

The objective of the capital increase by issuing and allocating shares to CPRH is to make the payment of consideration for the entire business transfer as payment in kind, instead of in cash, pursuant to which the Company will primarily acquire approximately 99.99 percent of shares in CPRD which (a) holds 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**"). If the Company selects another method to raise funds instead of the capital increase such as through borrowings, the Company may be exposed to higher debt obligations as well as obligations under the loans. Furthermore, Lotus's Group businesses will complement and support the Company's existing business operations in various aspects. The EBT Transaction reinforces the business of the Company and CPRD and supports the Company'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. It will also enhance the food industry to become more modernised in response to rapid changes in consumer behaviour (particularly consumers' spending behaviour which has changed as a result of the impacts of 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. Important details are as follows:

- (a) The transaction will strengthen the Company in becoming the leader in the retail and wholesale business of groceries and consumer products, expand the coverage of the Company's business operations to be at a regional level and enable the Company to become a Thai company with the potential and the ability to compete with operators throughout Asia while create opportunities and value to all stakeholders in all sectors in Thailand following the transaction.
- (b) The transaction will promote the Company to be one of the first retail and wholesale business operators in the region who are leaders in the Online to Offline or O2O business model that combine sales via both online and offline channels through the development of an e-commerce platform which will strengthen the Company's competitive advantage against international e-commerce companies or technology companies that compete in Thailand and will allow the Company to benefit from the nationwide store network.
- (c) The transaction will generate more income and growth opportunity for the Company as the Lotus's Group is one of the leading retailers of groceries and consumer products with multi-store formats comprising hypermarkets, supermarkets and mini-supermarkets which will provide greater convenience and easier access to customers. They will also provide opportunity to enhance operational efficiency and benefit from cost savings through optimization and streamlining initiatives, including the management of supply chains.

- (d) The transaction will result in the increase of the Company's business coverage. The Company will be able to expand its scope of business, products and services segments and customer base to increase its focus on retail customers. The Lotus's Group has diverse distribution channels which cover all regions across Thailand and Malaysia. This will also provide an opportunity for the Company to receive rental income from lease of space in shopping malls both in Thailand and Malaysia which is operated by the Lotus's Group and realize future value through various transformation initiatives, and provides a potential to unlock considerable property value in the future.
- (e) The transaction will result in the development and enhancement of the food industry standards and modernisation of the food supply chain, and the integration across all sectors from manufacturers, business sectors to consumers as well as provide easier access to consumer products, while also focus on food safety, hygiene and quality from production to distribution which will promote better life quality of the people in the community on a sustainable basis.
- (f) The transaction will provide support to small manufacturers and small and medium-sized businesses (SMEs) in the country such as in selling and exporting their products to the overseas markets, create jobs and work opportunities as well as provide other supports to domestic operators to grow their businesses on a sustainable basis in order to be a key driving force of the Thai economy.
- (g) The Company will play an important part in drawing the attention of local and foreign investors to Thailand, particularly in modern and technology-driven businesses, as well as raising the attractiveness of the Thai capital market that has listed companies which are leading business operators in the region.

4.2 Possibility of the Proceeds Utilisation Plan from the Offering

The Company will issue new ordinary shares to CPRH as consideration for the entire business transfer under the EBT Transaction.

4.3 Reasonableness of the Capital Increase, Adequacy of the Source of Funds and the Appropriateness of the Offering Price of the Newly Issued Shares in the Private Placement and the Determination of such Offering Price

The Board of Directors is of the view that the capital increase and the proceeds utilisation plan as described above are reasonable and possible as they will strengthen the Company in becoming the leader in the retail and wholesale business of groceries and consumer products and to expand the coverage of the Company's business operations at a regional level. It will also enhance the food industry to become more modernised in response to rapid changes in consumer behaviour (particularly consumers' spending behaviour which has changed as a result of the impacts of the Covid-19 pandemic) at both national and regional levels, while creating opportunities and value to other operators in the country and in all sectors through the internal restructuring and business restructuring for the purpose of achieving such objectives. It is expected that the entering into the transaction will offer long-term benefits to the Company and the shareholders in several aspects as well as enhance the Company's business advantage and the prospect for business growth in the future.

Regarding the appropriateness of the offering price of the newly issued shares, the Company will issue and offer the shares at the offering price of THB 43.50 per share on the basis of the fair value of CPRH and the value of the Company which is equal to approximately 110.08 percent of the weighted average price of the Company's ordinary shares traded on the SET for the past 15 consecutive business days prior to the date on which the Board of Directors resolved to propose to the meeting of shareholders to consider and approve the issuance and allocation of the newly issued shares for the capital increase, the period of which is from 9 to 30 August 2021 and the price of which is THB 39.52.

5. Responsibility of the Board of Directors

If any director of the Company does not perform duties in good faith and with care to preserve the interests of the Company with respect to the capital increase, and such omission causes damage to the Company, the shareholders may file a lawsuit to claim for damages against such director on behalf of the Company in accordance with Section 85 of the Public Limited Companies Act B.E. 2535 (1992), as amended. Moreover, in case that such omission causes such director or his/her related persons to obtain undue benefits, the shareholders are entitled to bring an action to claim against such director for the return of such benefits on behalf of the Company in accordance with Section 89/18 of the Securities and Exchange Act B.E. 2535 (1992), as amended. In addition, the meeting of the Board of Directors hereby certifies that the Board of Directors has exercised care in considering and verifying the information of CPRH and/or the information of the three shareholders of CRPH (namely, CPALL, CPM and CPH), and is of the opinion that CPRH and/or the shareholders of CRPH have the potentials and abilities to genuinely invest in the Company.

Based on the rationale and facts described above, the Board of Directors, by the disinterested directors, resolved to approve the proposed capital increase of the Company.

The Company hereby certifies that the information contained in this information memorandum is correct and complete in all respects.

