



**The Creative
Companionship
towards Sustainability**

**ANNUAL
REPORT** | **2019**

SIAM MAKRO PUBLIC COMPANY LIMITED



30 Years of Loyalty



LONG LIVE THE KING

on the Auspicious Occasion of

His Majesty's Royal Coronation B.E. 2562



Siam Makro Public Company Limited

Years of Commitment

1989

Commenced an inaugural store – Makro Cash & Carry, Lardprao Branch.



2002

Opened complete Fresh Food Section.

Years of Laying a Firm Foundation

2005

Acquired 99.99% shares of Siam Food Services Limited – a leading importer and distributor of frozen and chilled food.



2009

Commenced first distribution center for frozen and chilled food in Wangnoi, Ayutthaya Province. This was not only to support business expansion and enhance distribution efficiency, but also to minimize distribution cost of ours as well as business alliances.



2010

Opened a pilot frozen food shop in Chiangmai under the brand “Siam Frozen”.



2012

Opened first Makro Foodservice store in Hua Hin, Prachuap Khiri Khan Province, to respond to the specific needs of Hotel, Restaurant, and Catering customers (HoReCa)



Years of Expansion

2013

Changed major shareholder from SHV Netherland B.V. to CP All Public Company Limited



2014

Officially launched Makro Application to meet needs of the professional customers



2019

Launched digital-store format with an opening of Makro Foodservice stores in Lad Krabang and Huadu Yingbin, Guangzhou



Open Makro Foodservice, Lad Krabang Branch

2017

Commenced operation of the first Makro store in Cambodia, in Khan Sen Sok, Phnom Penh.



2018

Made a major step with an opening of first Makro store in India under the name “LOTS Wholesale Solutions” (LOTS)



Opened Makro Foodservice Huadu Yingbin Branch, Guangzhou

30th Year ... Moving toward Sustainability

Our goal is being a trusted partner for professional customers by not only offering the best and the most value-for-money products to customers, but also enriching lives of our business alliances, customers, employees, and the public at large. All these speak volumes of motive “Enhancing People’s Lives”

The “30th Anniversary Makro Run for Fund” – a charity mini marathon supported by Makro and its business alliances. Proceeds of the event went to remote areas to build henhouses for the Sustainable Lunch Project, offering to Border Patrol Police Schools and other schools in remote areas.



Enhanced service level through digital technology



11th Makro Retailer Expo (Shohuay # 11) under the concept “Commitment and Creativity Thai Sho Huay for Sustainability”



Making smiles of the society through Makro “Volunteers for Blood Donation, Doing Good Through Giving” project, Makro proved itself to be a role model for enhancing the well-being of the society



Based on our belief of Sharing is Caring, Makro donated 300 packs of bottled water to help Surin people who suffering from drought



Celebration of Makro 30th Anniversary, an activity at Makro, Rayong with its customers



The 14th Makro HoReCa event under a concept of “The Culinary Passion 30 years of Creative Companionship towards Sustainability”

“Say Hi to Bio, Say No to Foam” Activity, Makro campaigned against the use of plastic bags and form packaging, and promoted the use of eco-friendly packaging alternatives



Opened Makro, Bo Win Branch in Rayong Province



Opened Makro Foodservice, Ramkhamhaeng 24 Branch, a digital store in town

Makro Store Formats during the past 3 decades *have been relentlessly*



Opening of the first Makro Store – Ladprao Branch

Throughout 30 years of being alongside the society, *Makro has been*



developed to serve a diverse range of customer needs with a focus on transformation to an agile organization.



Opening of the first Eco Plus



Opening of the first 2 Digital Stores
Lad Krabang Branch and Ramkhamhaeng 24 Branch

a part of economic development and enhancement of people's life in the community, society and all stakeholders.



Milestone of 2019

January

- **12 January 2019** - CP Wholesale India Private Limited opened the 3rd Store of LOTS Wholesale Solutions in Noida, New Delhi, India.



- **25 January 2019** - Makro (Cambodia) Company Limited opened the 2nd Store in Siem Reap, Cambodia.



May

- **23 May 2019** - Organized the 3rd “Regional Shohuay” to strengthen entrepreneurs in the Lower Northern Region at Makro Phitsanulok, Phitsanulok Province.

February

- **28 February 2019** - Organized the “11th Makro Retailer Expo” (Shohuay#11), which is the first time to organize sub-events, so called “Regional Shohuay”, in 6 regions throughout the year, covering 58 stores nationwide under the concept of “Commitment and Creativity Thai Sho Huay for Sustainability” The aim of the event is to support Thai retailers, get them prepared and strengthen their potential for stably and sustainably stepping to the next generation of Shohuay, aligning with Thailand 4.0 policy. The opening ceremony of the 1st “Regional Shohuay” was held at Makro Chiang Mai 1 Branch, on Super Highway Road.



June

- **20 June 2019** - Organized the 4th “Regional Shohuay” to strengthen entrepreneurs in the Eastern Region at Makro Rayong, Rayong Province.

April

- **25 April 2019** – Organized the 2nd “Regional Shohuay” to strengthen entrepreneurs in Bangkok Metropolitan area at Makro Changwattana, Bangkok Metropolitan.



July

- **18 July 2019** - Organized the 5th “Regional Shohuay” to strengthen entrepreneurs in the Northeastern Region at Makro Ubon Ratchathani, Ubon Ratchathani Province.
- **19 July 2019** - Opened the first Makro Digital Store in Food Service format, Lad Krabang Branch, Bangkok Metropolitan. This is the first retail store in Thailand that is able to connect its operation system and store management with staff, suppliers, and customers through digital solution.



- **31 July 2019** - Opened Makro Food Service Store, Nathong Charoen Branch, Pathum Thani Province.

August

- **7 August 2019** - Opened Makro Eco Plus Store, Bowin Branch, Rayong Province



- **22-25 August 2019** - Organized "The 11th Shohuay" under the concept of "Commitment and Creativity Thai Sho Huay for Sustainability" at Khon Kaen International Convention and Exhibition Center (KICE).



November

- **14 November 2019** - Jointly signed a Memorandum of Understanding (MOU) with the Institute of Nutrition, Mahidol University to support the development of food safety and food nutrition to reinforce Makro's commitment to be Point of Reference for Food Safety.
- **15 November 2019** - Opened Makro Eco Plus Store, Sattahip Branch, Chonburi Province
- **19 November 2019** - Received Influential Brands Awards 2019 in Top Brand - Supermarket category organized by Neo Target Company Limited and Influential Brands (Singapore), held at the Chatrium Riverside Hotel
- **21-24 November 2019** - Organized "Makro HoReCa #14" under the concept "The Culinary Passion 30 years of Creative Companionship towards Sustainability" which aims to encourage HoReCa professionals to find an inspiration and spice up their own creations at Impact Muang Thong Thani

September

- **17 September 2019** - Makro (Guangzhou) Food Company Limited opened the first Makro Food Service Store in the Republic of China, located in Huadu Yingbin, Guangzhou.



- **19 September 2019** - Organized the 6th "Regional Shohuay" to give a big send-off to strengthen entrepreneurs in the Southern Region at Makro, Hat Yai Branch, Songkhla Province.

October

- **1 October 2019** - Launched Makro HoReCa Academy (MHA), a complete source of comprehensive knowledge for food business entrepreneurs, available both online and offline. It comprises 5 components, i.e. knowledge media, seminar & workshop, online learning courses, business advisor service and business networking.



- **9 October 2019** - Received a Plaque in Honor of Excellent Performance in the section of Q products stores. All Makro branches nationwide joined the project with the National Bureau of Agricultural Commodity and Food Standards (ACFS), Ministry of Agriculture and Cooperatives.



December

- **23 December 2019** - Opened Makro Food Service, another Digital Store, Ramkhamhaeng 24 Branch, Bangkok Metropolitan.



VISION

To Be Number One
Food Solution Provider
For Professional Customers

MISSION

A large, red, outlined letter 'm' with a reflection effect below it.

Multi - formats
Expansion

A large, red, outlined letter 'a' with a reflection effect below it.

Award
Team
achievement
and invest in people

A large, red, outlined letter 'k' with a reflection effect below it.

Know the differences
Know and
respect the local
differences

A large, red, outlined letter 'r' with a reflection effect below it.

Responsible
For the society and
the world

A large, red, outlined letter 'o' with a reflection effect below it.

Offer the best
Value & solution to
customers

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Total revenues

(Million Baht)

↑ **9.2%**

Over 2018



Net profit

(Million Baht)

↑ **5.1%**

Over 2018



Total assets

(Million Baht)

↑ **1.0%**

Over 2018



Financial Highlights

As at 31 December
Siam Makro Public Company Limited and its subsidiaries

	2017	2018	2019
Financial Positions (Million Baht)			
Total assets	58,976	62,065	62,641
Total liabilities	40,965	42,808	41,907
Share capital	2,400	2,400	2,400
Shareholders' equity	18,011	19,257	20,734
Operating Performance (Million Baht)			
Sales	182,753	188,583	206,180
Total revenues	186,754	192,930	210,627
Gross profit	18,401	18,944	21,168
Net profit*	6,178	5,942	6,245
Earnings per share (Baht)	1.29	1.24	1.30
Financial Ratios (%)			
Net profit margin	3.3	3.1	3.0
Debt to equity ** (times)	0.5	0.5	0.4
Return on equity	37.1	32.8	32.0
Return on total assets	11.0	9.7	9.9
Dividend payout ratio	74.6	77.5	73.8
Stock Data (Baht)			
Par value per share	0.50	0.50	0.50
Book value per share	3.66	3.90	4.22
Dividend per share	0.96	0.96	0.96***

Remark :

- * Net Profit attributable to Equity holders of the Company
- ** Interest bearing debt excluding liabilities under finance leases
- *** Dividend per share includes the followings :
 - 1) Interim dividend of Baht 0.40 per share was fully paid on September 5, 2019
 - 2) Proposed final dividend of Baht 0.56 per share for shareholders' approval on April 23, 2020 bringing total dividend for 2019 to Baht 0.96 per share





Makro places a great deal of emphasis on food safety. We strive to meet the demands of our food – business – operator customers, as well as modern – day consumers who value their health and well – being and willingly spend their money on safe foods per the regulations of their country.



As Makro continues to value the ability to trace products back to their sources, we are committed to working only with lawful producers and suppliers. In addition, we always take the sustainability of our environment into consideration to make sure of mutual growth



Because Makro is keenly aware of the value of the environment and natural resources, we are committed to expending natural resources and energy in the most efficient manner possible for the utmost benefit, including our efforts to ensure that all of our processes are environmentally friendly.



Makro hopes to be loved by the local communities that surround our stores. To this end, we strive to be beneficial to them, whether by creating jobs locally, providing retail management education to small local retailers and equipping youths with retail – management knowledge that helps them better their local stores.



Makro committedly studies potential technologies and develops them into business channels to facilitate our customers' business processes, increase their profits and foster sustainable growth in the new era of competition. These efforts will bring about satisfaction among our customers, ensuring their loyalty in the long run.



Makro strives to be one of the top 5 organizations that people, especially new graduates, want to work with. Additionally, we have begun conducting an engagement survey among our existing personnel, the results of which will be used to transform Makro into an organization for all ages.

Message from the Chairman and Group Chief Executive Officer




Mr. Arsa Sarasin
Chairman

In 2019, the business sector encountered a slowdown in domestic economy, including slower growth in export and low growth rates in tourism. Nevertheless, the Company was able to achieve its strategic targets, thanks to the vision of the Board of Directors in setting the right strategy, packed with the dedication of the management and employees in driving the business under Makro 4.0 strategy. Examples include domestic and international expansion, provision of more sales channels, digital transformation, capability enhancement for customers and employees, in parallel with responsibility for the balance of the society and environment based on the principles of good governance and ethics.

Across our 30-year journey, Makro has grown alongside our professional customers in Thailand and overseas. From our start with the classic ‘Cash & Carry’ store format to diversity of store formats and services that cater to the changing needs of customers in each generation, we have upheld a customer-centric view in order to create sustainable growth and prosperity for our customers. The Company is committed to offering quality products and services to our professional customers at fair prices, and to keeping the business moving forward by integrating technology, creativity, and innovation under Makro 4.0 Strategy, to reaffirm our reputation as **“Your Trusted Partner”** and in pursuit of our vision **“To be Number One Food Solution Provider for Professional Customers”**.

Makro has remained committed to continuous expansion. In 2019, we opened 5 stores in Thailand, bringing the total number to 134 stores as of year-end. Due to a very prominent role of technology in business operations today, Makro has opened 2 **“Digital Stores,”** at Lad Krabang and Ramkhamhaeng 24, using technology to enhance service

standards, elevate satisfaction for customers in their purchasing experiences, and increase the efficiency and accuracy of employee work. In addition, we have considered the impacts of these new technologies on small - scale retailers and restaurants, as they must quickly adapt to these changes, particularly with new players entering the industry and competing for market share by leveraging their strengths in digital platforms to respond to the needs of a new generation of customers. It is why Makro officially launched the Offline-to-Online (**“O2O”**) Ecosystem to integrate all of our sales and service channels, which include Makroclick.com, Makro Application, Credit and Delivery, and Makro LINE Official Account. It connects to Makro’s delivery systems and diverse payment formats, including e-Payment options such as QR Code and E-Wallet. Not only that, the Company has utilized **“Big Data”** to analyze customer data so as to customize the offering of products, services, and special promotions for members. This is to provide customers with more choices and experiences to purchase products with convenience, anywhere, and at any time. It further helps us to increase our competitiveness in a rapidly changing market.

In terms of international expansion, the Company has set the target to enter high-potential markets. In 2019, we opened 2 stores in Cambodia, 3 stores in India, and the first store in Guangzhou, China. We also got approval for MIC (Myanmar Investment Commission) Permit from the government of the Republic of the Union of Myanmar and prepared to open the first store in Yangon in the year 2020. This is indeed a crucial step for the Company in becoming a regional player in retail and wholesale industry in Asia and the Middle East.



Mrs. Suchada Ithijarukul
 Group Chief Executive Officer - Siam Makro

It is well accepted that food represents a nation's culture, particularly Thai food, which is a unique renown of Thailand, and that consumers are now demonstrating a preference for foods prepared with fresh, high-quality ingredients from around the world. These driving factors have been behind the organization's strategy to expand the business to Hotel, Restaurant, and Catering (HoReCa) customers, large and small, by becoming an integrated provider of goods and HoReCa business solutions. During the past year, the Company established the Makro HoReCa Academy ("MHA"), a learning center for new HoReCa business owners. We also launched the last-mile delivery service from 100 stores around the country for convenience of business owners without travelling to store to pick up their purchased items. In addition, the Company enhanced the Makro Retailer Alliance ("MRA") project, which has been implemented for more than 12 years with the aim to uplift the capabilities of Sho Huay (small retailers), by transforming them into "**Community Kitchens**". This involves increasing the proportion of chilled and frozen foods within those retailers to generate additional revenue. Currently, more than 2,000 stores are participating in the initiative.

Another key challenge concerns ensuring sustainable business growth through human resources management, i.e. recruiting quality personnel, developing people's skills in line with business strategy, retaining valuable employees, and building successors. Amidst the differences of employees of various generations and the increasingly prominent role of technology, the Company has focused on steering the "**Building the Next Generation of Makro**" strategy. This strategy aims to create a work environment that encourages employees of all generations to work together efficiently, share experiences and ideas to foster new innovations, and provides opportunities for employees of new generation such as Generation Y and

Generation Z to work on tasks that are most suited to them and more experienced senior staff to serve as mentors. In addition, the Company also encourages the internal people promotion along their respective career paths, and equips them with necessary skills for their responsibilities. Likewise, we focus on embedding skills to increase work efficiency in the digital era, such as data analytics and technology application.

On the occasion of the Company's 30th Anniversary, we organized various projects under the concept "**The Creative Companionship towards Sustainability**". An example is the "**Run for Fund**" activity, a charity mini marathon to raise funds to build layer chicken houses for the Sustainable Lunch Project offering to 30 Border Patrol Police Schools and other schools in remote area across the country. One of our pride was the collaborative project with the Thai Red Cross Society, "**Makro Volunteers, Blood Donation, Doing Good Through Giving**" where the Company set up designated blood donation points at 97 Makro stores around the country and Head Office. The amount of blood donated throughout the year exceeded the target of 1 million C.C.

On behalf of Siam Makro Public Company Limited, the Board of Directors would like to extend our sincerest thanks to all of our valued customers who have put their trust and support in Makro through all this time. We would also like to thank our business partners, shareholders, public agencies, financial institutions, and the communities who have always supported our work. Moreover, we would like to extend our thanks to our employees, whose combined efforts and dedication have enabled us to accomplish our targets and strengthened the business over these past 30 years. We offer our promise that we will continue operating with responsibility to all parties, to uphold the principles of good governance and transparency, and to develop the business on the foundations of sustainable growth.

Corporate Governance Committee Report



Rawat Chamchalerm

Prof. Rawat Chamchalerm
Chairman of the Corporate
Governance Committee
Siam Makro Public Company Limited

The Board of Directors of Siam Makro Public Company Limited (“the Company”) places high importance on supporting and encouraging the business conduct adherence to ethics, transparency and auditability under good corporate governance framework that will lead the Company to sustainable growth. Furthermore, this will enhance trust and confidence amongst its shareholders, investors, other stakeholders and all relevant parties. The Board has appointed the Corporate Governance Committee (“the CG Committee”) to supervise, monitor and promote the Company’s corporate governance process to comply with policy and practices on corporate governance and code of conduct.

As at 31 December 2019, the CG Committee comprised three members, namely

1. Prof. Rawat Chamchalerm (Independent Director)
Chairman of the CG Committee
2. Mr. Jukr Boon-Long (Independent Director)
Member of the CG Committee
3. Mr. Umroong Sanphasitvong (Director)
Member of the CG Committee

In 2019, the CG Committee fully performed all duties in accordance with the CG Committee Charter and as assigned by the Board. Four meetings were held with 100% attendees each time to consider, review and provide recommendations relating key activities and operations on corporate governance which can be summarized as follows:

1. Considered the performance report of the CG Committee for disclosure in 2018 Annual Report and Form 56-1.

2. Reviewed the Company’s Corporate Governance and Code of Conduct Manual and BOD Charter to align with Corporate Governance best practice for listed companies regarding the tenure of an independent director not to exceed 9 years with no conditions.
3. Reviewed the Company’s compliance with the Corporate Governance Code (CG Code) for listed companies issued by the Securities and Exchange Commission, as well as provided recommendations for applying the CG Code in accordance with appropriate business context of the Company.
4. Approved the guidelines of practice on conflict of interest declaration for the Company’s personnel.
5. Reviewed the assessment results of the 2019 Corporate Governance Report of Thai Listed Companies (CGR) and provided recommendations to develop various guidelines in accordance with the CGR criteria and recommendations.