6. Opinion of the Audit Committee and/or the Directors of the Company which is different from the Board of Directors' Opinion

-None-

**Information Memorandum on the Offering of Newly Issued Shares of
Siam Makro Public Company Limited to the Public (Public Offering)**

1. Details of the Offering of Newly Issued Ordinary Shares

1.1 Method of Allocation and Offering

The meeting of the Board of Directors No. 7/2021 of Siam Makro Public Company Limited (the “**Company**”), which was held on 31 August 2021, resolved to propose to the Extraordinary General Meeting of Shareholders for consideration and approval of the increase of the registered capital of the Company in the amount of THB 3,186,161,750 from the current registered capital of THB 2,400,000,000 to be the registered capital of THB 5,586,161,750 by issuing up to 6,372,323,500 new ordinary shares with a par value of THB 0.50 each, consisting of (1) up to 5,010,323,500 shares with a par value of THB 0.50 each as an offering to C.P. Retail Holding Company Limited (“**CPRH**”) which is an offering to a specific person (Private Placement) as consideration for the entire business transfer from CPRH as payment in kind, instead of in cash (the “**EBT Transaction**”); and (2) up to 1,362,000,000 shares with a par value of THB 0.50 each as an offering to the public (Public Offering). The Company may consider to allocate certain portions of the newly issued ordinary shares for offering to (a) existing shareholders of the Company (other than CPALL and subsidiaries of CPALL); (b) existing shareholders of CPALL (other than the CPG group as specified in Form 56-1 for the year 2020 of CPALL); 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 the Company has received the approval from the SEC Office to offer the newly issued ordinary shares to the public (Public Offering) and will be further notified by the Company to the shareholders.

In addition, the Company may consider the allocation of over-allotment shares to subscribers to be carried out by the underwriter who acts as the over-allotment agent. Such over-allotment shares will be shares which the over-allotment agent will borrow from CPALL (the “**Over-Allotment Shares**”). The over-allotment process, which is a part of the issuance and offering of newly issued ordinary shares to the public (Public Offering) in this case, is considered appropriate by the Board of Directors under the requirements specified in the Notification of the Capital Market Supervisory Board No. TorThor. 72/2552 Re: Allotment of Shares in Excess of Underwriting Amount dated 3 August 2009 (as amended). The Over-Allotment Shares that will be allocated will not be more than 15.00 percent of the total shares to be offered to the public in this case. In this regard, CPALL will grant the right to the over-allotment agent to purchase ordinary shares in the Company from CPALL for the purpose of returning shares which are borrowed from CPALL, whether in whole or in part.

In this regard, the Company will issue and offer newly issued ordinary shares to the public (Public Offering) after the completion of the EBT Transaction. The details of the EBT Transaction, which is an acquisition of assets transaction and a connected transaction of a listed company, 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 (**Enclosure 1**) and the Information Memorandum on the Offering of Newly Issued Shares of Siam Makro Public Company Limited to C.P. Retail Holding Company Limited as Consideration for the Entire Business Transfer (**Enclosure 2**).

CPALL, CPH and CPM will jointly sell a portion of the ordinary shares in the Company 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 such that the total proportion of shareholding shall not be less than 15.00 percent of the paid-up capital of the Company which will result in the Company 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**") and will take into consideration the various relevant factors such as the appropriateness of the capital structure and proceeds utilisation plans of each company etc.

The Company must obtain an approval from the meeting of shareholders to allocate newly issued ordinary shares for offering to the public (Public Offering) and other relevant resolutions. The Company must also obtain an approval from the Office of the Securities and Exchange Commission (the "**SEC Office**") in accordance with the requirements of the Notification of the Capital Market Supervisory Board No. TorJor. 39/2559 Re: Application for Approval and Granting of Approval for Offering of Newly Issued Shares dated 30 September 2016 (as amended) and will be required to file a registration statement for the securities offering and a draft prospectus with the SEC Office and clearly disclose the information regarding the offering of the newly issued ordinary shares in the prospectus as required by the Notification of the Capital Market Supervisory Board No. TorJor. 40/2557 Re: Selling of Newly Issued Shares and Share Warrants of an Equity Issuer dated 7 November 2014 (as amended), as well as to apply for an approval for the registration statement and the prospectus of the Company to become effective after obtaining the approval for the securities offering. In addition, the Company must obtain the approval from the SET to accept the newly issued ordinary shares as listed securities on the SET and other approvals from any other agencies as necessary.

For the purpose of the allocation of newly issued ordinary shares for offering to the public (Public Offering), the Board of Directors deemed it is 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 said issuance, offering, allocation and subscription of the newly issued ordinary shares and to ratify any actions taken by such authorised person(s) in relation to the foregoing, including to take the following actions:

- 1) To determine and/or amend the details or conditions relating to the offering and allocation of the newly issued ordinary shares, the offering period, the number of offered shares, the offering and allocation method, the payment of shares and share subscription, 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, and 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 to such persons would

or may result in (a) 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 (b) the shares offering being in non-compliance with the rules, methods or conditions prescribed for the offering or allocation of shares.

- 2) To determine and/or amend the book building price range, the offering price, the offering period, the conditions, the allocation procedure, the allocation method, the subscription method, the offering proportion, the subscription period, the payment of shares, the allocation of shares, the reservation of a certain portion of shares for offering to cornerstone investors and the offering and allocation of shares to various types of subscribers which include, but not limited to, customers, suppliers or persons providing any other benefits (patrons) of the Company, CPALL, CPM and/or CPH and/or existing shareholders of the Company, CPALL and CPF (other than the persons specified above), including 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, including the conditions and other details, as well as to take any other actions necessary for and in connection with the issuance and the offering of ordinary shares to the public in accordance with the rules regarding the subscription, underwriting and allocation of 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 offering of newly issued ordinary shares to the public (Public Offering).
- 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 documents or evidences 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 issuance and offering or sale of such newly issued ordinary shares, which includes 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 the Company CPALL, CPM and/or CPH and/or existing shareholders of the Company, CPALL and CPF (other than the persons specified above), and the allocation of over-allotment shares in the over-allotment process, 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 allocation and offering of newly issued ordinary shares to the public (Public Offering) in this case in all respects, including but without limitation to, to determine the offering price of the newly issued ordinary shares, the offering period, the subscription date of the newly issued ordinary shares, the payment of the ordinary shares, as well as the relevant conditions and details, including to take any actions in relation thereto.

- 6) To amend statements or texts in respect of documents, minutes of meetings of shareholders, the Memorandum of Association and/or any applications and/or to take any actions to comply with any order of the registrar in the submission of registration of increase of the registered capital of the Company with the Department of Business Development, the Ministry of Commerce.
- 7) To disclose information, provide information, prepare, deliver and sign any applications, documents in relation to the said issuance and offering of newly issued ordinary shares, documents and evidences necessary for or in connection with the offering of newly issued ordinary shares to the public (Public Offering), 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 issuance and offering of newly issued ordinary shares to the public (Public Offering) and to proceed for the listing of the newly issued ordinary shares on the SET, as well as to take any actions in relation to the foregoing.
- 8) 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.