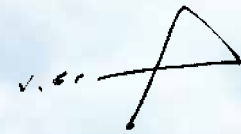
In addition, in 2019 the Company achieved its corporate governance objectives as follows:

- The Company has fully achieved 100 scores of the AGM Checklist Assessment for the third consecutive year.
- The Company has been rated “Excellent” in the 2019 Corporate Governance Report of Thai Listed Companies (CGR) for the second consecutive year, with increasing scores from the previous year.

The CG Committee is determined to promote and support the development of efficiency in corporate governance operations to create long-term business values and ensure that the Company can achieve the objective for sustainable growth.

On behalf of the Corporate Governance Committee,

Nomination and Remuneration Committee Report

Mr. Joti Bhokavanij
Chairman of the Nomination and Remuneration Committee
Siam Makro Public Company Limited

The Board of Directors (“the Board”) of Siam Makro Public Company Limited established the Nomination and Remuneration Committee (“NRC”) in accordance with good governance standards for listed companies and endorsed the NRC Charter as a guiding framework for the Committee’s roles and responsibilities. The Board has clearly specified the qualities and qualifications of members of the NRC, and stipulated that the NRC must consist of at least 3 directors, the majority of whom should be independent and none of whom should hold the position of Chairman of the Board. NRC members are responsible for recruiting, selecting and nominating highly knowledgeable and experienced individuals with the appropriate qualifications to become a member of the Board and a member of the Company’s various committees. The NRC must also propose the approach and process for recruitment, policy and criteria for appropriate remuneration of directors and sub-committees, as well as evaluate CEO’s performance and determine appropriate remuneration for CEO.

In 2019, the NRC fully carried out its responsibilities as required by the NRC Charter and as assigned by the Board of Directors. There were 4 NRC meetings with 100% attendees each time. A summary of significant matters raised during NRC meetings are as follows:

1. Recruited and nominated qualified individuals for the Board of Directors’ consideration prior to their nominations at the annual general meeting of shareholders for director election to replace those who completed their terms in 2019. Due regard was given for the candidates’ experiences, professional
2. Recruited and nominated qualified individuals for the Board of Directors’ consideration to appoint as directors to replace those who resigned during the year.
3. Determined the Board of Directors’ remuneration for 2019 to ensure that it is commensurate with their assigned roles and responsibilities and the Company’s size; that it is competitive compared with listed industry peers, and importantly, links with the Company’s overall performance and dividend payout ratio.
4. Reassessed recruitment processes and Board member selection criteria to ensure that the Board comprised members with appropriate knowledge and expertise required to drive the Company towards its key objectives and goals.
5. Assessed the performance of the NRC and reported the assessment results to the Board of Directors.
6. Assessed the Group CEO’s performance and determined the Group CEO’s annual remuneration, which should be commensurate with duties and responsibilities assigned by the Board, as well as the Company’s overall performance.
7. Encouraged the Company to allow minor shareholders to propose agenda items and nominate directors, via the Company’s website, at least 3 months in advance of the 2019 Annual General Meeting of Shareholders.

On behalf of the Nomination and Remuneration Committee,

Creating and Enriching Professional Path of our Customers

To stake its “Trusted Partner” claim, Makro constantly fortify competitiveness of its professional customers through diverse activities – knowledge sharing events for Retailers and e-Learning Centre for HoReCa. All these for robust business growth are marked by continuity and sustainability of our professional customers.





Laying a Firm Foundation for Secure and Sustainable Growth

Over 30 years of dedication to the development of the retail and wholesale business in Thailand to overseas expansions, Makro has remained committed to the pursuit of continuous development to serve our professional customers, starting from a “Cash & Carry” store format to more diverse business models, for instance the development of a wide range of store formats and services to meet diverse customer needs. In every step, bearing in mind the “Customer Centric” approach, the Company has focused on leveraging the capabilities and competitive advantages that it has accumulated from past to present towards the development of business models that reflect the direction of country’s development and the changes in social, environmental, and consumer behavioral trends. These efforts have brought the Company into its current position as one of the leaders in Thailand’s retail and wholesale sector. Nevertheless, changes to business models brought on by the digital age have prompted the Company to quickly adapt and devise business strategies to provide goods and services that better suit the needs of a new generation of customers, as well as to enhance and uplift the capabilities of current customers for mutual sustainable growth.



The Company is moving forward in pursuit of the Makro 4.0 Strategy to build the next generation of Makro. This involves developing and changing the business in every aspect to reflect a changing operational context. The Company therefore focuses on driving business operations with technology as a key enabler according to the following frameworks:

1. Developing a next generation business model
2. Revising the organizational structure to match the next generation way of working with a focus on creating an “Agile Organization”
3. Developing professional customers to cope with consumption patterns in the 4.0 era and using digital technology to attract next generation customers
4. Developing a workforce with the skills that will drive the organization into the future
5. Building Makro 4.0 leadership
6. Developing new ways of working in the 4.0 era

These frameworks serve as clear and important foundations for driving business operations going forward. It covers all work processes and business decision - making, including the development of store formats, customer service, and domestic and international expansion. The Company’s development in 2019 is explained in further detail below.

Business Model Development

Throughout its business journey, the Company has continuously developed a diverse range of store formats and services to serve the needs of an equally diverse range of customers. At present, the Company has 5 store formats including 1) Makro Classic Store 2) Eco Plus 3) Makro

Foodservice 4) Makro Food Shop and 5) Siam Frozen Shop. Our services cover over 3 million professional customers consisting of small retailers, customers in the Hotel, Catering, and Restaurant (HoReCa) business, service businesses, and others. The Company considers a number of factors in the development of its store formats, such as location and limitations of each location, urban or suburban / rural settings, target customer groups, and local consumption behaviors in each area, among others. All of these factors have an influence on the quantity and proportion of assortments in the stores, which consist of fresh foods, dry foods, frozen foods, general consumer goods, as well as other services, such as last - mile delivery. At the same time, the Company has developed an e-commerce sales channel. Furthermore, in 2019, the Company began offering delivery services from 100 stores around the country, which leverages the strengths of the Company’s store network nationwide, and allows the Company to deliver fresh food products quickly and safely to food business customers while maintaining the quality and freshness of the products.



Makro developed e-commerce channels for more convenience and faster service.

As of 31 December 2019, the Company had a total of 134 stores in Thailand, 6 stores overseas, and 1 store under Food Service Business in the United Arab Emirates. Further details are outlined below.

Makro Classic Store



79 stores in Thailand
1 store in Cambodia

A classic “Cash & Carry” store offers a wide selection of consumer goods for small retail operators, who are the company’s target customer groups.

Makro Foodservice



28 stores in Thailand
1 store in China

The “Foodservice” format caters to Hotel, Restaurant, and Catering (HoReCa) customers and is specially designed to be a one-stop shop for integrated food service businesses.

Eco Plus



15 stores in Thailand
1 store in Cambodia
3 stores in India

(under “LOTS Wholesale Solutions” trademark)

The “Eco Plus” store format is designed for professional HoReCa customers and small retail operators. Stores focus on fresh foods and are located in areas with a high HoReCa density or densely populated areas.

Makro Food Shop



5 stores in Thailand

The “Makro Food Shop” with a sales area of less than 1,000 square meters focuses on HoReCa customers in tourist areas and urban communities with high potential.

Siam Frozen



7 stores in Thailand

The “Siam Frozen Shop” sells frozen foods on a sales area of around 100 - 260 square meters and is located close to fresh markets with easy access to meet the needs of small- to medium-sized HoReCa operators.

Retail Shop under Food Service APME



1 shop in the United Arab Emirates

The “MAXZI The Good Food Shop” is a restaurant and outlet for premium food products of Food Service APME.

In 2019, the Company opened 5 additional stores in Thailand, consisting of 3 Makro Foodservice stores in Lad Krabang (Makro's first Digital Store in Thailand), Nathong Charoen, and Ramkhamhaeng 24 (Digital Store) and 2 Eco Plus stores located in the Eastern region, in Bowin and Sattahip, to support the economic expansion in the country's Eastern Economic Corridor (EEC).

Development of Sales Channels for Goods, Products, and Services

The Company has continued in pursuit of its mission to create a New S-Curve for the business by officially launching the "Offline to Online Ecosystem" or "O2O". The O2O ecosystem is an integration of Makro's traditional channels, namely the 134 physical Makro stores around the country, with various online sales and service channels including Makroclick.com, Makro Application, Credit and Delivery, and Makro LINE Official. The ecosystem aims not only to provide more choices for existing customers, but also to attract new target customer groups and enhance their purchasing experiences through greater speed, efficiency, and continuous accessibility via **"Omni-Channel Sales and Services"**. In addition, the Company has added new E-payment methods, including E-wallet payments and QR Code payments, on top of existing ones to facilitate payment services for customers.






Importantly, the Company envisages a growing trend of food businesses in Thailand and overseas. For this reason, it focuses on strategies to continuously develop food products and services for HoReCa customers. Along the same lines, it has set the target to expand its services into premium markets and access larger HoReCa customers. The Company has developed products for food businesses under its Own Brand and the brands of its subsidiaries, for example, raw materials for ready-to-cook meals that can reduce food preparation processes while maintaining taste standards. Likewise, it focuses on developing and offering products that better reflect the worldviews of modern day customers, particularly in terms of safety, sustainability and health, such as organic foods, gluten-free foods, Non-GMO foods, superfood ingredients, low-sugar foods, as well as reduction in the use of plastic and foam packaging or components of such packaging.



Makro Line Official Account

Makro's Own Brand Product Development

The Company focuses on enhancing brand recognition for Makro's Own Brands and promoting product innovations to differentiate Makro's products in diverse markets, particularly in premium markets. These efforts constitute part of the Company's strategy to diversify product types and offer more choices for professional customers. Makro's Own Brands consist of:

aro	M&K
 <p>Top quality products for business operators covering raw materials, cooking equipment, and consumer goods</p>	 <p>Snacks and drinks products for retailers</p>
Savepak	Protech
 <p>Good value for money products for business operators</p>	 <p>Electronic appliances for retailers and service businesses</p>
Q-BIZ	
 <p>Office equipment and stationery products for institutional, corporate, and service business customers</p>	

In addition, there are Own Brand products under the Food Service APME Business Group, which is a subsidiary of Siam Makro Group. These include Carne Meats (premium sausages), Ocean Gems (Seafood), MASTERPIECE (Halal Dim Sum), and C'est Bon! (desserts). Thanks to these diverse product and services, the Company is able to deliver products that directly fulfill the needs of both

domestic and international customers, as a one-stop shop. One of the achievements in Makro's Own Brand products is the high level of interest demonstrated by participants of the THAIFEX - World of Food Asia 2019, which include non - Makro customers as well as individuals who are interested in the Company's products for export to international markets.

Customer Development to Build Sustainable Growth

The Company fully recognizes that the success of our customers is our success. This is the reason that the Company has committed to the mission of **“Creating business growth for customers”** for these past 30 years. Fulfilling this objective involves monitoring the important trends and changes that could impact our customers such as the evolution of traditional to modern trade formats, the impacts of technological advancements on the ways of living and consumption patterns of the customers of small retail businesses, and the generational transition of family businesses, particularly for Sho Huay (small retail business) operators. Given these considerations, the Company has developed clear approaches for supporting and developing small retail businesses and HoReCa customers. These cover a variety of activities and issues, for example, offering fair prices and services, promoting learning and sharing of up-to-date business knowledge, and providing opportunities for customers to exchange views and propose new products for sale at Makro.

Small Retail Businesses

Small retail businesses, or Sho Huay, have been Makro’s main customer group since we began operations in Thailand. The Company therefore prioritizes the development and support of more than 700,000 small retail operators across the country that are registered with Makro, particularly through the **“Makro Retailer Alliance”** (“MRA”) project, which aims to enhance the capabilities of Sho Huay operators, and is now in its 12th year. It is comprised of a diverse range of activities that are designed to directly respond to the needs of the small retail operators. Examples include basic training in business operations on various topics such as location analysis, price setting, product selection, product placements and store layout, and **“New Generation of Sho Huay Show Saney”**, a design competition showcasing store improvements where the winning Sho Huay shop will receive store improvements and renovations based on their winning design. Overall, this project serves as a key vehicle for promoting income distribution to local communities and developing grassroots economies at the national level.

In addition, the Company organized the **“11th Makro Retailer Expo”** (Shohuay#11), under the concept, **“Commitment and Creativity for Thai Sho Huay towards Sustainability”**. In the event, the Makro MRA team organized various knowledge training sessions on managing small retail businesses and provided a platform for Sho Huay operators to establish new business partnerships, access news and information about the development direction of the retail and wholesale sector, and learn about new innovations and technologies that can inspire them to further improve their businesses.

In 2019, the Company revised the format of the Makro Retailer Expo by separating the event into 6 regional events, held in Chiang Mai, Bangkok, Phitsanulok, Rayong, Ubon Ratchathani, and Hat Yai, and 1 national-level event, held at the Khon Kaen International Convention and Exhibition Center. This format has allowed more Sho Huay operators to participate in regional events and activities, and the Company to gain more access to Sho Huay customers around the country. The Makro Retailer Expo this past year achieved great success as more than 60,000 Sho Huay members and the public attended the events. Likewise, the number of participants and those interested in the activities of the MRA project increases every year.

In 2019, the Company expanded the MRA project further to help Sho Huay operators adapt to and prepare for the 4.0 era by providing knowledge and advice on professional retail management. Importantly, the MRA project introduced the **“Community Kitchen”** concept into Sho Huay stores, with the goal to increase their income by adding ready-to-cook products, chilled and frozen foods into product selections, and to improve store management processes from the sourcing stage at Makro to product delivery to end consumers. Currently, more than 2,000 Sho Huay stores are participating in the Community Kitchen initiative. Following the initial pilot stages of the concept, the Company has found that participating retailers experienced an increase in their sales revenue, showed the ability to provide integrated products and services to customers, reduced unnecessary workloads

and time, as well as gained competitive advantages in the market.

The Company enhances the capabilities of Sho Huay operators through knowledge sharing, particularly with the online learning center, www.shohuaythai.com. This website is a tool for professional customers to share their experiences and access a variety of training courses on the e-Learning portal for free, throughout 24 hours. The website also encourages retailers to provide new services within their stores and increase their business capabilities to keep up with a “Cashless Society”. This involves, for instance, adding QR payment and E-wallet payment options. Moreover, the Company will focus on the use of Big Data to develop a pilot retail store to serve customers with efficient product ordering and delivery services and promoting a new image of Sho Huay stores among customers. Doing so will help contribute to the shaping of new mindset regarding new generation retail store management, for both retail operators and consumers.

Finally, the Company will continue to support the development of Sho Huay businesses in collaboration with external stakeholders and communities. In 2019, the Company partnered up with the Department of Business Development, Ministry of Commerce, on the project, **“Total Solutions 4 Sho Huay”** to support knowledge building on retail business operations for small retail businesses, Sho Huay businesses and Pracharath stores through the use of MRA project tools. These tools and support services include:

1. The Professional Retail Business Management Handbook covering 8 key topics on store management, which is applicable for those who are interested in opening their own stores but do not know where to start, or

those who want to improve their own stores. Topics include principles of store layout, product selection and recommendations of bestselling products, methods of differentiation with new ideas to increase sales and revenue, and techniques that retailers and Sho Huay operators can apply themselves

2. Advice on store management through trainings, seminars, and workshops organized in all regions throughout the year, covering the principles of retail management and professional techniques to help retailers and Sho Huay shops respond to the changing expectations of customers
3. 3D store design service
4. Promoting knowledge and techniques through 24-hour e-Learning services on www.shohuaythai.com
5. Product ordering, preparation, and delivery services for Pracharath stores.

The Company further aims to reduce the costs borne by business owners and Sho Huay operators by sourcing popular products as well as providing monthly promotions for Pracharath stores that are members of Makro. This will help to improve the competitiveness of Sho Huay businesses as well as effectively resolve the issue of the lack of knowledge on store management. At the same time, the MRA team regularly partners with over 85 universities throughout the country on the **“University Project (U-Project)”**, which offers students the opportunity to apply the knowledge that they learn on business management in real life by improving Sho Huay businesses within their own communities. For this project, the MRA team acts as mentors to students to share knowledge on retail store management, store improvements and sales promotion development. Since 2008, 39,137 students and 6,478 business operators have participated in the U-Project.

HoReCa Customers

Guided by the strategy to expand its food service business for small-to-large HoReCa customers, over the past year the Company launched the **“Makro HoReCa Academy”** (MHA) with a vision to turn Makro into a knowledge leader in the food business and a trusted partner for HoReCa operators. The aim of MHA is to build the capabilities and support the sustainable growth of HoReCa customers through 4 main approaches: 1) knowledge promotion 2) business development 3) partnership and network development and 4) sales growth. The Company has created an online MHA learning center (<https://makrohorecaacademy.com>) consisting of 11 courses, which HoReCa operators can access for free from anywhere and at any time to learn about operating food businesses in various aspects, such as increasing sales and revenue, improving store management efficiency, promoting knowledge on sanitization, and innovating new menus and recipes to distinguish their businesses. Examples of popular courses include: **“Promote Restaurants Online for 10 Times Increase in Sales”** and **“Simple Profit & Loss Management”**. Furthermore, the Company also organized seminars at the Head Office and more than 50 cooking workshops in different stores to share new food trends, create menus and ways of increasing revenue for customers.

The Company also provides a number of other learning channels for professional HoReCa customers to choose from when looking for information and developing partnership networks such as Facebook and YouTube. The Company regularly issues **“Ingredient Magazine”**, which is a source of knowledge on food, covering contents such as healthy food and international food recipes, nutritional benefits and qualities of different raw materials, lists of goods and products that can be purchased at Makro, and interviews with leading chefs and restaurateurs, all of which have been well-accepted by HoReCa operators. In the future, the Company plans to continue developing new content and recipes to equip HoReCa operators with skills and well-rounded knowledge, thus enabling them to apply that knowledge towards the improvement of their own businesses.