In addition, for convenience and practicality in the registration of various matters involving the Ministry of Commerce, the Board of directors deemed it is 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 applications or other documents in connection with the registration of the various matters with the Ministry of Commerce, and to amend, supplement or make changes to the applications or statements in such documents which are required to be submitted to the Ministry of Commerce, including to be authorised to take any actions necessary for and 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.

1.2 Type of Investors

The Company will issue and allocate newly issued ordinary shares for offering to the public (Public Offering). The Company may consider to allocate certain portions of the newly issued ordinary shares for offering to (a) existing shareholders of the Company (other than CPALL and subsidiaries of CPALL); (b) existing shareholders of CPALL (other than the CPG group as specified in Form 56-1 for the year 2020 of CPALL); 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.

1.3 Method of Determination of the Offering Price

In respect of the determination of the offering price of the newly issued ordinary shares for offering to the public (Public Offering), the meeting of the Board of Directors assigned the Board of Directors and/or persons designated by the Board of Directors to be authorised to consider and determine the offering price of the newly issued ordinary shares. The offering price will be determined through a book building process in which institutional investors are to express their intention to purchase the Company's newly issued shares at the desired price (Book building) through a survey by securities companies or by other appropriate methods to ensure the best interest of the Company.

2. Objectives of the Issuance of Newly Issued Shares and the Proceeds Utilisation Plan

Following the EBT Transaction, the Company will consider applying the proceeds obtained from the capital increase for the following objectives:

- 1) For investment in businesses and/or projects in respect of the core business and businesses and/or projects with the potential to support and enhance the core business of the Company and/or its subsidiaries.
- 2) For payment of existing debts of the Company and/or its subsidiaries to reduce financial obligations and interest expenses of the Company and/or its subsidiaries and to achieve appropriate level of the capital structure.
- 3) For use as working capital of the Company and/or its subsidiaries.

The Company expects to use the proceeds obtained from the capital increase for the above objectives. The amount of proceeds to be obtained by the Company from this capital increase is subject to the offering price of the newly issued shares which is to be determined after the SEC Office has approved the offering of the newly issued shares.

The proceeds utilisation plan above is the best estimate for the allocation of the net proceeds which the Company expects to obtain from the issuance and offering of newly issued ordinary shares to the public and is an allocation that is based on the Company's business plan and estimated expenses as at the date hereof. The Company's allocation of the net proceeds from the offering of newly issued ordinary shares to the public may be different from the foregoing estimates as the management of the Company may determine that it is necessary or appropriate to re-allocate the use of the net proceeds for the above objectives or the Company's future work plans and actual expenses may be different from the foregoing estimates. In such case the best interest of the Company and shareholders will be taken into consideration. The Company will further notify the shareholders of the Company of the details of the proceeds utilisation plan.

3. Effects on Shareholders from the Offering of Newly Issued Ordinary Shares

3.1 Price Dilution

The impact on the reduction in the share price (Price Dilution) depends on the offering price of newly issued shares to the public (Public Offering) which is to be determined by the Board of Directors and/or persons designated by the Board of Directors after the SEC Office has approved the offering of the newly issued shares as appropriate and with reference to the book building process through a survey of institutional investors' demand to purchase the securities during the securities offering period.

3.2 Control Dilution

After the issuance and offering of newly issued shares to a specific person, there will be an offering to the public (Public Offering) by the Company. The impact on the reduction in the shareholding proportion (Control Dilution) will be as follows:

In case the offering to the public (Public Offering) in the Share Allocation Transaction as EBT Consideration is for the total number of 1,362,000,000 shares.

$$\begin{aligned}
 &= \frac{\text{Number of shares to be issued}}{\text{Number of paid-up shares} + \text{Number of shares to be issued (total in this offering)}} \\
 &= \frac{1,362 \text{ (million shares)}}{9,810 + 1,362 \text{ (million shares)}} \\
 &= 12.19 \text{ percent}
 \end{aligned}$$

3.3 Earnings per Share Dilution

After the issuance and offering of newly issued shares to the specific person, there will be an offering to the public (Public Offering) by the Company. The impact on the reduction in the earnings per share (EPS Dilution) will be as follows:

In case the offering to the public (Public Offering) in the Share Allocation Transaction as EBT Consideration is for the total number of 1,362,000,000 shares.

$$\begin{aligned}
 \text{EPS0} &= \frac{8,109 \text{ (THB million)}}{9,810 \text{ (million shares)}} \\
 \text{EPS1} &= \frac{8,109 \text{ (THB million)}}{9,810 + 1,362 \text{ (million shares)}} \\
 \text{EPS Dilution} &= \frac{(\text{EPS0} - \text{EPS1})}{\text{EPS0}} \\
 &= 12.19 \text{ percent}
 \end{aligned}$$

The net profit to be used in the calculation is the net profit attributable to owners of the parent of the past 12 months based on the pro forma consolidated financial information of the Company for the year ended 31 December 2020, the confidence in which has been assured by the auditor.

4. Opinion of the Board of Directors in relation to the Capital Increase

4.1 Rationale and Necessity of the Capital Increase

The main objective of this offering of newly issued shares is for investment in various projects of the Company and/or its subsidiaries under the Company's business expansion plan, including to provide the Company with financial flexibility in the implementation of various projects in the future which will increase the competitiveness to achieve stable and sustainable growth. Moreover, this offering of newly issued shares will strengthen the capital structure of the Company from using the proceeds as payment of existing debts and those that may arise in the future (which will reduce the financial obligations and interest expenses) and as working capital of the Company and/or its subsidiaries.

The Board of Directors has considered and is of the view that the capital increase is reasonable and necessary for the business operations.

4.2 Possibility of the Proceeds Utilisation Plan from the Offering of Shares and Projects to be Implemented

The Company expects to be able to proceed with this offering of newly issued shares after having obtained an approval from the SEC Office to offer the newly issued shares. The Company will use the proceeds received from the capital increase for the purposes described in Paragraph 2 above. The amount of money that will be received from such capital increase is subject to capital market conditions during the offering period of the shares.