Meanwhile, the Company has continued implementing regular activities for HoReCa operators. Such activities serve as platforms for exchanging ideas discussing trends in consumer behavior, cooking methods, as well as methods for using various equipment and ingredients. Examples include workshops, cooking demonstrations and **“C.I.Y Cook it Yourself”** activities with food experts. Other key events are Makro HoReCa Day 2019, which was organized under the theme of **“East Meets West,”** and the **“14th Makro HoReCa”** trade show event, organized under the concept of **“The Culinary Passion 30 years of Creative Companionship towards Sustainability”**, on 21 - 24 November 2019. Activities in the event were designed to enhance the business capabilities of HoReCa customers, for example, displays of products from over 300 producers, workshops to exchange knowledge from experts, and Makro HoReCa Challenge 2019, a culinary competition endorsed by the World Association of Chefs’ Societies (WACS). Participants could sign up to compete in the **“Asian Culinary Junior Chef Challenge”** (for youth) or the **“Asian Culinary Professional Chef Challenge”** (for professional chefs). Finalists competed live during the Makro HoReCa event and the winning team will be given an opportunity to represent Thai chefs in an international competition at the Food Hotel Asia 2020 event in Singapore.

Digital Transformation

The Company must rapidly evolve its operations to keep up with the technological changes that accompany a changing competitive retail and wholesale landscape that now includes both traditional and new players, such as technology start-ups and e-commerce businesses. It must also create new experiences for customers through the use of technologies suited for each aspect of business, and increase efficiency and competitiveness. In light of these considerations, in 2019, the Company continued to implement its Digital Transformation strategy by launching systems, tools and new projects that aim to elevate the organization towards technological excellence.

Integrating Technology and Building the Offline to Online Ecosystem

The Company set up infrastructures for the O2O ecosystem in order to connect and integrate various sales channels and provide customers with more purchasing choices through an integrated shopping experience. The O2O ecosystem aims to reduce complexities in ordering and delivering goods, including fresh food, dry food, and consumer goods, and allows the Company to offer integrated services to customers, gathered information, monitor performance in real-time, as well as use Big Data analytics to analyze the information of more than 3 million customers and identify specific customer needs by group. Through this system, the Company will be able to offer products, services, and respond to customers' concerns in a much more customized way. This will help to enhance customers' engagement with the organization in the long run, and further increase customer service efficiency.

At the operations level, the Operational Excellence Platform (OEP) is used for in-store inspections as this helps the Company control operational standards in real-time. The system, which operates on cloud, helps to create a standardized approach to customer service and it can immediately notify employees and managers of any problems that occur during the work process. In addition, the Company launched the **"Pick & Pack"** service, which allows professional customers to place orders online. Employees in the nearest stores will then select those items and prepare them for further pick-up or delivery, helping customers to save time. The Company can also monitor the Pick & Pack service for further improvements in work process.

Apart from using technology in operations, the Company also began using the Robotic Process Automation (RPA) technology in place of back-office manual work to increase work efficiency and effectiveness as well as reduce repetitive work processes and errors. Examples include data entries into systems and routine paperwork.

In turn, the Company can assign employees to do other work that creates added value for the organization.

Nevertheless, the Company recognizes the risks and challenges that come with using technology and Big Data. The Company has therefore laid down strict measures to protect private customer data, prevent cyber-attacks, and prepare for the Personal Data Protection Act B.E. 2562, which will come into force in 2020.

Launch of the "Digital Store"

The Company officially launched the first wholesale **"Digital Store"** in Thailand, using the Foodservice format, in Lad Krabang. The store integrates modern technology from the wholesale and retail sector with the concept of the Internet of Things (IoT) into its management system. Customers are able to look up information on discounted items, promotions, and memberships on digital display boards at the front of the store, use a touchscreen to order products and services online that are not available in store, as well as request home delivery services. The Company also prioritizes the enhancement of customers' purchasing experiences and provides 4 payment options 1) Cash 2) Credit card 3) E-wallet and 4) QR Code. It also launched the Queue Buster service, which uses a handheld scanner to scan products in a customer's trolley while they are waiting to pay, to save time and expedite the payment process at the checkout counter.

The use of technology in the digital store has resulted in the enhancement of Makro's work efficiency, reduction in errors and waste from paper tags. For example, the use of more than 8,000 Electronic Shelf Labels (ESL) helps employees change the shelf prices quickly through a central control system without having to print paper price tags. Additionally, the Company has installed Artificial Intelligence (AI) Cameras in the store to manage the product refill process, thus ensuring that the products are always available on shelves.

Another benefit is that the digital store is friendly to the environment. The Company installed 800 square meter rooftop solar panels to use solar power for electricity generation. As a result, the Company is able to reduce electricity costs, energy consumption and greenhouse gas emissions. There are also plans to introduce “electric tricycles” to provide delivery services within a 5km radius of the Lad Krabang store.

Following the Company’s success with the launch of the first digital store in Lad Krabang, the Company opened the second digital store at Ramkhamhaeng 24 by building upon the lessons learned from the first store launch for additional improvements. Overall, the opening of these two digital stores can be seen as a step towards the 4.0 era where they can serve as models for the Company’s future store development.



Growing Footprints in Asia-Pacific and Middle East

Moving from a strong foundation in Thailand, Makro has now embarked upon a journey of international expansion. With over 3 decades of experience as “Your Trusted Partner” Makro is ready to strive our business to serve the needs of professional customers in countries across Asia and the Middle East. In its expansion to international markets, the Company prioritizes maintaining the quality of all products and services, particularly in terms of food safety. It is committed to mutually developing, sharing knowledge and experiences, and playing a role in elevating the retail and wholesale sector in all countries where it operates, to deliver strong and sustainable success for professional customers, consumers, and all people.



By leveraging its strength as one of the leaders in the retail and wholesale industry, Makro remains committed to its expansion across international markets. Meanwhile, the Company will adhere to its customer-centric vision to create a **“New S-Curve”** for the business, and deliver safe, high-quality products from all corners of the globe as well as fully integrated services that meet the needs of professional customers. The Company recognizes that, in expanding the business and identifying new growth opportunities abroad, it is necessary to consider a diverse range of store formats that suit the needs of professional customers in each location - as well as conforming to the behaviors of target customer groups, their cultures, economies, and environment. Given this, the Company upholds 5 key missions in its expansion: 1) Multi - format expansion 2) Award team achievement and invest in people 3) Know and respect the local differences 4) Responsible for the society and the world and 5) Offer the best value and solution to customers.

Siam Makro Group’s International Presence

Makro currently operates in 4 countries: Thailand, Cambodia, India, and the People’s Republic of China. In 2019, the Company opened its second branch in Cambodia in Siem Reap, its third branch in India under **“LOTS Wholesale Solutions”** trade name in Noida district, located in the east of New Delhi, and opened the first Makro Foodservice store in the People’s Republic of China in Huadu Yingbin, Guangzhou. These new stores have been well accepted by customers. In addition, the Company has now prepared for the opening of its first store in the Republic of the Union of Myanmar, which is expected to be officially opened in 2020. In its venture into new markets, the Company considers the strategic importance of each store and also promotes partnerships with different parties, including local partners, to create shared benefits and long-term value for all stakeholders, in alignment with **“Local Love”**, one of the 6 Strategic Goals of Makro 4.0.

The Company strongly emphasizes job creation in all countries where it operates. It adheres to the policy of **“Hire Local, Grow Local Professional”** to provide job opportunities and share knowledge with local personnel.

The Company treats all employees equally, and has set the target to hire at least 80% of local staff. Not only that, the Company also focuses on developing the capabilities of all employees through training courses and sessions that cover various systems, processes, and working standards of Makro. This supports employee learning in technical and other relevant skills that are required for their daily responsibilities, in particular the skills that will become essential for future business challenges and growth in the Makro 4.0 era. Examples of training tools include manuals for employees by department, Training Passport, training manuals for supervisors in local languages, 2 - 4 month training for international staff in Thailand, and training to foster the **“Makro DNA”** as well as the corporate value called **“VICTORY 7 - Makro Values”**.

Furthermore, the Company prepares Individual Development Plans (IDP) for international staff, and conducts employee performance assessments during pre-employment training to identify high-potential employees for immediate promotion and further skills development, to groom them for future leaders in their respective career paths. These measures, aside from supporting the Company’s policy on internal promotions, also play a key part in helping the Company to retain capable, talented individuals over the long term and attract local personnel to become a part of Makro family. Importantly, the knowledge and expertise of local staff are invaluable resources that can help the Company grow securely in new markets, foster positive relations with local communities, and effectively adapt to any changes in each market.

The Company does not only recognize the importance of human resources, but also focuses on developing local economies and creating sustainable incomes for societies and communities. For this reason, Makro has expanded upon the success of its projects in Thailand to each country where it operates in order to build up the capabilities of small retail businesses. For instance, the **“Makro Retailer Alliance”** (MRA) project, which has been implemented in Cambodia for over 2 years, aims to develop the capabilities of small local retailers through knowledge sharing on retail business and store improvements.

The progress outlined above has been vital in helping Makro build up a strong foundation for continued business expansion into international markets, as well as to create sustainable value for all stakeholders.

Growing Further in Cambodia

Since 2017, the Company has operated as a **“Trusted Partner”** in Cambodia under Makro (Cambodia) Company Limited, a subsidiary of Siam Makro Group, with the first Makro Cash & Carry classic store opened in Sen Sok, Phnom Penh. In 2019, the Company opened the second store under an Eco Plus format in Siem Reap to continue expanding its customer base, considering that Siem Reap is a highly reputable city for tourism and has a large base of HoReCa businesses. The Company currently serves over 100,000 professional member customers in the country.



Second Makro Store in Cambodia - Siem Reap

The Company continues to implement the MRA project to elevate the standards of small retail businesses and to increase sales and profit for business owners. The project consists of various activities, including the development of Store Management Manual in Khmer language in collaboration with the public sector. In 2019, the MRA Cambodia organized **“U-Project: Makro and University Students Join Forces on Local Retail Development”**, which is an extension of the project regularly run in Thailand, by collaborating with students from the Royal University of Phnom Penh. The project allows those students to visit Makro store in Sen Sok, to have more understanding of the Company’s business, and then to apply their knowledge on business management to develop real retail stores

within their own communities. In total, 1,350 small retail shops gained knowledge and advice of the MRA Cambodia team.

Expanding in India

On 12 January 2019, CP Wholesale India Private Limited, a subsidiary of Siam Makro Group, opened a new store under LOTS Wholesale Solutions (“LOTS”) trade name, with a total sales area of approximately 2,700 square meters, in Noida, New Delhi. It is the third store in India, a further expansion from the first 2 stores opened in 2018 in Pitampura and Akshardham, New Delhi.

LOTS offers products in a wide range of categories including food, drinks, daily consumer products, kitchenware, home electronics, furniture, sleep products, office equipment, etc. It also provides fully integrated services to small retailers, HoReCa businesses, and service businesses, offering delivery and various payment options, through Omni-Channel and E-Commerce methods, which has become increasingly popular. In addition, LOTS stores adhere to the policy of supporting local products and partners, and therefore arranges to procure goods and products directly from local producers. This enables the Company to create benefits for local communities through job opportunities and income generating and to support the growth of business operators alongside the business over the long term.

Overall, the Company recognizes the strategic importance of the market in India, especially in terms of creating a base for the business in South Asia. The focus is primarily on opening smaller stores in urban areas, given that the majority of customers do not tend to travel far to purchase their goods. Furthermore, the Company sees the opportunity of providing integrated food services for professional HoReCa customers in India, with the confidence that our knowledge and experience will enable LOTS to offer products and services that truly meet their needs. In addition, exchange of new recipes and cooking methods will uphold LOTS to a leading food service business for professional customers in the future.

A New Journey in China

Makro officially entered the Chinese market in September 2019 with the successful opening, through its subsidiary Makro (Guangzhou) Food Co., Ltd., of Makro Foodservice in Huadu Yingbin, Guangzhou, with a sales area of 1,300 square meters. With a population of around 14 million people, Guangzhou is considered a top food destination. Makro Foodservice is therefore the most appropriate store format for this new market. The Company has applied its long-term knowledge and experience in food service business for HoReCa customers in Thailand to offer products and services that meet the needs of this customer group in China. Likewise, it has brought in modern technology to deliver excellent purchasing experiences, such as the Offline to Online Ecosystem (O2O), Electronic Shelf Labels (ESL), Self-Checkout, and E-Payment systems, among others. This allows Makro to better cater to the purchasing behaviors of a customer group adept at advanced technology. In the future, our expansion in China will continue to focus on the Foodservice format and on creating more automated management systems, both in terms of internal processes as well as customer relations management, to increase the Company's efficiency and competitiveness in the Chinese market.

First Step in the Republic of the Union of Myanmar

A high growth rate of the Republic of the Union of Myanmar results in a growing trend of its in wholesale and retail sector. Coupled with the preference of local population for consumer goods from Thailand with high quality and reasonable price, the Company, therefore, conducted a feasibility study on business operations in Myanmar. Then, ARO Commercial Company Limited was established in 2018, followed by the approval for MIC (Myanmar Investment Commission) Permit from the government to open the first Makro Classic store in Yangon, with an approximate sales area of 8,000 square meters, to offer consumer goods to small-scale retailers. The store is expected to open in 2020.



High quality products for premium dishes

Food Service APME Business Group

The Food Service APME Business Group plays an important role within Siam Makro Group to drive the food service business in international markets, with its vision to **“Become a leading professional food service provider in Asia Pacific and the Middle East”**. Food Service APME operates under the brand **“Siam Food Services”** in Thailand and **“Indoguna”** in Singapore, Vietnam, United Arab Emirates, Cambodia, and Hong Kong, comprising 6 companies in total.

In its operations, Food Service APME focuses on investing in the development and provision of services, products, and goods that are customized for the needs of each target customer group, e.g. specific meat cuts upon customers' requirement; as well as goods and services that suit the business models of customers, the competitive environment in each location, and trends in market demand and consumption behaviors, e.g. organic products and sustainability-certified products. Moreover, to continuously create differentiation and competitive advantages, Food Service APME focuses on developing excellence in human resources, providing integrated services for professional customers, producing safe and high-quality products in accordance with international standards, and creating innovations to develop new business channels. This involves, for example, working with customers to develop relevant skills and knowledge, including jointly conducting research and development on products, and working with chefs to share new food seasoning techniques and menu items. These activities will enable the customers to improve their own businesses, as well as benefit from the network of Food Service APME across regions.

Companies under Food Service APME include:

Siam Food Services

Siam Food Services Limited (SFS) engages in the import, sales, and delivery of high-quality fresh and frozen food products from all corners of the globe. Its product range consists of over 70 brands and more than 2,000 items in 7 product categories, i.e. meat and processed foods, seafood, dairy products, fruits and vegetables, potatoes, seasonings, and ready-to-cook products. The products also include premium quality goods for professional customers in the high end and mainstream restaurant businesses, for example, premium U.S. beef, French oysters, Swiss cheese and dairy products, etc. SFS has presence in 5 locations: Bangkok, Pattaya, Koh Samui, Phuket, and Chiang Mai, as well as online through Facebook page “**Food Diary**” and other platforms such as Happy Fresh and Lazada to provide more options to customers who prefer convenience from online purchases and a full delivery service.

In 2019, SFS celebrated its 35th Anniversary in Thailand by organizing an event titled, “**Siam Food Discovery Phuket**”. The event consisted of a variety of engaging activities for more than 500 participants, for example a special food demonstration by famous chefs using raw materials from SFS, a dessert demonstration, and displays of products in different categories, namely Thai fusion, Italian, French, Japanese, American and Mexican, and Bakery and Café.

Indoguna Vina Food Service, Vietnam

Indoguna Vina Food Service Company Limited (previously called Vina Siam Food Company Limited) engages in the import, export, and sales of high-quality food products for fast food, restaurant, and hotel business operators. It is the first overseas market for Siam Makro Group, as the Company first entered the country in 2012 and currently operates 2 branches in Ho Chi Minh City and the capital city of Hanoi.

Indoguna (Singapore), Singapore

For over 2 decades, Indoguna (Singapore) Pte Ltd has been a leading food and beverage company engaging in the import and export, production, and sales of premium food and beverage products including meats, processed foods,

seafood, wine, drinks, and Halal foods for restaurant and hotel operators and other leading food service providers.

Indoguna Dubai and MAXZI The Good Food Shop, United Arab Emirates

Indoguna Dubai LLC is one of the leaders in the import and sales of premium foods for HoReCa customers and leading airlines. It provides services to Middle Eastern countries including United Arab Emirates, Oman, Kuwait, Bahrain, and Saudi Arabia.

The Company opened a restaurant called “**MAXZI The Good Food Shop**” in Dubai to provide healthy and high-quality food services at competitive prices. For example, foods seasoned with local raw materials and organic products, non-GMO products, and products that meet animal welfare standards. In addition, the Company sells products under various Indoguna brands, such as premium sausages (Carne Meats), seafood (Ocean Gems), Halal Dim Sum (Masterpiece), desserts (C’est Bon!), and MAXZI the Good Food Shop Coffee. Customers can buy these products at the store, have in-store dining with cooking services, or order via online channels and applications such as Uber Eats and Deliveroo for delivery service within Dubai.

Indoguna Lordly and Just Meat, Hong Kong

Indoguna Lordly Company Limited and Just Meat Company Limited engage in the import, distribution and manufacturers of pasteurized eggs, high-quality meats, seafood, and dairy products for customer groups in Hong Kong and Macau, including hotels, airlines, and food service providers. In 2019, the Company confronted challenges stemming from the political crisis in Hong Kong, which led to concerns on the part of both Company employees and customers. However, the Company closely monitored the situation and had in place robust measures to effectively manage and respond to different types of crisis, as well as reduce the impacts of damages to personnel and assets.

Indoguna (Cambodia) Company Limited

Indoguna (Cambodia) Company Limited (INDC) was established in 2017 under a joint investment between SFS and local investors in Cambodia to carry out the import and distribution of premium quality products. INDC operates its

food service businesses through its offices in Phnom Penh and Siem Reap, opened in 2018 and 2019 respectively.

In 2019, Food Service APME focused on building and strengthening its systems, processes, and basic procedures to enhance its long-term competitiveness. This involved E-Commerce development, own brand development, and streamlining the work processes of all 6 companies in the same strategic direction. Food Service APME began setting up a digital internal communications and data management system to consolidate the performance data and information of all 6 companies under the same system. This will allow the Food Service APME to create a centralized information database, monitor real-time performance of each company, and govern all companies in a more holistic manner that will help steering the digital transformation of the group more effectively in the future. Furthermore, Food Service APME focused on streamlining the 6 companies in the following areas:

1. **Meat Business Development**, especially beef and lamb, by building up the capabilities of the entire Food Service APME to purchase and sale meat products according to the same standards. Not only that, Food Service APME also began developing its own leading brand for meat products called “**Carne Meats**”, the first product of which is expected to be launched in 2020.
2. **Seafood Development**, with a focus on developing a leading brand of Indoguna, namely “**Ocean Gems**”, across all 6 companies, which has been ongoing since 2018. Food Service APME has put a serious attention on sustainability, aiming at seeking certifications from the Marine Stewardship Council (MSC) and Aquaculture Stewardship Council (ASC) for seafood products under this brand. This will leverage Food Service APME to enter the premium market, such as five-star hotels, which place importance on the certification of sources and fishing methods.
3. **Gourmet and Fine Food Development**, which will begin with developing expertise in Singapore and the United Arab Emirates before expanding to other countries.

4. **Production / Butchery Development**, to increase production capabilities among the group and to support an expansion of customization service for specific meat cuts upon customers’ requirement, and among others.

To ensure that Food Service APME remains on track to achieve its business objectives, it strongly emphasizes development of human capital and future leaders. The group organizes classroom learning and on-the-job trainings for employees to have an opportunity to learn and train in a variety of situations, in accordance with their required skills and responsibilities. Due to the fact that their employees come from different countries with diverse backgrounds, cultures, mindsets, and ways of working, Food Service APME therefore places importance on embedding its corporate culture to gear the work processes in the same direction and create teamwork and efficiency, in the pursuit of sustainable business growth.

The next step for Siam Makro Group in the international market is to continue identifying business and store expansion opportunities, expanding customer bases and market share, developing people and promoting learning and skills development for Makro 4.0, and ensuring that the business caters to the specific needs of the market in each country. Likewise, the Company will continue to increase its capabilities in terms of production and competitiveness, encourage a sense of ownership amongst local employees and managers, and define the authority to make decisions for flexibility in business operation. Finally, the Company has set the target to increase the proportion of revenue from international business and Food Service APME within the next 5 years.



*Premium food products,
taking only from the best around the world.*

Creating and Operating with Care for the Environment

The 'Say Hi to Bio, Say No to Foam on Tour' activity – one of the joint campaigns with the Ministry of Natural Resources and Environment regularly held to promote national awareness of avoidance and reduction of use of environmentally-harmful packaging in tandem with social and environmental responsibility.





Bonding Partnership for an Enriching Society

“Local Love” from communities is an essential tool for the Company's success in driving the business in pursuit of its vision. It relies upon the foundation of partnerships and engagement with communities and societies in all countries and regions in which we operate. The Company recognizes the importance of creating shared value and supporting sustainable development for society which can be executed through various projects and activities that stimulate local economic growth, address social and environmental problems, promote better livelihoods and qualities of life, and directly respond to the needs of the local people. For this reason, the Company's corporate social responsibility (CSR) and sustainability projects align with the 6 Strategic Goals of Makro 4.0 and the United Nations Sustainable Development Goals (SDGs). This ensures that all projects create strategic value for the business, reflect changing global trends, and generate sustainable growth and shared value for countries, societies, communities, as well as the organization.





"30th Anniversary Makro Run for Fund"

Celebrating Makro's 30th Anniversary

Being committed to fostering engagement with stakeholders comprehensively and equally in order to elevate their quality of life and local economies for stability and sustainability, the Company organized special activities and projects to celebrate the 30th Anniversary in 2019, to thank all of the stakeholders who have played a part in the Company's success. Events included the **"30th Makro Run for Fund"** – a charity run event with 3 and 10 km mini-marathon options in which Makro's customers and the general public competed for the HRH Princess Maha Chakri Sirindhorn Cup. All fund raised will be donated to build hen houses to provide eggs as a sustainable lunch project to Border Patrol Police Schools and other schools in remote areas, totaling 30 schools throughout Thailand.

The Company also continued with its regular CSR activities and support for various community service initiatives. For instance, Blood Donation Project held in partnership with the regional and national chapters of the Thai Red Cross Society at Makro stores across the country. Makro stores serve as community blood donation centers and allow our customers and the general public to easily access blood donation facilities without travelling long distance. In honor of Makro's 30th anniversary, the Company collaborated with the Thai Red Cross Society to organize a special project called **"Makro Volunteers for Blood Donation, Doing Good Through Giving"** to invite employees and customers from all over the country to donate blood throughout the year at designated blood donation centers in 97 Makro stores and the Head Office. Total donations amounted to over 2.8 million C.C., surpassing the target of 1 million C.C. The Company plans to continue running this project in the future.

As a grateful reward to our loyal customers for their support over the past 30 years, and with our commitment to operate alongside with professional customers, in 2019 Makro launched special sales promotion activities to provide all customer groups with additional choices, rewards and cost saving - namely, the **"Makro X2 Profits for Sho Huay"** activity and **"Makro 30 Years, 30 Million Riches"** activity. Not only that, the Company organized the **"11th Month Weekly Flash Deal"** promotion to respond to the demands of small retailers and restaurant operators to prepare themselves for higher purchasing demand from their customers during the festive season, and to support the government's economic stimulus measures.

Local Love

Along its journey, the Company has always promoted local employment to ensure the community members of their secured jobs and income, considered as a way to enhance people's life. At present, at least 80% of all employees at Makro stores are local staff. Furthermore, at the opening of new stores, the Company offers 15 scholarships to elementary school students in communities surrounding each store area. Likewise, the Company has continued to run educational development projects, offering additional 11 scholarships to Makro employees studying at the Faculty of Business Administration, Department of Modern Business Management, Panyapiwat Management Institute. The Company also awarded 37 scholarships to the children of Makro employees and general students studying at the Faculty of Food Business Management in the Department of Modern Business Management.



Makro, jointly with business alliances and Rotary Club Bangkok, offered scholarships to schools in Bangkok District

The Company recognizes the importance of providing knowledge and creating jobs for vulnerable groups in society, and of solidifying its position as a **“Trusted Partner”** for professional customers. In 2019, the Company, therefore, launched a new project called **“Makro: Creating Careers, Creating New Life”** at Khao Kling Prison Camp, Kaeng Krachan district, Phetchaburi province. The aim of the project is to equip prisoners who are nearing the end of their sentences with useful career skills, specifically by providing skills training and raw materials for the training to run their own small businesses, such as restaurants and retail shops, so that they may apply these skills in their jobs and generate income in the future.

The Company also encourages employees at each Makro store to volunteer for community service activities in surrounding areas, particularly at times when such communities are close to disaster-stricken areas. For instance, the Company’s stores in Nakhon Si Thammarat and Thung Song supported the restoration of local shops affected by the Pabuk Storm in the south of Thailand in order to help shop owners quickly recover from damages. Similarly, the Company participated in flood relief efforts organized by the Thai Red Cross Society to help those affected by the Podul Tropical Storm in the Northeastern and lower Northern region of the Thailand. Makro stores in Phitsanulok, Phetchabun, Phichit, Surin, Sisaket, Roi Et, Kalasin, Maha Sarakham and Ubon Ratchathani provinces participated by providing quality drinking water valued at over 1 million baht, and by setting up a center to prepare Survival Bags consisting of essential items for the Red Cross to distribute to those affected by the disaster.

In addition, the Company supports farmers by entering into Memorandum of Understanding (MOU) on the purchase of quality local produce. In 2019, the Company signed an MOU on fruit trading with the Ministry of Agriculture and Cooperatives and the Department of Internal Trade, Ministry of Commerce, to increase the volume of produce purchased from agricultural cooperatives over the previous year, and to resolve the issue of oversupply of seasonal produce, such as seasonal fruits from the Eastern region including rambutan, mangosteen, Southern langsat and zalacca; seasonal fruits from the Northern region such as longan and lychee; and Southern langsat sourced from Muslim community leaders in the 3 southernmost

border provinces of Thailand. Furthermore, the Company designated its regional procurement teams to provide advice to farmers, exchange market knowledge, and help develop plans on planting crops and creating safety standards that align with market demand. Finally, in November 2019, the Company joined forces with aquaculture farming groups in 4 provinces in the Central region of Thailand – Nakhon Pathom, Kanchanaburi, Suphan Buri, and Ratchaburi – and agreed to purchase giant freshwater prawns from the groups and to distribute their produce in the case that there is an oversupply in the market caused by export issues.



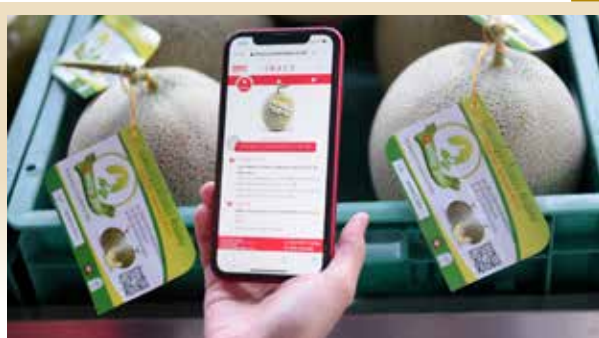
Makro prioritizes product quality, freshness, and safety from chemical residues in fresh foods and dry foods.

The Point of Reference on Food Safety

The Company conducts its business with the target of becoming the **“Point of Reference on Food Safety”** in mind and work in collaboration with relevant stakeholders. It has in place an operational framework, system, and internal and external processes that support the maintenance of standards of excellence on food safety and quality. The Company particularly focuses on partner engagement, especially with suppliers, to ensure that they operate in compliance with laws, consideration for environmental sustainability, and prioritize quality, freshness, and product safety from chemical residues, antibiotics, and pathogens. This helps to promote trust among professional customers and consumers regarding food products sold at Makro, from fresh foods to dry, chilled, and frozen foods. Importantly, the Company stands firm in its belief that **“Food safety is non-negotiable”**, and so strictly operates according to all relevant health and food safety laws and regulations, and consideration for health impacts on consumers.

The Company has a stringent and robust quality control process that is traceable and transparent throughout its entire supply chain, from the sourcing of raw materials

to manufacturing, logistics, and the sales of products at Makro stores. In line with Makro's strategic objective to expand its food service business, the Company has focused on elevating its quality control practices to international standards. The Quality Assurance Department, with its expertise on food quality testing, assumes the main responsibility for laying the framework for quality control. Components of the Company's quality control process include the Supplier Risk Assessment in terms of quality, safety, and sustainability dimensions, as well as awareness trainings on compliance to the Suppliers' Code of Conduct. The Company additionally conducts a Hazard Analysis Critical Control Point (HACCP) assessment for its ready-to-eat food products (specifically bakery goods) and carries out random quality and safety checks on products. Testing for residual chemicals in food products are also conducted by external laboratories (Thai and international) that meet the ISO/IEC 17025 Standard; tests are also done for Good Manufacturing Practice (GMP) standards. Not only that, the Company has also received a certification for its Good Laboratory Practice (GLP) standards from an internationally-recognized organization.



*Integration of technology
(Big Data, QR Code, and Makro i-Trace)*

In 2019, the Company became the first major wholesaler to receive a certification for the ISO 22000:2018 Food Safety Management System standard, a food quality certification which is higher than the HACCP, for its bakery products. The stores and distribution centers that received the ISO certification include Makro's stores in Nakhon In and Bang Bua Thong, and the Distribution Center in Mueang District, Samut Sakhon province. Following this achievement, the Company plans to obtain ISO 22000:2018 certifications for all bakery department products in all Makro stores in Thailand by 2020. Over the past year, 2 LOTS Wholesale Solutions stores in India also received the HACCP certification for its fresh food products (including fresh meats, fruits and

vegetables, milk products and bakery goods), and dry food products (seasonings, beverages and snacks).

Additionally, the Company is committed to integrating technology into its quality control processes to enhance the efficiency of product quality management for the Makro 4.0 era. Since 2018, the Company has adopted the Makro i-Trace, traceability technology which allows customers to trace the source of products easily, efficiently, and accurately by scanning a QR code that appears on a product's label. Information is then displayed on a product's origins, the farming or fishing method used in sourcing the raw material, recommendations for consumption, and recipes. To date, over 4,000 items are listed in the Makro i-Trace system. In 2019, the Company built upon the Makro i-Trace system further by developing and piloting the **"Farm to Fork (F2F)"** software, a tool designed to trace a food product in detail - down to the level of the origin of each ingredient used in a particular product. The F2F system now contains 359 Makro brand products, with particular focus on meats, bakery, and fruit products, covering all the bakery goods that Makro produces in store, fresh food products produced at the Mahachai Distribution Center, Samut Sakhon province, and fruits with MQP labels that Makro has controlled for quality from its planting process to consumer delivery. In addition, to encourage good health and well-being among consumers, the Company signed an MOU with the Institute of Nutrition, Mahidol University, to collaborate on activities within the scope of developing **"Thai Food Composition Databases"** and developing food innovations through research support. The Thai Food Composition Databases will be linked to the information in the Makro i-Trace system, and this will serve as another channel for consumers to access important nutritional information as well as increase their confidence, in line with today's increasingly popular healthy food trends.

The Company partners with farmers and relevant agencies to enhance farming standards over the long term through a number of projects, for example, the **"Makro: Selecting Quality Products, Enhancing Farmers' Lives"** project, which is now in its second year. The project involves collaborating with agricultural cooperatives across Thailand to develop Thai farmers, create jobs, build careers, and generate sustainable income. Moreover, the Company has carried out a project called **"Safe Oranges for the smile of Thai People"** for five years in collaboration with

the Food and Drug Administration, Kasetsart University Kamphaengsaen Campus, Maejo University, the Department of Medical Sciences of the Ministry of Public Health, partner networks, and independent organizations. The project aims to support orange farmers in Chiang Mai covering total area of more than 20,000 rai in their compliance to Good Agricultural Practices (GAP), as well as in their development of measures and innovations to reduce residual chemicals in oranges. This will be essential for reducing the problem of residual chemicals in Thai oranges and in decreasing the health risks of such chemicals to both consumers and farmers, as consumers are able to trace the origins of the oranges that they purchase using the Makro i-Trace system. Finally, the Company encourages farmers to submit their produce for screening in the laboratories of the Medical Sciences Department, Ministry of Public Health, to build trust in the safety of their goods and to enhance the efficiency of their food safety testing processes from the planting of crops all the way to packing factories.

Makro Loves the Earth: Reducing Environmental Impact

The Company fully recognizes that its business activities may positively and negatively impact the environment. Makro therefore carefully operates its business to limit any impacts to natural resources and the environment to the minimum extent possible. This will ensure that the Company can help to preserve limited valuable resources and support all community members in their equal access to natural resources. From the very start of its operations, Makro has adhered to a policy of not giving

out plastic bags to customers, with the result that, as of 3 July 2019, “**International Plastic-Free Day**”, the Company has been able to reduce more than 5,400 million plastic bags throughout its 30 years in business. Moreover, the Company also consistently upholds the 3Rs Concept - to reduce, reuse, and recycle - in order to create an awareness of environmental conservation within the organization and encourage all employees to recognize the value of resources.

In 2019, the Company launched the pilot project “**Say Hi to Bio, Say No to Foam**” to campaign against the use or sales of foam packaging and to replace them with eco-friendly packaging alternatives, namely bamboo pulp, bagasse, and corncobs. The Company piloted the project in 13 Makro stores located near coastal areas, such as the Krabi store, where the Company entered into an MOU with the District of Krabi province to “**Reduce, Avoid, and Cease**” the use of foam and plastic food packaging. The project has now expanded to cover a total of 34 stores. As of the end of 2019, the project has been able to reduce up to 74 million pieces of foam packaging products, and contributed to a 20% increase in the proportion of sales of eco-friendly packaging throughout the country. In addition, the Company partnered with the Ministry of Natural Resources and the Environment and the Province of Lamphun to launch the activity, “**Say Hi to Bio, Say No to Foam on Tour**” which is an extension of the Province’s “Clean Lamphun, Foam-Free City” Policy. It involved campaigning to encourage more than 500 merchants at Lamphun Chatuchak Market to avoid the purchase and use of foam boxes - in line with the province’s target to eliminate foam by 2022.



Furthermore, the Company signed an MOU with Sri Thai Superware Company Limited and Thai K. K. Industry Limited to launch the project **“Eco-Friendly Melamine, Innovation for Green World”**, where customers can donate melamine products that they no longer use to the Company in exchange for cash coupons. The melamine products will then enter a crushing, sorting, and grinding process, after which they will be mixed with other raw materials and have their qualities rearranged to form a new product - a process known as **“Upcycling”**. These efforts align with the Company’s target to develop eco-friendly products and packaging to the demands of customers and societies that are more conscious of the problems of waste and environmental conservation. The above project will be officially launched at the beginning of 2020 at Makro’s Nakhon Ratchasima store, Nakhon Ratchasima 2 store, and Pak Chong store.

Not only that, as a way of demonstrating the Company’s capabilities and to emphasize its commitment to its environmental sustainability policy, the Company signed an agreement regarding the use of the **“Green Label”** of the Thailand Environment Institute (TEI) for its **“Aro”** brand dish detergent and machine laundry detergent. These products have been certified according to TEI’s green label standards, meaning that they are friendly to the environment, biodegradable, and do not contain any chemicals that are hazardous to health, to ensure environmental sustainability.

The Company has ramped up efforts to enhance the organization’s environmental management by adopting various approaches to reduce energy consumption and greenhouse gas emissions. Such approaches include obtaining the ISO 50001:2011 (Energy Management System) certification for the Makro Head Office and 4 Makro stores in Salaya, Nakhon In, Khlong Luang, and Nakhon Nayok. In keeping with the adoption of international energy management standards, Makro has also proceeded to install rooftop solar panels in 21 stores, which have a total production capacity of 13.12 megawatts. During Phase 2 of the project, the Company aims to increase its electricity production capacity to an additional 15.56 megawatts, covering more than 30 additional stores, for a total production capacity of 28.68 megawatts, or approximately 21,000 tons carbon dioxide equivalents per year in greenhouse gas emissions reduction through renewable energy use. This falls as part of the Company’s

efforts to meet its strategic target of reducing greenhouse gas emissions intensity by 10% by 2020.

The Company has similarly continued to invest in modern systems and technologies to increase the efficiency of supply chain management, logistics, and product distribution. This includes the use of an Automated-Storage/Retrieval System (ASRS) to control the temperature of chilled goods in storage rooms of approximately 30 meters in height, to decrease the space used and conserve energy. Other examples include the development of an Order Management System and the Last-Mile Delivery service, which will reduce the need for customers to travel to the store to purchase goods, thereby reducing greenhouse gas emissions from transportation.