4.3 Reasonableness of the Capital Increase and the Adequacy of the Source of Funds in the case that the Proceeds received from the Offering of Shares do not cover the Total Budget required for the Implementation of the Plans or Projects

The Board of Directors is of the view that the capital increase and the proceeds utilisation plan as described above are reasonable and for the best interest of the Company and its shareholders as the transaction will support the business expansion and strengthen the capital structure of the Company to enable it to continue to grow on a sustainable basis. The Board of Directors opines that if this offering of newly issued shares is successful, the Company will have sufficient capital for the purposes of the use of proceeds as described above.

4.4 Expected Impacts on the Company's Business Operations, Financial Position and Operating Results due to the Capital Increase and the Implementation of the Proceeds Utilisation Plan or the Projects

The Board of Directors is of the view that the offering of the newly issued shares as described above is the implementation of the Company's source of funds plan which will enable the Company to use the proceeds received from the capital increase for the purposes described in Paragraph 2 above. This will benefit the Company and will not have any negative impacts on the business operations, financial position and operating results of the Company. If this capital increase is unsuccessful, the Company may be required to seek funds from other sources for the objectives described above and this may create more delay than the proposed offering of the newly issued shares.

5. Responsibility of the Board of Directors

If any director of the Company does not perform duties in good faith and with care to preserve the interests of the Company with respect to the capital increase, and such omission causes damage to the Company, the shareholders may file a lawsuit to claim for damages against such director on behalf of the Company in accordance with Section 85 of the Public Limited Companies Act B.E. 2535 (1992) (as amended). Moreover, in case that such omission causes such director or his/her related persons to obtain undue benefits, the shareholders are entitled to bring an action to claim against such director for the return of such benefits on behalf of the Company in accordance with Section 89/18 of the Securities and Exchange Act B.E. 2535 (1992) (as amended).

Based on the rationale and facts described above, the Board of Directors resolved to approve the proposed capital increase of the Company.

(F 53-4)

Capital Increase Report Form
Siam Makro Public Company Limited
Dated 31 August 2021

We, Siam Makro Public Company Limited (the "**Company**"), hereby report the resolutions of the meeting of the Board of Directors No. 7/2021 which was held on 31 August 2021 in relation to the capital increase and the allocation of newly issued ordinary shares as follows:

1. Capital Increase

The meeting of the Board of Directors resolved to propose to the Extraordinary General Meeting of Shareholders for consideration and approval of the increase of the registered capital of the Company in the amount of THB 3,186,161,750, from the current registered capital of THB 2,400,000,000 to be the registered capital of THB 5,586,161,750, by issuing up to 6,372,323,500 new ordinary shares with a par value of THB 0.50 each, totaling THB 3,186,161,750. The details of the type of the capital increase are as follows:

Capital Increase	Type of shares	Number of shares (Shares)	Par value (THB/share)	Total (THB)
<input checked="" type="checkbox"/> Specifying the Purpose of the Use of Proceeds	Ordinary shares	6,372,323,500	0.50	3,186,161,750
<input type="checkbox"/> General Mandate	-	-	-	-

2. Allocation of Newly Issued Shares

2.1 Specifying the Purpose of the Use of Proceeds

Allocation to	Number of shares (Shares)	Ratio (Existing: New)	Sale price (THB/share)	Date and time of subscription and share payment	Remark
1. C.P. Retail Holding Company Limited (" CPRH ") as consideration for the entire business transfer	5,010,323,500	-	43.50	Please see additional information in Remarks 1-2	Please see additional information in Remarks 1-2
2. The public – to support the allocation of newly issued shares to the public (Public Offering)	1,362,000,000	-	Please see additional information in Remark 4	Please see additional information in Remarks 3-4	Please see additional information in Remarks 3-4
Total	6,372,323,500				

Remarks

- 1) To propose to the meeting of shareholders of the Company for consideration and approval of the authorisation of the Board of Directors and/or persons designated by the Board of Directors to take any actions in relation to the issuance, offering and the allocation of the newly issued ordinary shares as consideration for the entire business transfer and ratify any actions taken by such authorised person(s) in relation to the foregoing, including to take the following actions:
 - (a) To determine, amend or supplement the details relating to the issuance, offering and allocation of the newly issued ordinary shares, the offering date of the newly issued ordinary shares and the payment method for the newly issued ordinary shares (and may determine the allocation period for the allocation to be done all at once or several times), including to take any actions in connection with the issuance, offering and allocation of such newly issued ordinary shares, and to oversee the submission of information and disclosure of relevant details to the Stock Exchange of Thailand (the “**SET**”).
 - (b) To sign, amend, modify, contact or report various transactions in application documents and evidences necessary for and in connection with the issuance, offering and allocation of such newly issued ordinary shares, as well as to contact and submit such applications, documents and evidences with the Ministry of Commerce, the Office of the Securities and Exchange Commission (the “**SEC Office**”), the SET, government agencies or other relevant authorities, and to apply for the listing of the newly issued ordinary shares of the Company on the SET and to be authorised to take any other actions as necessary and appropriate for the successful completion of the Company’s issuance, offering and allocation of the newly issued ordinary shares to specific persons.
 - (c) To take any relevant actions so as to achieve the objectives of the foregoing and in accordance with the relevant notifications, regulations, rules and laws.

In addition, for convenience and practicality in the registration of various matters involving the Ministry of Commerce, the Board of Directors deemed it 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 applications or other documents in connection with the registration of the various matters with the Ministry of Commerce, and to amend, supplement or make changes to the applications or statements in such documents which are required to be submitted to the Ministry of Commerce, including to be authorised to take any actions necessary for and 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.

The Notification of the Capital Market Supervisory Board No. TorJor. 72/2558 Re: Permission for Listed Companies to Offer Newly Issued Shares to Specific Investors dated 28 October 2015 (as amended) (the “**Notification No. TorJor. 72/2558**”) requires that the Company must complete the shares offering within the period approved by the meeting of shareholders but in any case not exceeding 3 months from the date on which the meeting of shareholders resolves to approve the offering of the newly issued shares or the Company must complete the shares offering within 12 months from the date on which the meeting of shareholders resolves to approve the offering of the newly issued shares in the event where it is clearly

specified by the resolution of the shareholders that upon the lapse of such 3-month period, the Board of Directors or the persons designated by the Board of Directors shall determine the offering price based on the market price during the offering period.