Importantly, the Company prioritizes the development of partnership with partner networks and external agencies to elevate its environmental management standards to international levels. For example, the Company collaborates with suppliers to source environmentally-friendly products; participates in the Thailand Voluntary Emission Reduction Program (T-VER) of the Thailand Greenhouse Gas Management Organization (Public Organization), and participates in the **“Green Meetings”** assessment organized by the Thailand Business Council for Sustainable Development and the Thailand Environment Institute.

Building Relationships with Suppliers

Makro is not merely a partner, but a **“Trusted Partner”**. The Company considers its suppliers and business partner as a part of the Company and focuses on achieving joint successes with them over the long term. The Company supports and encourages suppliers in various ways, such as through business matching activity co-organized with the Chiang Mai Chamber of Commerce, to match SME business partners at the regional level, and provide opportunities for SME business owners from the fresh and dry food product groups to meet with the Company’s Commercial team and introduce new products, exchange information and knowledge on customer demand and sales channels. Moreover, the Company regularly holds supplier trainings to provide knowledge and understanding of the procurement process and various practices using the automated Makro Supplier Portal (MSP), which is comprised of the supply chain management and billing processes, among others. This helps to increase the efficiency of suppliers’ processes and reduces errors in our joint business conduct.

Creating and Moving Forward Relentlessly with our Faith

With full dedication in developing its personnel potential and streamlining business processes towards digital era, Makro now operates as a customer-centric organization to meet and exceed needs of its professional customers.





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makro
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People Development Towards Sustainability

Driven by the commitment to “Become employer of choice for all generations”, given the generational differences of our people and the business transition towards digital era, the Company places importance on recruiting quality individuals, developing their skills in line with strategic needs, fostering career path advancement, creating a work environment that is conducive to a good quality of life, and developing innovations. With the recognition that “Employees” are not only invaluable resources, but are part of Makro family who are the collective driving force behind the success of the organization over the past 30 years.



The Company is currently in process of transforming into the “Makro 4.0” era to increase the organization’s competitiveness and identify opportunities for business expansion. To conduct business in a fast-evolving wholesale and retail environment in response to changing consumer behaviors and roles of new technology has made the management of nearly 20,000 employees of different ages and nationalities to encounter a key challenge in building Makro 4.0 workforce. These considerations are as critical to the business as the use of technology to improve business efficiency. In response, the Company has set up an organizational structure and developed working processes that are appropriate for its current business activities. The company uses 2 main approaches in selecting personnel for key management levels: providing employees with opportunities for internal promotion for divisions that require internal technical skills, and recruiting external individuals to fulfill roles that require expertise from outside, such as skills on digital technology systems, omni-channel sales and services, and international business management. The Company also provides opportunities for “Young Talents” to work on different types of activities, such as omni-channel sales and services, expanding online customer bases, and providing services to the next generation of business owners, including Sho Huay business owners who are carrying on their family businesses, and newly established HoReCa business owners.

Importantly, the Company has also set up the “Makro 4.0” Department to drive forward new projects. The department consists of employees with diverse backgrounds in terms of age, knowledge base, experience and years of service in the Company. The department aims to encourage these individuals to combine their ideas and helps to develop project plans according to the Makro 4.0 strategy.

In terms of developing Digital Technology skills, the Company adheres to the “Digital Literacy Capability Framework”. It covers skills development in areas such as data analytics, applying technology to improve efficiency, digital marketing, digital finance, digital supply chain management, and digital customer relations management. The Company further applied the “Leadership 4.0” training course to develop skills and knowledge for management levels, to shape them into next generation leaders with well-rounded knowledge and good teamwork to achieve the organization’s objectives, as well as to be prepared for any change. Likewise, the “Young Talent” Program was also maintained to provide opportunities for high-potential next generation employees to help drive the organization and its employees towards more efficient growth.

In addition, the Company continues to uphold its plans for successions, particularly for top management level, in order to support business growth and business changes, as well as to ensure a continuation of sustainable business operations in line with the Makro 4.0 policy in terms of building next-generation leaders. The Company has devised succession plans for senior management up to the level of Group Chief Executive Officer. Those successors are evaluated whether they are ready to take up their new roles immediately or within 3 - 5 years in order to determine the most appropriate individual development plans and methods for them.



Payment option through E-Wallet

Sustainable Human Resources Development

To ensure that all employees have the appropriate skills suited to their responsibilities as well as business needs, the Company categorizes training programs into 3 levels, i.e. operation, middle management, and top management - or “Top 300” management which has

expanded from the previous “**Top 200**” management as the Company realizes that there will be an increase in the demand for managers over the next 5 years. Examples of training programs for each level include the Staff 2 Potential Program for operations staff; the Supervisor Academy Program for supervisors; the Section Development & Fresh Food Development Program for section managers; the Food Service Academy Program for employees that manage HoReCa customers; the “**STAR**” Program for employees with high-potential to become Store General Managers; the “**STAR Plus**” Program for Store General Managers with high-potential to become Area Managers; and finally, Makro Leadership 4.0 training courses for senior management level.

In 2019, the Company organized an average of 48 hours of training per person per year for top managements who are responsible for driving the organization’s strategies, and 10 hours of training per person per year for employees at operation level. Generally, employees and management can access trainings and personal development through many ways, including traditional classroom learning, on-the-job training, workshops and seminars, internal job rotations, and cross-functional training. Employees can also access 90 training courses via the online “**M-Learning**” portal which is available 24 hours a day. Trainings for all overseas employees prior to and during their postings. The Company also invites local employees from different countries for training at Makro Head Office and stores in Thailand for a duration of 2 - 4 months to provide knowledge on operations and instill the corporate culture. Moreover, the Company conducts performance evaluations of employees as they undergo trainings in order to identify high-potential employees for immediate promotions and those who are qualified to participate in the “**Young Talent**” program. Finally, for Thai employees who will take up positions overseas, the Company provides trainings on the English language, local cultures, and cultural adaptation for each country.

At the same time, the Company encourages employees to expand their worldviews and develop their skills through external learning. In 2019, the Company sent employee representatives to participate in C.P. Group’s “**Just Believe in Your Dreams**” initiative, which sponsored next generation

leaders from Thailand to attend the 2019 One Young World Summit in London, England. The global youth summit, which was organized under the theme “**Ignite Future Leaders**”, promoted the exchange of ideas and experiences concerning key global issues, and was an excellent opportunity for Makro employees to engage in an international stage.

Embedding Makro Culture

The Company recognizes the importance of fostering a unique Makro identity amongst employees from their first day of work through “**Makro Day One**” activity where they receive an orientation and a warm welcome from Top Management in a traditional Thai ceremony. With this in mind, the Company focuses on embedding “**Makro DNA**” and “**VICTORY - 7 Makro Values**”. This sense of unity among employees help them feel a sense of pride as part of Makro family, assume ownership of their work, engage in teamwork, as well as develop new innovations.

VICTORY - 7 Makro Values

- Visionary - Have vision and lead others
- Integrity - Have integrity and operate with fairness
- Challenge - Dare to challenge
- Teamwork - Work as a team, there is no “**me**” but “**us**”
- Ownership - Be responsible for your work and the organization
- Result oriented - Commit to clear, tangible targets and measurable results
- Yes we can - Anything is possible when we believe; if we try, nothing is beyond our reach

Moreover, the Company places importance on creating a happy working environment for employees. Apart from providing a modern workspace and equipment, ensuring a safe workplace and encouraging energy conservation, the Company also provides fitness gym, an activity area, and organizes regular “**Happy Hour**” activities. The Company has also developed a “**Code of Ethical Conduct**” which details acceptable conduct towards employees.

Building an Innovative Organization

“**Innovation**” is a crucial part of Makro 4.0 which lead us to differentiation in the business, enhance work capabilities and efficiency, and create added value for business growth over the long-term. The Company has laid down a strategic direction to become an “**Innovative Organization**” which involves creating an awareness and understanding of innovation among all employees, and encouraging employee participation in the development of innovation for business value. Innovation development is not merely limited to technology, however, but encompasses every aspect of operations. For this reason, the Company classifies innovation according to 4 categories: Process Innovation, Product Innovation, Service Innovation, and Business Model Innovation.

Since 2016, the Company has set up the Synergy & Innovation department to assume the important role of driving innovation within the organization. The department’s focus is to create an understanding about innovation amongst employees, strengthen internal capabilities and structures in support of innovation, and foster a tangible “**Innovation Culture**”. The Company has developed the “**Makro Innovation System**” to serve as a channel for employees to propose new innovation ideas, which also covers training courses on innovation and activities and projects in interactive, entertaining formats to stimulate participation by employees and external stakeholders on innovation development. Examples of activities include “**Makro Innovation Day**”, roadshows across various regions and at Makro stores, and the “**Inno Market**” which provides a platform for producers to sell various types of innovation at Makro Head Office, where employees can visit and shop for products, and gain inspiration from the innovation products on sale.

On September 27, 2019, the Company organized the first nationwide “**Makro 4.0 Innovation Awards**”, which offered store employees from each region and the Head Office the chance to submit their innovations for a competition. The Company selected a total of 11 innovation programs for the final round of consideration. The winning innovation, “**Upgrading Local Beef with Technology 4.0**” from the Commercial Fresh Food department, involved using

packaging technology to extend the shelf life of beef. This helped employees to reduce the stages in their work process from four steps to one, reduced waste from meat cuts in stores, and increased sales and revenue. In addition, the first runner-up innovation project, “**Basket on Wheels**”, saved time and increased the efficiency of the product refill process; the second runner-up, “**HR Digitization Project**”, applied technology to increase the efficiency of the Human Resources department by leveraging electronic systems for the recruitment process. The Company also engaged in innovation development at the CP Group level by participating in the CPALL President Awards 2019. The “**Community Kitchen**” project received the Innovation Excellence Award as it increased revenues for Sho Huay operators during a period of economic slowdown by providing fresh and frozen food products, as well as ready-to-cook and ready-to-eat meals, for customers in the community.

The Company selects “**Innovation Leaders**” within the organization to play a central role in promoting and communicating the importance of innovation. These leaders are individuals who express their passion for innovating new things, and possess analytical and problem-solving skills. To date, there are a total of 135 “**Innovation Leaders**” from all departments. In addition, the Company encourages executives and managers to act as good role models for employees, offers them opportunities to propose new ideas, from process improvements to innovations. Priority is placed on building a work environment that allows employees freedom to think, try, and act on new ideas, where they can then propose innovation through the Innovation Web for the Innovation Committee’s approval, and for subsequent pilot development.

Regarding the Company’s 2019 performance on innovation, there were total of 4,359 employees who demonstrated engagement in innovation, or 25% of all employees; 130 Innovators, and 664 innovation projects through the innovation system that passed the selection criteria. The majority of proposed innovation projects comprised process innovation, followed by service innovation. From 2018 to year end 2019, Makro had a total of 317 Innovators.

Environmental, Occupational Health and Safety Management

The Company has enacted environmental, occupational health and safety management guidelines in compliance with the laws related to our business operations. The scope of management covers all stores, distribution centers and Head Office, and focuses on improving the safety and good occupational health and working environment for employees, contractors and customers.

The Company is determined to develop an environmental, occupational health and safety management. It therefore issued the Environmental, Occupational Health and Safety Management Policy, along with firm commitment to guarantee the safety and good occupational health of our employees. Our goal is to reduce accidents and exposure to harmful situations and substances rate to zero for full-time employees, sales promoters, contractors and customers. Our policy consists of the following components:

- Providing safe work conditions
- Establishing safe work processes, including safety in use of the tools, machinery, and equipment
- Establishing appropriate safety measures to ensure confidence among employees and customers in the safety of their workplace and in the Company's services, respectively
- Providing information, consultations and training session on health and occupational safety to employees both during and after working hours
- Providing a clean work environment and atmosphere for employees according to proper sanitation standards, along with other amenities.

The Company's Safety, Occupational Health and Workplace Committee who set strategies for driving Safety, Occupational, Health and Safety are concerned to create a good work environment to achieve proper compliance and policy implementation to prevent accidents. Given this, the Company has carried out the following strategies:

- Accident prevention strategies have been developed to strengthen the management in Stores and Head Office. The Safety, Occupational Health and Workplace Committee has been set up at every store under the provisions of the law to drive, support and promote safety and occupational health activities, and prevent work-related accidents and unsafe conditions. These steps help to ensure a robust approach to accident prevention.
- An assessment strategy for safety, occupational health and work environment has been developed and assessments are carried out by Safety Audit Committees from Makro's Business Groups to ensure that all stores carry out safety management practices. Experiences are also shared to encourage further safety improvements and developments in stores and at distribution centers.
- Safety culture fostering strategies have been developed through leadership engagement. The aim is to create a safety culture among store managers, then transfer to operation staff at all levels. This will lead to safety spirit and culture in a sustainable way.

The Company has designated 2019 as **"The Year of Safety Culture and Sustainability"**. This was accomplished through a series of management strengthening strategies, an external audit committee of safety assessment, and Leadership Engagement safety culture fostering strategies. These strategies included training sessions on safety, occupational health, and work environment for current employees, and a particular session during orientation for

new employees. The Company has provided trainings on creating a safety culture for new store managers, and has outlined operating rules and requirements for employees and contractors, to help them control work processes and ensure their own safety as well as their colleagues and customers. Personal Protective Equipment has also been provided to operation staffs, employees and contractors according to their level of risk.

The Company further requested all incidents to be reported, including accidents that impact lives, assets, and high-risk incidents. An Incident reports are sent directly to the Company's highest-level executives and all relevant parties through Incident Investigation Report Application (IIR), the automated online form to ensure the speed, efficiency, robustness and accountability of the reporting process. The IIR serves as evidence for how safety innovations can be applied to improve an organization's safety, occupational health and workplace performance in parallel with other aspects of business development. Once an incident occurred, it will be investigated thoroughly for its root cause in order for the Company to implement remedial, protective, and monitoring measures. These approaches reaffirm the Company's commitment to safety, occupational health and a good work environment for all, as well as our support for compliance with all legal requirements and sustainability management. Furthermore, the Company conduct a walk-through inspection of workplace conditions, such as lighting, heat, sounds and air quality to improve work environments and ensure safety and suitability for everyone. Similarly, the Company provides occupational health risk assessments by occupational physicians and health assessments according to their level of risk exposure as a means of monitoring and promoting good occupational health for all operation staff. When there is an environmental hazard that could impact employee's health, for example, the increasing of PM 2.5 particles beyond safety limits in Thailand, the Company distributed standard face masks to those working in affected areas to reduce the impacts of the hazard on the health of employees, regular contractors, and customers. This indeed proves how the Company cares its operation staff, employees, and customers of their health and sanitation. The Company supports safety, occupational health and work environment management through the Safety,

Occupational Health and Workplace Committee of each store. The Committee works to ensure the sustainability of safety management, compliance with legal frameworks, and that progress aligns with the direction of the government sector. In 2019, 50 Makro stores in Thailand were recognized as outstanding models for occupational health, safety and workplace management; 32 stores were awarded at the national level, 14 stores at the provincial level, and 4 provincial stores received honorable mentions. Moreover, one Makro store received an award as part of the National Zero Accident Campaign. The Company also participated in a sustainability report assurance according to GRI Standards to assess our safety and occupational health performance against international standards. The safety performance of our stores, measured by the **"Safety Index"**, which is determined based on Lost Time Injury Frequency Rate (LTIFR), was at 2.16 per 1 million hours of work.

Environmental Management

The Company operates business while adhering to the principles of environmental protection and respect for the rights of communities and the wider society. Given this, the Company refrains from taking any action that might result in a negative impact on natural resources or the surrounding environment, and strictly operates under the framework of all relevant environmental laws. The Company further works to instill a sense of responsibility for the society and environment within the organization and amongst employees of all levels. Our commitment to environmental management and the reduction of our operational impacts has been integrated into the Makro 4.0 Strategy, and encompasses all activities from upstream to downstream of Makro's supply chain.

Working efficiently within the framework of the Makro 4.0 Environmental Management Strategy, across the supply chain, requires collaboration with a diverse range of stakeholders. This involves, for instance, working with suppliers to source environmentally-friendly products and biodegradable packaging for customers, to help them access environmentally-friendly products and have the option of choosing products that are suitable to their needs, which is also particularly helpful for managing environmental impacts within Makro stores. Additionally, the Company focuses on the efficient allocation and use

of natural resources in order to create benefits and reduce impacts for the Company and wider society. For example, by separating out leftover materials and working with suppliers to collect waste materials for re-processing and reuse, therefore creating a circular approach to resource use within the supply chain. The Company also regularly implements the **“Zero Wastewater Discharge Project”** to use treated wastewater for watering green areas at Makro stores, which is another way that the organization strives for resource efficiency and impact reduction on the surrounding environment. The same applies to the Company’s commitment to increasing the efficiency of fresh food waste reduction in stores. Here, the Company conducts employee training through more than 80 courses to increase their knowledge regarding the distinctive characteristics of products and the use of technologies and innovations post-harvest to extend the life of goods, which will enable the Company to manage goods with greater efficiency and reduce waste. Such measures serve as the foundation for the Company’s target to ultimately become the model for waste-free stores in the future.

Energy management and greenhouse gas emissions reduction are critical components of the Makro 4.0 strategic framework. Following the adoption of an international standard Energy Management System, or ISO 50001:2011, the Company worked to increase the proportion of renewable energy within Makro stores by installing rooftop solar panels with a total production capacity of 13.12 megawatts in 21 stores, which equals to a reduction of up to 21,000 tons of carbon dioxide equivalents per year. In addition, the Company also examined and prioritized other types of energy management guidelines and standards in order to strengthen its energy management approach, for example the PEA - Global Sustainable Energy and Environment (PEA-GSEE) Standard, which integrates sustainability with energy management standards under 7 dimensions: 1) Leadership 2) Energy Performance Issue 3) Environmental Issue 4) Innovation 5) Circular Economy 6) Green and Renewable Energy and 7) Sustainability

Culture. These issues and the progress achieved thus far reflect the Company’s pursuit of the Makro 4.0 strategic target to reduce greenhouse gas emissions intensity by 10% by 2020.

Finally, to ensure that environmental management is carried out correctly, accurately, and transparently, the Company has retained the services of an external agency to audit the accuracy of its sustainability performance disclosures according to GRI Standards. Doing so will create the confidence in our approach and data concerning energy management, pollution management, waste management, and occupational health and safety.

Education and Training on the Environment

The Company is committed to exploring the way we operate to reduce impact on the environment, natural resources and communities. Embedding a sense of responsibility and the proper use of natural resources amongst employees at all levels and across the entire organization will therefore be vital to fulfilling this commitment. The Company has organized environmental awareness training for all employees and management on their orientation held at Head Office. Trainings are aimed at communicating on and campaigning for environmental conservation, environmental impact reduction, and proper resource use to avoid negative impacts to the environment or communities.

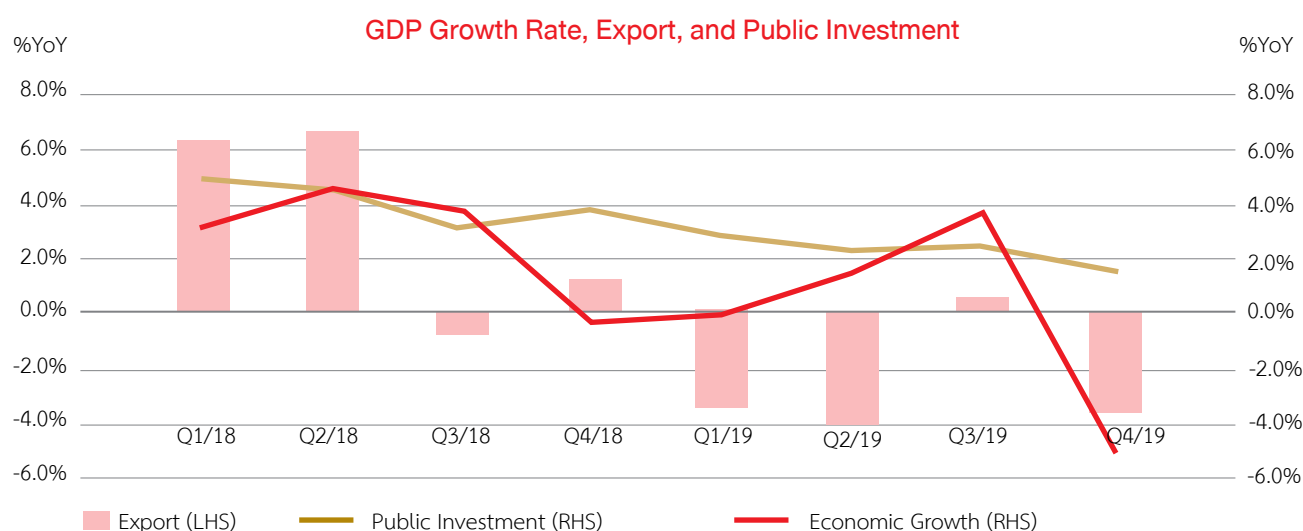
The outcomes of these activities are reported to management at each business unit for improvements, unit-specific plans, and setting company targets in order to be implemented efficiently and sustainability.



Makro stores generate electricity from solar energy.

Market Overview and Industry Outlook

In 2019, Wholesale and Retail industry faced more challenges than it did in the previous year due to sluggish economy since the first quarter of the year with a mere growth of 1.6% in the fourth quarter. Meanwhile, consumers spent more cautiously, reflecting their concern about economic conditions and future income. The 2019 economy slowed down from a rise of 4.2% in 2018 to 2.4%, caused by contracted value of export and decreased public investment and spending.



Source: Office of the National Economic and Social Development Council

Wholesale and Retail models in Thailand today can be categorized into the following 6 formats¹:

- 1) Discount Store / Supercenter / Hypermarket: Retail stores with sales areas of at least 1,000 square meters that sell daily use consumer products in the food and non-food categories. The strategic elements that distinguish this type of store consist of: a modern store format, strategic location, conveniences, and the ability to provide products at below the market price. Examples include Tesco Lotus and Big C.
- 2) Cash & Carry: Wholesale stores that have sales areas of at least 1,000 square meters that sell daily use consumer products in the food and non-food categories. The proportion of food products is higher than non-food products, and products are sold in large quantities or as pack sizes at wholesale prices. Examples include Makro.

¹ The Committee on Commerce, Industry and Labour, National Legislative Assembly (2016). Report on the Study of the Structure of the Retail and Wholesale Industry: The State of Problems and Solutions.

- 3) Supermarket: Retail stores that have at least 400 square meters in sales area that offer daily use consumer products in the food category, particularly fresh, new, and diverse types of food products, as well as other product categories. Products are sold at market price. Examples include Tops and Foodland.
- 4) Convenience Stores / Express / Mini Mart: Retail stores with at least 40 square meters in sales area that sell daily use consumer products in both food and non-food categories, and focus on offering services and convenience to customers. These stores are typically located in community areas and open 24 hours. Examples include 7-Eleven and Family Mart.
- 5) Department Store: Retail stores that have sales areas of at least 1,000 square meters and offer a diverse range of modern and high-quality products, particularly in non-food categories. Products are displayed clearly in their respective departments, and are sold at the market price or higher. Employees assist in providing counter and billing services. Examples include Central Department Store, The Mall Department Store, and Robinson Department Store.
- 6) Specialty Store and Category Killer: Large retail stores that have sales areas of at least 1,000 square meters, and small retail stores that have sales areas of at least 200 square meters. These types of stores sell non-food specialty products and are diverse in the product types and models they offer, including electronics, furniture, home decoration, beauty or health products, sports equipment, and more. Employees are knowledgeable about a particular product type and are thus able to provide quality recommendations. Prices tend towards the higher end. Examples include Watsons and Boots.

In the backdrop of slowdown economy, wholesale and retail industry was supported in a number of ways, including the general election, the coronation of King Rama X, increased international tourist arrivals, and several government's economic stimulus measures - tax deduction measures and the "Shop Chuay Chart" (tax refund for shopping) campaign. These positive attributes led to a reasonable growth of the wholesale and retail industry. According to the Thai Retailers Association, the retail industry grew by 2.8%, compared to 3.2% in 2018.

Nevertheless, competition in the wholesale and retail industry remains intense. Wholesale and Retail Operators, particularly those major ones, continue to compete on store expansions, price, and product diversity and differentiation. Operators are focusing more on business potential in selection of the site and store format modification to fit the ambience and create new customer experience. Nonetheless, to better respond to the changing customer behavior, operators have to modify their marketing strategies towards omni channels, whereas offline and online platforms are integrated. High-tech applications have been added to ease operations and marketing with a focus on use of Big Data in customer analysis to strengthening the business.



Source: Ministry of Tourism and Sports and Thai Retailers Association

Creating and Striving for Breakthroughs of Never-Ending Growth

Our pilot digital store was successfully launched with an operational commencement of Makro Foodservice, Ladkrabang Branch.

The store was as well earmarked as an inaugural digital wholesale store in Thailand.





makro foodservice
HORECA

เปิดบริการทุกวัน 6.00 - 23.00 น.
OPEN DAILY 6.00 A.M. - 11.00 P.M.

บริการ พานิชัย
จัดเลี้ยง • CATERING

ISOASU • HOTEL • RESTAURANT

GROCERY →

DUNKIN'
COFFEE AND DONUTS



Business Development and Future Plans

Amidst challenging and ever-changing business landscape, the Company capitalizes on its business know-hows and experience developed over its 30 years in the wholesale and retail sector, **and is ready to enter into the Makro 4.0 era.** The Company is committed to people capability-building, investing in technologies and innovation to strengthen its competitiveness and create differentiation, and expanding footprint domestically and internationally. The Company is convinced that operational uplift, particularly in selection of safe, quality, and traceable food products for consumers, in parallel with enhancing business know-hows of small retailers (Sho Huay) and restaurants will lead Makro on a path to sustainability and secured leading position in the retail and wholesale industry. These dedications are embedded by the 6 strategic elements of Makro 4.0 – the core foundation of Makro’s business direction in pursuing the vision **“To be the number one food solution provider for professional customers.”**

Sustainable and Relentless Growth through Makro 4.0 Digitalization

Digitalization has influences over behaviors of consumers, who are prioritizing speed and convenience. This was instrumental in shaping the Company’s strategies over the past several years to become Makro 4.0. It has also led to launches of various projects focusing on enhancing Makro’s operations in response to the needs of new generation of business customers, and also increasing the Company’s competitiveness in the digital age. To ease customers and speed up selling process, in the past year the Company launched the O2O ecosystem, which integrates all Makro’s sales and distribution channels – traditional cash & carry at stores, e-commerce (Makroclick.com and Makro Application), credit sales, and delivery – in one omni - channel platform. The system also encompasses

product picking and packing service (Pick & Pack), a customization service for restaurant customers which includes product picking, packing and delivery as per order and a customer relations management and communication platform to connect with offline and online customers.

In addition, the Company has been working closely with professional customers in transforming customers’ businesses to meet the needs of young generation customers in the digital age. For years, the Company has been organizing various training programs, including the **“MRA Plus Project”** and jointly innovated and developed new learning platform - namely **“Makro HoReCa Academy”** or MHA - a customization skills training programs for HoReCa customers.

Digital transformation is critical and represents a key corporate strategy, where the Company has now succeeded in opening 2 digital stores, in Ladkrabang and Ramkhamhaeng 24. These stores act as pilots, of which their digital systems are undergoing evaluations and will be further developed to be installed in other Makro stores, to enhance satisfaction of professional customers and Makro employees.

Another mission continuing into the present is utilizing Big Data to analyze the real needs of Makro-member customers of over 3 million. Nonetheless, automated systems - such as Robotic Process Automation (RPA) and the Order Management System - have been adopted to increase efficiency of working processes.

Makro Thailand's piloting efforts in developing the O2O platform and various digital systems have enabled the Company to apply these systems towards its business operations overseas, whereas the traditional **"Cash & Carry"** offline channel are tooled-up with online sales and distribution platform, creating new customer experience and increasing customer satisfaction.

Domestic Business Development and Expansion

With a network of 134 stores across the country in multiple formats, the Company remains focusing on expanding stores steadily in the country in parallel with embracing customer-centric concept as key business element. Store expansion primarily in Foodservice Format with approximately 1,000 - 3,000 square meters of sales area will be a key driver in response to the relentless growth of food service business sector and to better access HoReCa customers, particularly in tourist and high-density urban areas.

Furthermore, as the Company is the go-to source for fresh and frozen food products of almost all types, and has the ability to provide Omni-channel sales and services that are highly efficient and convenient for customers through E-payment options, we have identified opportunities to provide quality products and services to other groups of customers that are not Makro's active customers. Examples include industrial businesses with staff canteens, 4 to 5 star hotels, leading restaurants with multiple branches and large-scale restaurants. Indeed, the Company is confident in its ability to respond to the diverse product needs of these different customers at reasonable prices, through the various sale and distribution channels.

Customization is crucial and one of the key focuses, as it will help to facilitate customers' business operations as well as enhance their efficiency. Examples include product delivery directly from store to customers, whereby the Company leveraging its logistic facilities in delivering fresh, frozen, and even chilled foods to food service providers nationwide while maintaining safety, freshness, and quality of the products.

In addition, the Company determines to make strides to grow Makro's own-brand businesses - Aro, Savepak, M&K, Q-BIZ, and Protech - and those under Food Service APME and better serve specific needs of target customers. The Company also focuses on developing new products and services to tackle changing preference and social trends - such as healthy and fine foods and foods with environmentally-friendly ingredients and packaging.

International Business Development and Expansion Store Expansion

The Company is on course in its plan to expand stores to overseas markets. In the past year, the Company exercised its outstanding profound comprehension, particularly in food service solution business and experience gained from Makro Thailand to grow numbers of store in the countries with high potential and strong economic growth.

In late 2017, the Company had set a footprint in Cambodia, where it achieved a success in commencing the first overseas store in Phnom Penh. Know-hows and comprehension gained from the pioneer store will be applied towards operational improvements of the second store in Siem Reap, as well as other overseas projects. Meanwhile, in mid-2018 the Company began its operation in India under the “LOTS” brand. Given that current operations of the first three stores present rooms for improvement, the newly opened store has been earmarked as Store of Learning, to pioneer and make ways to achieve capability and efficiency improvement on customer and employee development. Nevertheless, the Company has planned to continue store launches in India over the next few years.

As for the People’s Republic of China, the Company commenced its first store in the third quarter of 2019 and has put in place a due process for performance monitoring and assessments. Future store expansion is planned to be in the Foodservice format. As for the Republic of the Union of Myanmar, the Company expects to open its first store by the 2020 year-end, and the Company needs to take time to monitor and assess the performance of this store. However, the Company has future plans for store expansion in Myanmar.

Meanwhile, the Company will continue to uphold its commitment to “**Local Love**”, as well as its objectives to improve the quality of life for societies. The Company therefore plans to launch the “**Makro Retailer Alliance**” (MRA) project in the countries where the Company has business operations. This will consist of conducting studies on local consumption patterns, cultures, and the local retail business environment in order to devise the most appropriate approaches for developing local retailers. It also involves developing a retail store management manual in local languages, to serve as a business how-to resource for local retailers. In addition, the Company is committed to working closely with local fruit and vegetable farmers and seafood businesses to pass on knowledge in running business with international standards, which will be resulting in higher quality of products, ability to do exporting internationally, and increased efficiency of their business operations. To this end, the abovementioned dedication of the Company will lead to a sustainable growth of the local businesses.

As for the food service business under the operation of Food Service APME Business Group, the group has business operations in Thailand, Singapore, United Arab Emirates, Hong Kong, Vietnam, and Cambodia. Supplementing value of Makro’s businesses, Food Service APME strives to become a leader in premium food products through development and production of its own-brand products “**Carne Meats**” and “**Ocean Gems**”. The group has brought in knowledge and expertise from Indoguna Singapore for production and distribution of its products in the countries where the group has a presence. The group also works closely with Makro domestically and internationally to create shared benefits and to better serve needs of customers and increase the safety and quality of food products catered to HoReCa businesses. Moreover, the group has planned to further conduct viability studies of “**MAXZI**” restaurant business with a plan to expand this business model in countries with Makro or Food Service APME operations.

Shareholding and Management Structure

1. Company Assets and Shareholder Information

1.1 Ordinary shares

On the record date for payment of interim dividend, as of 23 August 2019, the Company's registered capital was Baht 2,400,000,000 and the paid-up capital was Baht 2,400,000,000, comprised of 4,800,000,000 ordinary shares at the par valued at Baht 0.50 per share.

1.2 Shareholders

As of 23 August 2019, the top 10 major shareholders of the Company are as follows:

Name	No. of Shares	Shareholding Percentage
1. Siam Makro Holdings (Thailand) Limited*	2,640,302,800	55.01
2. CP ALL Public Company Limited*	1,827,598,700	38.07
3. Bualuang Long - Term Equity Fund	41,057,600	0.86
4. Bualuang Top - Ten Fund	28,956,800	0.60
5. Mr. Prinya Tieworn	27,150,000	0.57
6. Bualuang Long-Term Equity Fund 75/25	18,384,200	0.38
7. AIA COMPANY LIMITED-EQAP-D FUND 1	15,882,000	0.33
8. Bualuang Flexible RMF	11,241,700	0.23
9. Bualuang Equity RMF	8,425,000	0.18
10. AIA COMPANY LIMITED-EQTG-D FUND 1	7,677,000	0.16
Total	4,626,675,800	96.39

Remark:

* Siam Makro Holdings (Thailand) Limited and CP ALL Public Company Limited are subsidiaries of CP ALL Group, in which holds the combined shareholding of 93.08% of total issued and paid up shares.

** Excluding shareholders of Thai NVDR Company Limited, a subsidiary of the Stock Exchange of Thailand with the objective to promote investment of investors, particularly foreign investors, in common stock of listed companies without being restricted by the foreign shareholding limit while having no right to vote at meetings of listed companies.

1.3 Dividend Payment Policy

Unless otherwise required due to other considerations, the Company's Board of Directors intends to propose at the Annual General Shareholders' Meeting for approval that the Company pays dividends that is not less than 40% of its annual net profit after tax, whereby this has been effective as from 1994 onwards.

Additionally, with regard to the dividend payment policy for its subsidiaries, the Board of Directors of the subsidiaries shall consider and propose payment of dividends on a case by case basis.

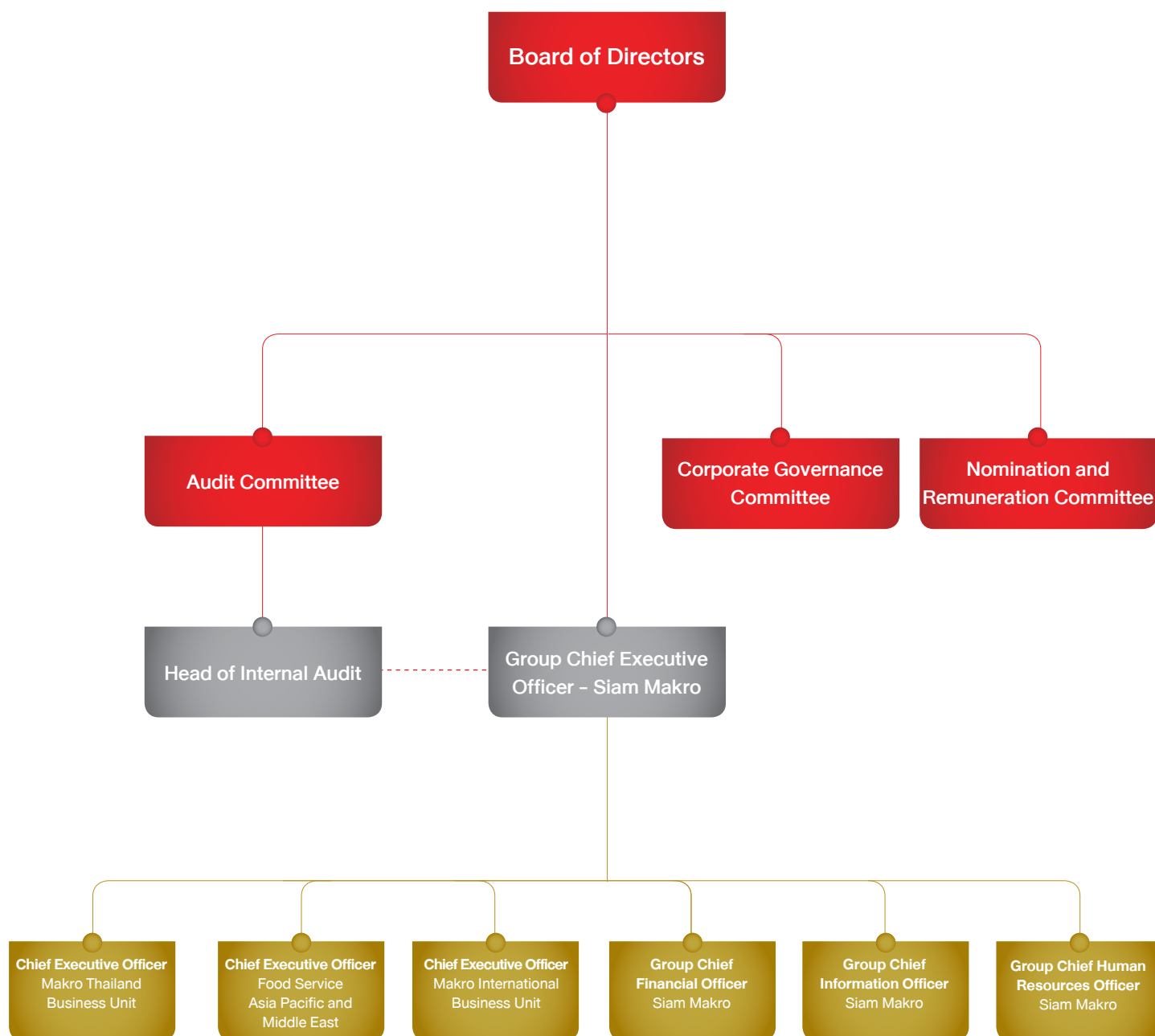
1.4 Dividend Payout Information (Year 2014 - 2018)

Year	2014*	2015	2016	2017	2018
Earnings per share (Baht)	1.03	1.12	1.13	1.29	1.24
Dividend per share (Baht)	0.77	0.85	0.85	0.96	0.96
Dividend payout ratio (%)	75.10	75.90	75.40	74.60	77.50

Remark: * In 2015, the Company restated 2014 financial statements due to the adoption of new and revised TFRS - TAS 19 (revised 2014) Employee Benefits.