- 2) The details of the opinion of the Board of Directors, the issuance, offering and allocation of the newly issued ordinary shares of the Company as well as the details of the specific person, the relationship with the Company and the basis of the determination of the offering price are described in the Information Memorandum on the Offering of Newly Issued Shares of Siam Makro Public Company Limited to C.P. Retail Holding Company Limited as Consideration for the Entire Business Transfer (**Enclosure 2**).
- 3) To propose to the meeting of shareholders of the Company for consideration and approval of the authorisation of the Board of Directors and/or persons designated by the Board of Directors to take any actions in relation to the issuance, offering, allocation and subscription of the newly issued ordinary shares for the issuance and offering to the public (Public Offering) and ratify any actions taken by such authorised person(s) in relation to the foregoing, including to take the following actions:
 - (d) To determine and/or amend the details or conditions relating to the offering and allocation of the newly issued ordinary shares, the offering period, the number of offered shares, the offering and allocation method, the payment of shares and share subscription, 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, and 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 to such persons would or may result in (a) 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 (b) the shares offering being in non-compliance with the rules, methods or conditions prescribed for the offering or allocation of shares.
 - (e) To determine and/or amend the book building price range, the offering price, the offering period, the conditions, the allocation procedure, the allocation method, the subscription method, the offering proportion, the subscription period, the payment of shares, the allocation of shares, the reservation of a certain portion of shares for offering to cornerstone investors and the offering and allocation of shares to various types of subscribers which include, but not limited to, customers, suppliers or persons providing any other benefits (patrons) of the Company, CPALL, CPM and/or CPH and/or (a) existing shareholders of the Company (other than CPALL and subsidiaries of CPALL); (b) existing shareholders of CPALL (other than the CPG group as specified in Form 56-1 for the year 2020 of CPALL); and (c) existing shareholders of CPF (other than the CPG group as specified in Form 56-1 for the year 2020 of CPF), including 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, including the conditions and other details, as well as to take any other actions necessary for and in connection with the issuance and the offering of ordinary shares to the public in accordance with the rules regarding the subscription, underwriting and allocation of securities under the relevant notifications of the Capital Market Supervisory Board and any other relevant rules.

- (a) 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 offering of newly issued ordinary shares to the public (Public Offering).
- (b) 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 issuance and offering or sale of such newly issued ordinary shares, which includes 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 the Company CPALL, CPM and/or CPH and/or existing shareholders of the Company, CPALL and CPF (other than the persons specified above), and the allocation of over-allotment shares in the over-allotment process, as well as to take any actions necessary for or in connection therewith in all respects.
- (c) To amend, supplement and/or modify any conditions and details necessary for and in connection with the allocation and offering of newly issued ordinary shares to the public (Public Offering) in this case in all respects, including but without limitation to, to determine the offering price of the newly issued ordinary shares, the offering period, the subscription date of the newly issued ordinary shares, the payment of the ordinary shares, as well as the relevant conditions and details, including to take any actions in relation thereto.
- (d) To amend statements or texts in respect of documents, minutes of meetings of shareholders, the Memorandum of Association and/or any applications and/or to take any actions to comply with any order of the registrar in the submission of registration of increase of the registered capital of the Company with the Department of Business Development, the Ministry of Commerce.
- (e) To disclose information, provide information, prepare, deliver and sign any applications, documents in relation to the said issuance and offering of newly issued ordinary shares, documents and evidences necessary for or in connection with the offering of newly issued ordinary shares to the public (Public Offering), 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 issuance and offering of newly issued ordinary shares to the public (Public Offering) and to proceed for the listing of the newly issued ordinary shares on the SET, as well as to take any actions in relation to the foregoing.
- (f) 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.

In addition, for convenience and practicality in the registration of various matters involving the Ministry of Commerce, the Board of Directors deemed it 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 applications or other documents in connection with the registration of the various matters with the Ministry of Commerce, and to amend, supplement or make changes to the applications or statements in such documents which are required to be submitted to the Ministry of Commerce, including to be authorised to take any actions necessary for and 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.

- 4) The details of the opinion of the Board of Directors, the details of the issuance, offering and allocation of newly issued ordinary shares of the Company including the criteria for the determination of the offering price per share in the offering and allocation of newly issued ordinary shares to the Public (Public Offering) in this case appear in the Information Memorandum on the Offering of Newly Issued Shares of Siam Makro Public Company Limited to the Public (Public Offering) (**Enclosure 3**).

2.2 Actions to be taken by the Company in case there is a Fraction of Shares

The whole fraction of shares shall be rounded off.

3. Determination of the Date of the Extraordinary General Meeting of Shareholders to Approve the Capital Increase and the Share Allocation

The date of the Extraordinary General Meeting of Shareholders No. 1/2021 to be on 12 October 2021 at 15.30 hrs. which will be held through electronic means where:

Extraordinary General Meeting of Shareholders No. 1/2021	
The date to determine the names of shareholders who are entitled to attend the Extraordinary General Meeting of Shareholders No. 1/2021 (Record Date)	15 September 2021
The date of the Extraordinary General Meeting of Shareholders No. 1/2021	12 October 2021

4. Approvals for the Capital Increase/New Share Allocation from the Relevant Government Agencies and Conditions of such Approvals (if any)

- (1) The EBT Transaction, the Share Allocation Transaction as EBT Consideration, the capital increase and the amendment to the Memorandum of Association of the Company 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.
- (2) The allocation of the newly issued ordinary shares for offering to the public must obtain the approval from the meeting of shareholders with a majority vote of the shareholders attending and casting their votes at the meeting.

- (3) The Company must obtain an approval for the offering of the newly issued ordinary shares to a specific person from the SEC Office pursuant to the Notification No. TorJor. 72/2558 before the Company's offering and allocation of the newly issued ordinary shares to CPRH as consideration for the entire business transfer.
- (4) The Company will register the capital increase and the change of the registered capital and the amendment to the Memorandum of Association of the Company with the Department of Business Development, the Ministry of Commerce, within 14 days from the date on which the Extraordinary General Meeting of Shareholders has approved the increase of the registered capital, and will register the change of the paid-up capital within 14 days from the date of receipt of the complete payments for the shares.
- (5) The Company must file an application for approval of the offering of securities to the public (Public Offering) with the SEC Office in accordance with the requirements of the Notification of the Capital Market Supervisory Board No. TorJor. 39/2559 Re: Application for Approval and Granting of Approval for Offering of Newly Issued Shares dated 30 September 2016 (as amended) to apply for the approval for the securities offering, and is required to file a registration statement for securities offering and a draft prospectus with the SEC Office and to clearly disclose the information regarding the offering of the newly issued ordinary shares in the prospectus as required by the Notification of the Capital Market Supervisory Board No. TorJor. 40/2557 Re: Selling of Newly Issued Shares and Share Warrants of Equity Issuer dated 7 November 2014 (as amended), including to apply for the approval for the Company's registration statement for securities offering and the prospectus to become effective after having obtained the approval for the securities offering. It is expected that the Company will apply for the approvals within 3 months from the date on which the shareholders resolve to approve the capital increase.
- (6) The Company will apply for the approval from the SET to accept the newly issued ordinary shares as listed securities on the SET.