Organization Structure

As at 31 December 2019



2. Management

2.1 Management Structure

The management structure of Siam Makro Public Company Limited comprises of

- The Board of Directors
- The 3 Board - Committees supporting the consideration of important issues as assigned by the Board of Directors: the Audit Committee, the Nomination and Remuneration Committee and the Corporate Governance Committee.

- The managements with the Group Chief Executive Officer - Siam Makro as the highest executive of the Company

The Board of Directors

As at 31 December 2019, the Board of Directors is comprised of 15 directors as follows:

- 7 Non - Executive Directors, 5 of which are independent directors (equivalent to 1/3 of total directors)
- 8 Executive Directors (authorized signatories)

The Board of Directors appoints the Chairman and Vice Chairman. The Chairman or his/her delegate calls the meetings of the Board, having meeting notices sent at least 7 days ahead of each meeting so that the directors may have adequate time to study, review, and make proper decisions. The Chairman oversees the meeting unless he/she may lack independence or have a conflict of interest in the meeting. The independent directors also presided over a meeting to consider such item.

The Board of Directors as of 31 December 2019 comprised of:

Name - Surname	Position	Date of First Appointment
1. Mr. Arsa Sarasin ¹⁾	Chairman of the Board of Directors	26 January 1994
2. Mr. Joti Bhokavanij ²⁾	Independent Director and Chairman of the Audit Committee/ Chairman of the Nomination and Remuneration Committee	5 July 2013
3. Mr. Rawat Chamchalerm	Independent Director/ Chairman of the Corporate Governance Committee	28 August 2019
4. Mrs. Kannika Ngamsopee	Independent Director and Member of the Audit Committee	28 August 2019
5. Mr. Jukr Boon-Long	Independent Director and Member of the Audit Committee/ Member of the Corporate Governance Committee	28 August 2019
6. Mr. Prasobsook Boondech	Independent Director/ Member of the Nomination and Remuneration Committee	8 November 2019
7. Mr. Korsak Chairasmisak	Director/ First Vice Chairman/ Member of the Nomination and Remuneration Committee	5 July 2013
8. Mrs. Suchada Ithjarukul	Director/ Second Vice Chairman/ Group Chief Executive Officer - Siam Makro	29 August 1996
9. Dr. Prasert Jarupanich	Director	7 May 1988
10. Mr. Pittaya Jearavisitkul	Director	5 July 2013
11. Mr. Piyawat Titasattavorakul	Director	5 July 2013
12. Mr. Narong Chearavanont	Director	5 July 2013
13. Mr. Adirek Sripratak	Director	5 July 2013
14. Mr. Umroong Sanphasitvong	Director/ Member of the Corporate Governance Committee	5 July 2013
15. Mrs. Saowaluck Thithapant	Director/ Group Chief Financial Officer - Siam Makro	15 December 2004

Remarks

¹⁾ Resigned from member of Corporate Governance Committee on 9 August 2019

²⁾ Resigned from member of Corporate Governance Committee on 9 August 2019 and was appointed as Chairman of Audit Committee and Chairman of Nomination and Remuneration Committee on 28 August 2019

Directors who resigned during the year 2019

Name - Surname	Position	Date of Resignation
1. Mr. Athaporn Khaimarn	Independent Director and Chairman of the Audit Committee	9 August 2019
2. Mr. Chavalit Uttasart	Independent Director and Member of the Audit Committee/ Member of the Nomination and Remuneration Committee	9 August 2019
3. Mr. Thira Wipuchanin	Independent Director and Member of the Audit Committee/ Chairman of the Nomination and Remuneration Committee/ Member of the Corporate Governance Committee	9 August 2019
4. Dr. Chaipayawat Wibulswasdi	Independent Director and Member of the Audit Committee/ Chairman of the Corporate Governance Committee	10 August 2019

Shareholding Report of the Board of Directors and Executives in 2019 and 2018 (including Spouse and Minor Children)

Name - Surname	No. of Shares (shares) as at 31 December		No. of Shares Addition / (Reduction)
	2019	2018	
1. Mr. Arsa Sarasin	-	-	-
2. Mr. Joti Bhokavanij	-	-	-
3. Mr. Rawat Chamchalerm	10,000 ⁽¹⁾	-(2)	-
4. Mrs. Kannika Ngamsopee	-	-(2)	-
5. Mr. Jukr Boon-Long	-	-(2)	-
6. Mr. Prasobsook Boondech	-	-(2)	-
7. Mr. Korsak Chairasmisak	-	-	-
8. Mrs. Suchada Ithijarakul	-	-	-
9. Dr. Prasert Jarupanich	200	200	-
10. Mr. Pittaya Jearavisitkul	-	-	-
11. Mr. Piyawat Titasattavorakul	-	-	-
12. Mr. Narong Chearavanont	-	-	-
13. Mr. Adirek Sripratak	-	-	-
14. Mr. Umroong Sanphasitvong	-	-	-
15. Mrs. Saowaluck Thithapant	-	-	-
16. Mr. Lin, Chi - Lung	-	-	-
17. Mr. Paul Stephen Howe	-	-	-

Remarks: ⁽¹⁾ Held by spouse

⁽²⁾ Appointed as a member of the Board of Directors during the year 2019

Authorized Directors

The authorized directors whose signatures shall bind the Company must include 2 authorized directors - consisting of either Mr. Korsak Chairasmisak or Mr. Umroong Sanphasitvong or Mr. Narong Chearavanont or Mr. Prasert Jarupanich signing jointly with either Mrs. Suchada Ithijarukul or Mrs. Saowaluck Thithapant or Mr. Pittaya Jearavisitkul or Mr. Piyawat Titasattavorakul, totaling two persons, with the Company's seal be affixed.

Structure of the Board of Directors

According to the Company's Articles of Association, the Board of Directors must consist of not less than five (5) Directors or any minimum number as required by the laws and the resolution of the Shareholders' Meeting but not more than fifteen (15) Directors, whereby the Board of Directors must comprise of those who are qualified as well as not having any disqualifying criteria as prescribed by the law governing public limited companies and any other relevant laws. Additionally, not less than half of the number of such Directors must reside in the Kingdom of Thailand and at least one non-executive Director having prior working experience in the major industry the company is operating in. A Director needs not be a shareholder of the Company.

Roles and Responsibilities of the Chairman of the Board

- 1) The Chairman or his/her delegate calls the meetings of the Board, having meeting notices sent at least 7 days ahead of each meeting so that the directors may have adequate time to study, review, and make proper decisions.
- 2) Jointly with the Group Chief Executive Officer - Siam Makro, decides the agenda of each meeting.
- 3) Ensure each meeting's efficiency by allocating enough time for the management to present data, encouraging and allowing directors' queries and expression of free views, controlling the issues under discussion, and summarizing the meeting's resolutions.
- 4) Play a key role in encouraging the Board's conformance to corporate governance principles, including identifying oneself, refraining from voting, and leaving the meeting when agenda items of his/her conflicts of interest are up for discussion.

- 5) Inform the Board of all significant matters.
- 6) Encourage the Board to attend Shareholders' Meetings and presides over such meetings to ensure the meetings' efficiency and address shareholders' queries.
- 7) Encourage the Board to do their duties under their scope of authority under the law and corporate governance.

Roles and Responsibilities of the Board of Directors

- 1) The Company's Board of Directors has duties to establish the Company's principle policy and direction and to monitor the Corporate General Affairs to effectively comply with the Company's policy for the highest benefit of the Company and the Shareholders with transparency and fairness under the legislative and regulatory frameworks, the code of business conduct, social and environmental awareness as well as the relevant standards in both domestic and international.
- 2) The Company's Board of Directors has duties to establish the Company's vision, business plans and budgets and to continuously supervise management team to proceed in compliance with the prescribed plan and budget in order to ensure effective and efficient implementation to maximize the economic value of the business and to review the Company's vision and business plan at least once a year.
- 3) The Company's Board of Directors shall establish a Business Ethics Guideline of the Company for compliance by the Board of Directors, Executives, Employees and all staffs together with the Company's rules and regulations for fairness to all relevant persons.
- 4) The Company's Board of Directors shall fully perform their duties with knowledge and ability and also be responsible for their own decision with independent discretion based on honesty, carefulness and diligence in considering the highest benefit of the Company and the fairness to all Shareholders.
- 5) The Company's Board of Directors has a duty to approve any financial transaction on the Company's investment in considering the highest benefit of the Company and the fairness to all relevant persons.

- 6) The Company's Board of Directors shall arrange for accounting system, financial report, accounting audit, internal controls and reliable internal audit. In addition, the Board shall also regularly review the internal control and internal audit systems for the efficiency and effectiveness.
- 7) The Company's Board of Directors shall omit or avoid participating in any business which has interest with the Company's business or potentially cause conflict of interest with the Company. In addition, the Board shall inspect the conflict of interest solution and connected transaction.
- 8) The Company's Board of Directors shall arrange for the Company Secretary to provide legal and regulatory advice required by the Board for acknowledgement and for the Board and the Company to comply with any enforceable law and regulation.
- 9) The Company's Board of Directors shall regularly arrange for review and evaluation of the Board's self-performance as a whole and an individual every year. The Board shall jointly consider their operational result and problems in order to reflect the efficiency of their performance and seek improvement.
- 10) The Company's Board of Directors has the duty of conducting the annual performance appraisal and determining the annual compensation for the Group Chief Executive Officer - Siam Makro.
- 11) The Company's Directors has a duty to attend the Board of Directors' Meeting and every Shareholders' Meeting. If there is any important task and could not attend the meeting, notification to the Chairman shall be made.
- 12) The Company's Board of Directors shall arrange for an assessment in compliance with the Company's Corporate Governance and Code of Conduct at least once a year.
- 13) The Company's Board of Directors has the duty to oversee and promote the creation of innovation as well as the implementation of such innovation and associated technology, so as to achieve the overall capabilities and competitiveness of the Company in a sustainable manner and based on its positive corporate responsibilities towards society and the environment.
- 14) The Company's Board of Directors has the duty to determine the Corporate Governance Policy for its subsidiary companies, as well as to appoint to such subsidiaries various persons to be directors, management members or persons having a controlling authority, and to establish the appropriate internal controls system.
- 15) The Company's Board of Directors has the duty to encourage ongoing development of directors on a regular basis - such as, through attending training programs and seminars, or making overseas business visits.
- 16) The Company's Board of Directors oversees that there are succession plans in place, so as to be prepared for persons to succeed to director positions together with the Group Chief Executive Officer/ Managing Director and other senior management positions, as well as that the Group Chief Executive Officer/ Managing Director reports on the progress of this issue according to agreed succession plans to the Board of Directors at least once a year.
- 17) The Company's Board of Directors should oversee to ensure that the management group reviews and develop measures in overseeing the use of various resources to be effective and efficient - such as: financial resources, production resources, intellectual property resources, human resources, social resources and associated relationships, and natural resources - through keeping in mind the ever-changing internal and external business factors.
- 18) The Company's Board of Directors has the duty to determine the Anti-Corruption Policy and associated operating guidelines, as well as to promote and instill into all the Company personnel the need for full compliance with all relevant applicable laws and associated rules and regulations.
- 19) The Company's Board of Directors should oversee and ensure that the disclosure of information, including company financial reports and statements, Annual Report and Form 56-1, accurately reflects the financial status and operating performance results of the Company in an adequate manner, as well as support that the Company discloses a Management Discussion

and Analysis (MD&A) report as part of disclosing its financial statements every quarter. Furthermore, in the event that a disclosure is to be made specifically concerning any one director in particular, then the director in question should ensure that such a disclosure should be fully comprehensive and accurate.

- 20) The Company's Board of Directors has the duty to oversee that the management group monitors and assesses the financial status of the business so as to report to the Board of Directors on a regular basis. In the event that the Company faces or has the potential to face any associated financial issue or problem, then the Board of Directors has the duty to ensure that the Company determines a plan for overcoming and surviving the financial problem in question and/ or for looking after the interest of all stakeholder groups.
- 21) The Company's Board of Directors has duties and responsibilities towards the shareholders and for conducting the business of the Company for the benefit of its shareholders, as well as for holding a Shareholders Meeting in accordance with the law and applicable regulatory requirements so as to facilitate shareholders to be able to exercise their respective rights.

Roles and Responsibilities of the Group Chief Executive Officer - Siam Makro

The Group Chief Executive Officer - Siam Makro (Group CEO - Siam Makro) is assigned by the Board of Directors to conduct the Company's business under the approved business plans and budget with stringency, integrity, and maintaining Corporate Governance with fairness. This is in order to achieve maximum benefits for all stakeholders and includes controlling the disclosure of the Company's general and financial information in accordance with best practices, while protecting the best interests of the Company and its shareholders. The Group CEO - Siam Makro must not be engaged in any conflicts of interest with the Company and its subsidiaries, and must not hold the Board positions in other firms except Board positions of a company related to the Company with the approval of the Board of Directors.

Company Secretary

To comply with Article 89/15 and Article 89/16 of the Securities and Exchange Act (No. 4), B.E. 2551 (2008), the Board of Directors appointed Miss Kanyaphat Prayoonpoakarach as the Company Secretary with effective date from 1 June 2019 onwards, to undertake the following roles and responsibilities as defined by law:

- 1) Preparing, updating and keeping on file the following documents:
 - a. a register of the Directors;
 - b. notices calling for Directors' Meetings, Minutes of the Board of Directors' Meetings, and the Annual Reports;
 - c. notices calling for the Shareholders' Meetings and Minutes of the Shareholders' Meetings.
- 2) Keeping a record of all points of interest as reported by Directors and Executives.
- 3) Performing any other activities as prescribed in the Notification of the Capital Market Supervisory Board.
- 4) Submitting a copy of the report on points of interest (as reported by Directors/ Executives/ related parties) to the Chairman of the Board and the Chairman of the Audit Committee within 7 days from the date on which the Company has received such report.
- 5) Performing the duties as described above in good faith and with care and responsibility as well as in full compliance with the laws and regulations, the Articles of Association, objectives of the Company and the Resolutions of the Board of Directors and of the Shareholders' Meetings.

Biographical Information of the Company Secretary

Miss Kanyaphat Prayoonpoakarach

Age	41
Shareholding	None
Relationship with Executives	None

Education

- Bachelor of Arts (English), Chulalongkorn University, Bangkok, Thailand
- Master of Arts (English as an International Language), Chulalongkorn University, Bangkok, Thailand

Company Secretary Training

Thai Institute of Directors (IOD)

- Company Secretary Program (CSP 22/2007)
- Effective Minute Taking (EMT 7/2007)
- Board Reporting Program (BRP 3/2010)
- ASEAN CG Scorecard Coaching (January 2019)
- Anti-Corruption: The Practical Guide (ACPG 50/2019)
- SET Link Workshop (September 2019)
- Enhancing Good Corporate Governance based on CGR Scorecard (September 2019)

Thai Listed Companies Association (TLCA)

- Advances for Corporate Secretaries (July 2015)

Other Training Courses

- TQA Application Report Writing - 2010 Thailand Quality Award, Thailand Productivity Institute (FTPI) (August 2010)
- The Personal Data Protection 2019 Act, B.E. 2562 (July 2019)
- Finance for Non-Finance Executives (September 2019)

Experience

2007 - 2011	Supervisor - Company Secretary, Thai Oil Public Company Limited
2011 - 2014	Assistant Manager - Company Secretary, Thai Oil Public Company Limited
2014 - 2018	Assistant Vice President - Company Secretary, Singha Estate Public Company Limited
2 January 2019 - Present	Senior Manager - Company Secretary, SET & Investor Relations Department, Siam Makro Public Company Limited
1 June 2019 - Present	Company Secretary, Siam Makro Public Company Limited

Board - Committees

The Board of Directors has appointed several committees to scrutinize and supervise the operation of the Company over specific issues, in order to perform their duties efficiently and effectively as well as to ensure that the Company complies with rules and regulations of the SEC and SET. The Board - Committees, as of 31 December 2019 are as follows:

1) Audit Committee

As at 31 December 2019, the Audit Committee consists of 3 independent directors as follows:

1. Mr. Joti Bhokavanij
Chairman of the Audit Committee
(Independent Director)
2. Mrs. Kannika Ngamsopee
Member of the Audit Committee
(Independent Director)
3. Mr. Jukr Boon-Long
Member of the Audit Committee
(Independent Director)

Remark : The Audit Committee is fully qualified under the criteria of the SEC and SET to review business operations, financial reports, and internal control systems, to select independent auditors, and to review related party transactions. All members of the Audit Committee are knowledgeable and have sufficient experiences to review the reliability of the financial statements.