5. Objectives of the Capital Increase and Use of Proceeds

5.1 Capital Increase by Issuance and Allocation of Shares to CPRH as Consideration for the Entire Business Transfer

The Company will issue 5,010,323,500 new ordinary shares as consideration for the entire business transfer from CPRH as payment in kind, instead of in cash. By issuing and allocating such new shares, the Company will not incur any additional borrowing obligations for the payment of consideration for such entire business transfer.

5.2 Capital Increase by Issuance, Allocation and Offering of Securities to the Public (Public Offering)

The Company will consider applying the proceeds obtained from the offering of ordinary shares to the public (Public Offering) for the following objectives:

- (1) For investment in businesses and/or projects in respect of the core business and businesses and/or projects with the potential to support and enhance the core business of the Company and/or its subsidiaries.

- (2) For payment of existing debts of the Company and/or its subsidiaries to reduce financial obligations and interest expenses of the Company and/or its subsidiaries and to achieve appropriate level of the capital structure.
- (3) For use as working capital of the Company and/or its subsidiaries.

The Company expects to use the proceeds obtained from the capital increase for the above objectives, the additional details of which will be included in the draft prospectus to be filed with the SEC Office. The amount of proceeds to be obtained by the Company from this capital increase is subject to the offering price of the newly issued shares which is to be determined after the SEC Office has approved the offering of the newly issued shares as appropriate and with reference to the book building process through a survey of institutional investors' demand to purchase the securities during the securities offering period.

6. Benefits which the Company will receive from the Capital Increase/Share Allocation

6.1 Capital Increase by Issuance and Allocation of Shares to CPRH as Consideration for the Entire Business Transfer

The objective of the capital increase by issuing and allocating shares to CPRH is to make the payment of consideration for the entire business transfer as payment in kind, instead of in cash, in which the Company will acquire approximately 99.99 percent of shares in C.P. Retail Development Company Limited ("**CPRD**") which is a holding company with investment in a group of companies that operate retail business under the retail brand, Lotus's (the "**Lotus's Group**"). If the Company selects another method to raise funds instead of the capital increase such as through borrowings, the Company may be exposed to higher debt obligations as well as obligations under the loans.

In this regard, CPRD's and its subsidiaries' businesses will complement and support the Company's existing business operations in various aspects. This transaction reinforces the business of the Company and CPRD and supports the Company'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. It will also enhance the food industry to become more modernised in response to rapid changes in consumer behaviour (particularly consumers' spending behaviour which has changed as a result of the impacts of 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. Important details are as follows:

- (a) The transaction will strengthen the Company in becoming the leader in the retail and wholesale business of groceries and consumer products, expand the coverage of the Company's business operations to be at a regional level and enable the Company to become a Thai company with the potential and the ability to compete with operators throughout Asia while create opportunities and value to all stakeholders in all sectors in Thailand following the transaction.
- (b) The transaction will promote the Company to be one of the first retail and wholesale business operators in the region who are leaders in the Online to Offline or O2O business model that combine sales via both online and offline channels through the development of an e-commerce platform which will strengthen the Company's competitive advantage against international e-commerce companies or technology companies that compete in Thailand and will allow the Company to benefit from the nationwide store network.

- (c) The transaction will generate more income and growth opportunity for the Company as the Lotus's Group is one of the leading retailers of groceries and consumer products with multi-store formats comprising hypermarkets, supermarkets and mini-supermarkets which will provide greater convenience and easier access to customers. They will also provide opportunity to enhance operational efficiency, including the management of supply chains.
- (d) The transaction will result in the increase of the Company's business coverage. The Company will be able to expand its scope of business, products and services segments and customer base to increase its focus on retail customers. The Lotus's Group has diverse distribution channels which cover all regions across Thailand and Malaysia. This will also provide an opportunity for the Company to receive rental income from lease of space in shopping malls both in Thailand and Malaysia which is operated by the Lotus's Group and realize future value through various transformation initiatives and provides a potential to unlock considerable property value in the future.
- (e) The transaction will result in the development and enhancement of the food industry standards and modernisation of the food supply chain, and the integration across all sectors from manufacturers, business sectors to consumers as well as provide easier access to consumer products, while also focusing on food safety, hygiene and quality from production to distribution which will promote better life quality of the people in the community on a sustainable basis.
- (f) The transaction will provide support to small manufacturers and small and medium-sized businesses (SMEs) in the country such as in selling and exporting their products to the overseas markets, create jobs and work opportunities as well as provide other supports to domestic operators to grow their businesses on a sustainable basis in order to be a key driving force of the Thai economy.
- (g) The Company will play an important part in drawing the attention of local and foreign investors to Thailand, particularly in modern and technology-driven businesses, as well as raising the attractiveness of the Thai capital market that has listed companies which are leading business operators in the region.

6.2 Capital Increase by Issuance, Allocation and Offering of Securities to the Public (Public Offering)

The main objectives of this offering of securities to the public (Public Offering) are for investments in various projects of the Company and/or its subsidiaries under the Company's business plan, including (without limitation), to increase the shares distribution of minority shareholders (Free Float) to be in accordance with the SET Regulation Re: Listing of Shares as Listed Securities and to appropriately adjust the Company's capital structure, as well as to provide the Company with financial flexibility in the implementation of various projects in the future which will increase the competitiveness to achieve stable and sustainable growth. Moreover, this offering of newly issued shares will strengthen the capital structure of the Company from using the proceeds as payment of existing debts and those that may arise in the future (which will reduce the financial obligations and interest expense) and as working capital of the Company.

7. Benefits which Shareholders will receive from the Capital Increase/Share Allocation

7.1 Dividend Policy

The Company has a dividend payout policy at no less than 40.00 percent of the net profit based on the consolidated financial statements after deducting income taxes and legal reserve subject to other relevant additional conditions. Such dividend payout ratio may be subject to change depending on the Company's operating results, cash flow, necessity for investments, conditions and restrictions under loan agreements and other factors in the future. Once the Board of Directors resolves to pay annual dividend, the matter must be proposed to the meeting of shareholders of the Company for approval, except in the case of an interim dividend payment which the Board of Directors has the authority to approve the dividend payment and to report such payment in the subsequent meeting of shareholders.

The specific persons having been allocated the shares as consideration for the entire business transfer and subscribers of new shares which are issued and offered to the public (Public Offering) will be entitled to receive dividends from the Company's operations starting from when they are registered as the shareholders of the Company with their names appear as shareholders in the Company's shareholder register and the Company has declared dividend payment. In this regard, this shall be in accordance with the relevant laws and regulations.

7.2 Others

-None-

8. Schedule of Actions for the Capital Increase/New Share Allocation

No.	Steps and Procedures	Time period
1.	The date of the Board of Directors' Meeting No. 7/2021	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.	Registration of the increase of the registered capital and the amendment to the Memorandum of Association with the Ministry of Commerce	Within 14 days from the date on which the meeting of shareholders approves the increase of the registered capital and the amendment to the Memorandum of Association.
5.	Offering of the newly issued ordinary shares to specific persons	Within 3 months from the date on which the meeting of shareholders approves the offering of the newly issued shares, or in the case where there is a clear resolution of the shareholders that upon the lapse of such 3 months period, the Board of Directors or persons designated by the Board of Directors shall

No.	Steps and Procedures	Time period
		determine the offering price according to the market price during the offering period, then the shares offering must be completed within 12 months from the date on which the meeting of shareholders approves the offering of the newly issued shares.
6.	EBT Transaction and the Share Allocation Transaction as EBT Consideration	Around one to three weeks from the date of the Extraordinary General Meeting of Shareholders
7.	Registration of the change of the paid-up capital and the amendment to the Memorandum of Association with the Ministry of Commerce	Within 14 days from the date of the Company's receipt of the payments for the newly issued ordinary shares.
8.	Filing of an application for approval of the offering of securities to the public (Public Offering) and the registration statement for securities offering and the draft prospectus with the SEC Office	After having received an approval for the issuance and offering of the newly issued ordinary shares to the public (Public Offering) from the meeting of shareholders and following the completion of the acceptance of the entire business transfer.

Remark: The above schedule may be subject to change.

BUSINESS DESCRIPTION¹

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 m² 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 m².

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 m² in aggregate, of which 40 malls were owned by CPRD under freehold or leasehold over title²; 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.³

¹ 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.

² 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.

³ 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.

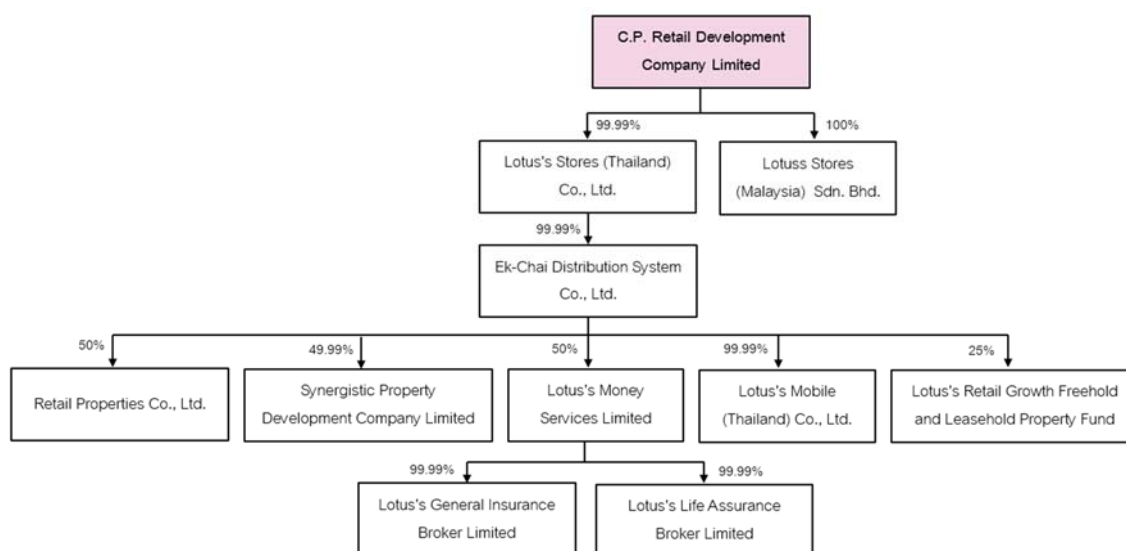
- The buying habits of CPRD's customers changed during the COVID-19 pandemic, particularly in the retail sector. In addition to being more careful with their expenses in general, CPRD's customers began to spend more on fresh food products and other grocery products, and less on non-food products, and 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 business⁴ 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

⁴ 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"> Ek-Chai opened its first store in Bangkok's Seacon Square |
| 1996 | <ul style="list-style-type: none"> Ek-Chai opened its first distribution centre in Wangnoi, near Bangkok |
| 2001 | <ul style="list-style-type: none"> Ek-Chai opened its first mini-supermarket called Express Ramindra Tesco and Sime Darby entered into a joint venture to form the Lotus MY business |
| 2002 | <ul style="list-style-type: none"> Lotus MY opened its first hypermarket store in Puchong, Selangor, Malaysia |
| 2003 | <ul style="list-style-type: none"> Ek-Chai launched the first Talad store opened in Phongphet, Thailand |
| 2007 | <ul style="list-style-type: none"> Lotus MY launched its Clubcard loyalty programme in Malaysia Lotus MY opened its fresh products distribution centre in Simpang Pulai, Perak, Malaysia |
| 2009 | <ul style="list-style-type: none"> Ek-Chai launched its Clubcard loyalty programme in Thailand |

- 2012

 - Lotus MY opened its ambient distribution centre in Bukit Beruntung, Selangor, Malaysia
 - Tesco Lotus Retail Growth Property Fund (“TGLF”) began trading on the SET
- 2013

 - 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
- 2015

 - Ek-Chai’s regional distribution centres opened in the Northeast and South of Thailand
 - Lotus MY launched a strategic partnership with Lazada
- 2018

 - Ek-Chai began redeveloping its hypermarket and mini-supermarket concepts
- 2019

 - Lotus MY completed a refresh of 21 stores under its next generation program
- 2020

 - COVID-19 pandemic caused major disruption in the world economy, affecting CPRD’s business in Thailand and Malaysia
 - The investment in CPRD by CPALL, CPH and CPM through shareholding in special purpose vehicle, CPRH, was completed in December 2020
- 2021

 - In February, CPRD’s hypermarket was rebranded under the “Lotus’s” brand, and opened its first “Go Fresh” mini-supermarket
 - In June, Ek-Chai also expanded coverage of its grocery home shopping online platform from 25 stores in February to 89 stores.

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

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 ⁶	2,066	14.0	1,518	13.6
Total rental income and revenue from rendering services.....	14,805	100.0	11,188	100.0

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.

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

⁵ 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.

⁶ 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	25,549	85.0	17,547	79.0
Malaysia ⁶				
Retail.....	1,938	6.5	2,714	12.2
Malls.....	1,752	5.8	1,162	5.3
Segmental EBITDA for Malaysia.....	3,690	12.3	3,876	17.5
Share of profit from investment in joint ventures and an associate.....	815	2.7	782	3.5
Total EBITDA⁽¹⁾	30,054	100.0	22,205	100.0

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 m² 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 m².

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	%
	<i>(unaudited)</i>			
	<i>(THB millions, except percentages)</i>			
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 ⁷	(837)		(621)	
Revenue from sale of goods	171,326		162,962	

⁷ 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 m², with an average sales floor area of approximately 4,500 m². 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 business⁸ 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 m², with an average sales floor area of approximately 725 m² 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 business⁹ 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.

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

⁹ 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 m², with an average sales floor size of approximately 170 m². 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 business¹⁰ 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
Total	1,988	2,094

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

¹⁰ 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 Arabitua 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 Arabitua 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>			
Retail Sales in Thailand				
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 ¹¹	22	0.0	6	0.0
Total retail sales in Thailand	172,163	100.0	163,583	100.0
(Less) Other income relating to retail business ¹²	(837)		(621)	
Revenue from sale of goods	171,326		162,962	

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,

¹¹ Primarily represents delivery income.

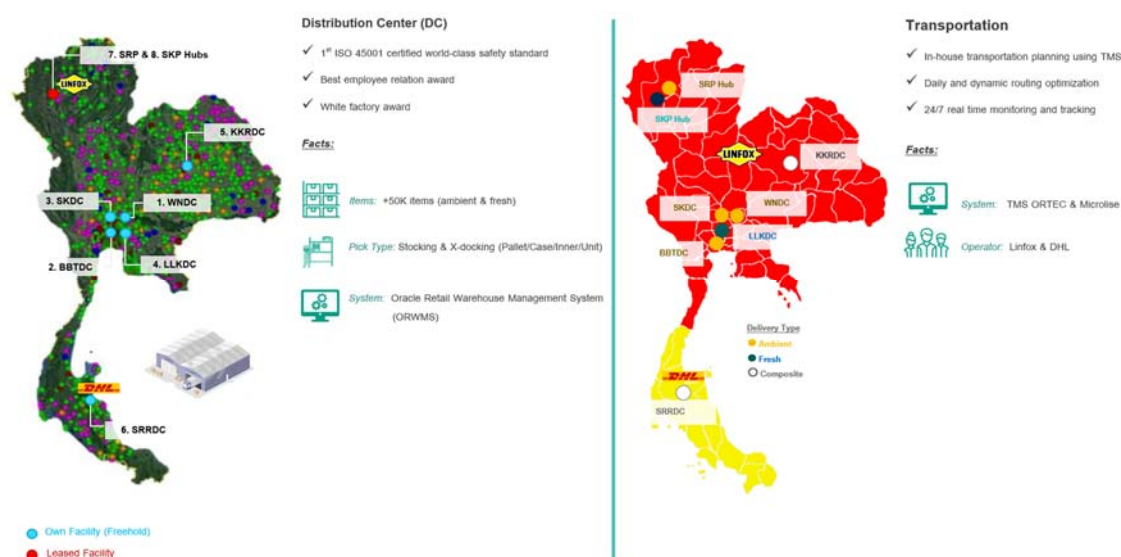
¹² Other income relating to retail business comprises consignment income, delivery income and staff discounts arising from CPRD's retail business.

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 m² and daily outbound distribution volume of approximately 950,000 cases per day and one online fulfilment centre with building floor space of 10,364 m² 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 ²)	Approximate daily outbound distribution volume	Approximate average warehouse capacity utilisation for the year ended 28 February 2021
Regional			
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%
National			
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 m².

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 m². 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 m².
- *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 m². 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 m².
- *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 m². 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 m²

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 m² 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 m² stores;
- increasing coverage by expanding its physical store network in the 1,000 to 4,000 m² 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 m² in aggregate, of which 40 malls were owned by CPRD under freehold or leasehold over title¹³; 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 m². 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 m² 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 m² 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 m². 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 m².

¹³ 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.

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

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 m² 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 m², and supermarkets, which have sales floor areas between 2,000 and 4,000 m². 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 m².
- *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>			
Sales Revenue				
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
Total retail sales	4,593	100.0	4,687	100.0
(Less) Other income relating to retail business ¹⁴	(51)		(47)	
Revenue from sales of goods ...	4,542		4,640	

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.

¹⁴ 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 m², 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 m² 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 m² in aggregate, of which 40 malls were owned by CPRD under freehold or leasehold over title¹⁵; 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

¹⁵ 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 m². As of 28 February 2021, CPRD had 23 family malls in Malaysia with an aggregate permanent NLA of approximately 197,000 m².

- *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 m². As of 28 February 2021, CPRD had 18 neighbourhood malls in Malaysia with an aggregate permanent NLA of approximately 73,000 m².
- *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 m². As of 28 February 2021, CPRD had 16 service malls in Malaysia with an aggregate permanent NLA of approximately 26,000 m².

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

Company	Jurisdiction	% Ownership	Business
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 2¹⁶ to 10 years, and from the original 2 years set out in conditions 4¹⁷ 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

¹⁶ 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.

¹⁷ 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.