Roles and Responsibilities of the Audit Committee

1. To review the Company's financial reporting process in order to ensure that it is accurate and adequate;
2. To review the Company's internal controls system and internal audit functions ensuring that they are suitable and efficient, to determine the degree of independence of the internal audit group, as well as to approve the appointment, transfer and dismissal of the head of an internal audit group or any other group responsible for internal audit functions within the Company;
3. To review the Company's compliance with the law on Securities and Exchange, the SET's regulations, and any other laws relating to the Company's business;
4. To consider the qualifications, independence, performance and audit fee of the external auditor, in order to exercise final approval on the appointment or termination of the auditors;

5. To meet separately with the external auditor at least once a year without members of the Management group being present;
6. To review any connected transactions or transactions that may lead to a conflict of interests situation, in order to ensure that they are in full compliance with the laws and regulations of the SET/SEC as well as that such transactions are reasonable and undertaken for the fullest benefit of the Company;
7. To prepare the Audit Committee's Report to be included in the Company's Annual Report which must be signed by the Audit Committee Chairman and consist of at least the following information:
 - a. an opinion on the accuracy, completeness and reliability of the Company's financial report,
 - b. an opinion on the adequacy of the Company's risk management and internal controls systems,
 - c. an opinion on the compliance with the laws on Securities and Exchange, the SET's regulations or any other laws relating to the Company's business,
 - d. an opinion on the suitability of an auditor,
 - e. an opinion on the transactions that may lead to conflict of interests situations,
 - f. the number of the Audit Committee meetings and the attendance record at such meetings by each member of the Audit Committee,
 - g. any opinions or comments that are received by the Audit Committee in performing its duties in accordance with its Charter, and
 - h. other transactions which, in the opinion of the Audit Committee, should be made known to the Shareholders and general investors, subject to the scope of duties and responsibilities as assigned by the Company's Board of Directors;
8. To review the Company's self - evaluation tool of anti-corruption program in order to get certified by the Private Sector Collective Action Coalition against Corruption (CAC).
9. To perform any other activities as assigned by the Company's Board of Directors and concurred to by the Audit Committee.

In 2019, the Audit Committee performed duties under the aforementioned roles. The summary of activities is shown in the "Audit Committee Report."

2) Nomination and Remuneration Committee

As at 31 December 2019, the Nomination and Remuneration Committee consists of 3 directors as follows:

1. Mr. Joti Bhokavanij
Chairman of the Nomination and Remuneration Committee (Independent Director)
2. Mr. Prasobsook Boondech
Member of the Nomination and Remuneration Committee (Independent Director)
3. Mr. Korsak Chairasmisak
Member of the Nomination and Remuneration Committee

Roles and Responsibilities of the Nomination and Remuneration Committee

1. Select and nominate suitable and qualified persons to be members of Board Committees in accordance with the composition and qualifications as prescribed by the law/ relevant regulations and focus on skills, experience, genders, specific capabilities beneficial to the company, and dedication of time and personal endeavor to perform as directors; and present its recommendations to the Board of Directors for consideration and approval or for further submission to the Board of Directors which will be presented to the Shareholders' Meeting for its consideration and approval (as the case may be);
2. Consider the criteria relating to and determination of remuneration schemes for the Company's Directors and the Board Committees appointed by the Board of Directors, and to ensure that these are consistent with and appropriate for the Company's performance result and respective responsibilities as well as comparable to the remuneration schemes of other companies in the same industry. Additionally, NRC conducts performance appraisal and decide the compensation for the Group Chief Executive Officer - Siam Makro for proposing to the Company's Board of Directors for consideration and approval.

3. Conduct performance appraisal and decide on the compensation for the Group Chief Executive Officer - Siam Makro; and then the Committee will propose any appropriate revisions to the Board for consideration and approval.
4. Support the Company in giving an opportunity to minority Shareholders to propose names of qualified persons to be considered for possible nomination and appointment as a Board of Director of the Company.
5. Perform other activities as assigned by the Board of Directors.
4. Review the corporate governance policy regularly and adjusting it to international practices and recommendations made by regulators or related institutes.
5. Regularly promote sharing of the corporate governance culture among all executives and employees for clear understanding and adoption for the Company's and its subsidiaries' implementation.
6. Perform other activities as assigned by the Board of Directors.

In 2019, the Nomination and Remuneration Committee performed duties under the aforementioned roles. The summary of activities is shown in the "Nomination and Remuneration Committee Report".

3) Corporate Governance Committee

As at 31 December 2019, the Corporate Governance Committee consists of 3 directors as follows:

1. Mr. Rawat Chamchalerm
Chairman of the Corporate Governance Committee
(Independent Director)
2. Mr. Jukr Boon-Long
Member of the Corporate Governance Committee
(Independent Director)
3. Mr. Umroong Sanphasitvong
Member of the Corporate Governance Committee

Roles and Responsibilities of the Corporate Governance Committee

1. Constantly define an international - standard corporate governance policy for the Company and its subsidiaries to adopt as its principles.
2. Define a self-assessment policy and procedure on corporate governance policy, while promoting standard assessment by renowned and internationally accepted appraisers.
3. Oversee the Company's business in line with the corporate governance principles set forth by regulators, including SET and SEC.

In 2019, the Corporate Governance Committee performed duties under the aforementioned roles. The summary of activities is shown in the "Corporate Governance Committee Report".

Criteria Selection of Independent Directors

Qualifications of Independent Directors

Independent directors must have all the qualifications required by the Capital Market Supervisory Board which are:

1. Holding shares not exceeding 0.5% of the total number of shares with voting rights of the Company, its parent company, subsidiary companies, major shareholder or controlling person of the Company, which shall be inclusive of the shares held by related persons of such independent director;
2. Neither being nor used to being a director who takes part in the management, employee, staff member, advisor who receives a regular salary, or controlling person of the Company, its parent company, subsidiary companies, same - level subsidiary companies, major shareholder or of the controlling person of the Company, unless the foregoing status has ended not less than 2 years. However, such prohibited characteristic shall not include the case where the independent director used to be a government official or advisor of a government unit which is a major shareholder or controlling person of the Company;
3. Not being a person related by blood or by legal registration as father, mother, spouse, sibling, and child, including spouse of child, of the executive, major shareholder, controlling person, or person to be nominated as executive or controlling person of the Company or its subsidiary companies;

4. Neither having nor used to having a business relationship with the Company, its parent company, subsidiary companies, major shareholder or controlling person of the Company, in the manner which may interfere with his independent judgement, and neither being nor used to being a significant shareholder or controlling person of any person having a business relationship with the Company, its parent company, subsidiary companies, major shareholder or controlling person of the Company, unless the foregoing relationship has ended not less than 2 years.

The term “business relationship” under the first paragraph shall include any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or granting or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, and any other similar actions, which result in the Company or its counterpart being subject to indebtedness payable to the other party in the amount of 3% or more of the net tangible assets of the Company or Baht 20 million or more, whichever is lower. The amount of such indebtedness shall be calculated according to the method for calculation of value of connected transactions under the Notification of the Capital Market Supervisory Board governing rules on connected transactions *mutatis mutandis*. The consideration of such indebtedness shall include indebtedness occurred during the period of 1 year prior to the date on which the business relationship with the person commences;

5. Neither being nor used to being an auditor of the Company, its parent company, subsidiary companies, associated companies, major shareholder or controlling person of the Company, and not being a significant shareholder, controlling person, or partner of the audit firm which employs auditors of the Company, its parent company, subsidiary companies, associated companies, major shareholder or controlling person, unless the foregoing relationship has ended not less than 2 years;

6. Neither being nor used to being any professional service provider including a legal counselor or financial advisor who receives service fee of exceeding Baht 2 million per year from the Company, its parent company, subsidiary companies, major shareholder or controlling person of the Company, and not being a significant shareholder, controlling person or partner of the aforementioned professional service provider, unless the foregoing relationship has ended not less than 2 years;
7. Not being a director appointed as representative of directors of the Company, major shareholder or shareholder who is related to major shareholder;
8. Not undertaking any business of the same nature as and competing with that of the Company or its subsidiary companies or not being a significant partner in a partnership or being a director who takes part in the management, employee, staff member, advisor who receives regular salary or holding shares exceeding 0.5% of the total number of shares with voting rights of other companies which undertake businesses of the same nature as and competing with that of the Company or its subsidiary companies;
9. Not having any other characteristics which cause the inability to render independent opinions with regard to the Company’s business operations.
10. The Company’s independent directors shall serve not more than 9 consecutive years.

Independent Directors with qualifications described in 1 - 10 above may be empowered by the Board of Directors to make decision for the business operation of the Company, its parent company, subsidiary companies, the same - level subsidiary companies, major shareholder or the controlling person of the Company in the form of collective decision.

In case a person appointed as an Independent Director of the Company is a person having or used to have business relationship or providing professional service with value of exceeding those prescribed in item 4 or item 6, the Board of Directors may consider waiving this disqualification if the Board opines that the appointment of the said person does neither affect his performance nor expression of independent opinion, and the Company already disclosed the following information in the notice calling for the shareholders' meeting on agenda regarding the appointment of the said Independent Director:

- a. Manner of business relationship or professional service causing the said person not being qualified under the prescribed criteria;
- b. Reason and necessity to maintain or to appoint the said person as the independent director;
- c. Opinion of the Company's Board of Directors to nominate the said person as the independent director.

To encourage the independent directors and non - executive directors to independently hold meetings to discuss, recommend, and define guidelines to develop the quality of corporate governance, the Company ensures that there is a meeting of the independent directors at least once a year and the meeting of directors without the management at least once a year.

Nomination of Independent Directors

The nominating procedure for proposed Independent Directors of the Company is as described in the section on "Nomination of Directors".

**Details of the Board of Directors and Executives in the Company and its Subsidiaries and/ or Related Company
as at 31 December 2019**

Company Name Name - Surname	SML	Subsidiaries															
		PRO	MROH	MAC	CPWI	MM	ARO	MGZ	MGH	SFS	INDV	INDS	INDD	MAXZI	INDL	JM	INDC
Mr. Arsa Sarasin	□																
Mr. Joti Bhokavanij	△																
Mr. Rawat Chamchalerm	△																
Mrs. Kannika Ngamsopee	△																
Mr. Jukr Boon-Long	△																
Mr. Prasobsook Boondech	△																
Mr. Korsak Chairasmisak	○																
Mrs. Suchada Ithijarakul	○, ★	○	○	○	○	○	○	○		○	○	○	○	○	○	○	○
Dr. Prasert Jarupanich	○																
Mr. Pittaya Jearavisitkul	○																
Mr. Piyawat Titasattavarakul	○																
Mr. Narong Chearavanont	○																
Mr. Adirek Sripratak	○																
Mr. Umroong Sanphasitvong	○																
Mrs. Saowaluck Thithapant	○, ★	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○
Mr. Lin, Chi - Lung	★	○	○				○			○	○	○	○	○	○	○	○
Mr. Paul Stephen Howe	★																
Ms. Thanyamas Vorachart		○	○							○		○	○	○	○	○	○
Mrs. Rattaya Ngernbumroong		○	○	○	○	○		○	○								
Mr. Tanit Chearavanont					○												
Mr. Saksit Panurach				○		○		○	○								
Mr. Yuttapoom Jarernsuk				○													
Mr. Chaiporn Treelertkul								○	○								
Mr. Teo Hong How Jackie										○							
Mr. Nishant Rayirath					○												○
Ms. Dy Sopheak Pagna				○													○
Oknha Seng Nhak				○													○
Mr. Gauthier Bouillot																	
Ms. Helene Raudaschl												○	○	○	○	○	
Mr. Aung Din						○	○										

Remark: Positions

□ = Chairman of the Board of Directors
 △ = Independent Director

○ = Director
 ★ = Executive Officer

Company's Name

SML	Siam Makro Public Company Limited	SFS	Siam Food Services Limited
PRO	ProMart Company Limited	INDV	Indoguna Vina Food Service Company Limited
MROH	Makro ROH Company Limited	INDS	Indoguna (Singapore) Pte Ltd
MAC	Makro (Cambodia) Company Limited	INDD	Indoguna Dubai L.L.C
CPWI	CP Wholesale India Private Limited	MAXZI	MAXZI THE GOOD FOOD RESTAURANT & CAFE L.L.C
MM	ARO Commercial Company Limited	INDL	Indoguna Lordly Company Limited
ARO	ARO Company Limited	JM	Just Meat Company Limited
MGZ	Makro (Guangzhou) Food Company Limited	INDC	Indoguna (Cambodia) Company Limited
MGH	Guangzhou Huadu Makro Food Supermarket Company Limited		

2.2 Nomination, Appointment and Termination of Directors

Nomination Criteria

- 1) The Directors must have qualifications consistent with the Public Company Limited Act and the Company's regulations.
- 2) The Directors must have specific skills, experiences, capabilities as well as genders and ages that are beneficial to the Company.
- 3) The Directors must perform their duties with a fully integrity and ethical manner as well as can devote sufficient time and effort to performing duties.
- 4) The nomination and appointment of Independent Directors must take into account the number of Independent Directors on the Board. There should be at least one-third Independent Directors of all Directors with the qualifications as specified by SEC and the number must not be less than 3. The composition of the Board must have a proportional number of Independent Directors for checks and balances of the Board and the management to protect the best interests of shareholders.
- 5) The Company considers potential conflicts of interest that the directors may have with it.

Nomination and Appointment of Directors

The Company provides an opportunity for minority shareholders to nominate suitable and qualified persons to be considered for election as Directors of the Company under the Company's established criteria in advance of each Annual General Shareholders' Meeting. Details are described in the section of "Equitable Treatment of Shareholders".

The Nomination and Remuneration Committee is responsible for the selection and nomination of suitable and qualified persons as Directors or Independent Directors of the Company by considering their qualifications, knowledge, competency, experience, details of which are presented to the Board

of Directors for consideration. The Board of Directors then presents its opinion to the Shareholders' Meeting for consideration and approval. The resolution on the election of the Directors must be adopted by an affirmative majority vote from the total number of votes of those Shareholders attending and present at the Meeting as well as entitled to vote in accordance with the following criteria and procedures prescribed in the Company's Articles of Association:

- a. A shareholder shall have a number of votes which is equivalent to the number of shares held by him;
- b. Each shareholder may exercise all the votes he has under clause a), to elect one or more persons as directors but he may not split his votes among any such persons;
- c. The persons receiving the highest number of votes in the respective order of the votes shall be elected as directors up to the total number of directors required or to be elected at such time. In the event that a number of persons receiving an equal number of votes for the last directorship exceed the number of directors the Company required or to be elected at such time, the chairman of the meeting shall have a casting vote.

Termination of Directors

1. At every Annual General Meeting of Shareholders, one-third of the Directors, or, if the number of Directors cannot be divided exactly into 3 parts, the number of Directors nearest to one-third shall vacate office. A vacating Director may be eligible to re-election. The Directors who have remained in office for the longest time shall vacate office.
2. Apart from vacating at the end of his office term, a Director shall vacate office upon death, resignation, lack of qualifications or disqualifications under the law pertaining to Public Company Limited and/ or under the Securities and Exchange Act, removal pursuant to resolution passed at the shareholders meeting, or removal pursuant to a court order.

3. To resign from office, a Director has to hand in his/her resignation letter. Such resignation shall become effective on the date when it reaches the Company. The Director who has resigned may also inform the registrar of the facts.
4. The shareholders' meeting may pass a resolution to remove any Director from office prior to retirement by rotation, by a vote of not less than three-fourths of the number of shareholders attending the meeting and having the right to vote and the shares held by them shall, in aggregate, be not less than half of the number of shares held by the shareholders attending the meeting and having the right to vote.
5. In the event that a position of Director becomes vacant for any reason other than the end of his/her office term, the Board of Directors shall on the next Board meeting appoint a qualified person, not having unacceptable qualities under the laws pertaining to Public Limited Company and the Securities and Exchange Act to be a new Director, except if such office term remaining is less than 2 months. The replacement Director shall hold office only for the remainder of the term of office of the Director whom he/she replaces. The resolution of the Board of Directors must be approved by the votes of not less than three-fourths of the number of the remaining Directors.

2.3 Director and Executive Remuneration in 2019

1) Monetary Remuneration

a. Board of Directors

In 2019, the remuneration of 19 Board of Directors (including the directors who resigned during the year) as of 31 December 2019 was Baht 42.89 million which was conformed to the 2019 Annual General of Shareholders' Meeting held on 23 April 2019. The remuneration is considered through the comparison with organizations with the equal size in the same industry, as well as the Company's performance, achievement, responsibilities of the Board of Directors, and overall business circumstances. Individual Directors' remuneration rate for the year 2019 are as follows:

Director remuneration approved by 2019 Annual General Meeting of Shareholders

Types of Remuneration	Baht/ Person/ Month	Baht/ Person/ Year
1. Regular Remuneration		
- Chairman	155,000	1,860,000
- Chairman of the Audit Committee and Independent Director	140,000	1,680,000
- Member of the Audit Committee and Independent Director	115,000	1,380,000
- Director	100,000	1,200,000
- Chairman of the sub-committee	15,000	180,000
- Member of the sub-committee	5,000	60,000
2. Annual Bonus	Baht 23.04 million	
3. Other Benefits	None	

Remuneration of individual directors paid in 2019

No.	List of Directors	Position	Regular Remuneration (Baht/Year)				Total Remuneration
			Board of Directors	Audit Committee	Corporate Governance Committee	Nomination and Remuneration Committee	
1	Mr. Arsa Sarasin	Chairman of the Board of Directors	1,860,000				1,896,333
		Member of the Corporate Governance Committee ⁽¹⁾			36,333		
2	Mr. Joti Bhokavanij	Independent Director and Member of the Audit Committee		908,500			1,585,500
		Member of the Corporate Governance Committee ⁽¹⁾			36,333		
		Independent Director and Chairman of the Audit Committee ⁽²⁾		578,667			
		Chairman of the Nomination and Remuneration Committee ⁽²⁾				62,000	
3	Mr. Rawat Chamchalem ⁽²⁾	Independent Director	413,333				475,333
		Chairman of the Corporate Governance Committee			62,000		
4	Mrs. Kannika Ngamsopee ⁽²⁾	Independent Director and Member of the Audit Committee		475,333			475,333
5	Mr. Jukr Boon-Long ⁽²⁾	Independent Director and Member of the Audit Committee		475,333			496,000
		Member of the Corporate Governance Committee			20,667		
6	Mr. Prasobsook Boondech ⁽³⁾	Independent Director	176,667				185,500
		Member of the Nomination and Remuneration Committee				8,833	
7	Mr. Korsak Chairasmisak	Director, First Vice Chairman	1,200,000				1,260,000
		Member of the Nomination and Remuneration Committee				60,000	
8	Mrs. Suchada Ithijarakul	Director, Second Vice Chairman, and Group Chief Executive Officer - Siam Makro	1,200,000				1,200,000
9	Mr. Umroong Sanphasitvong	Director	1,200,000				1,260,000
		Member of the Corporate Governance Committee			60,000		
10	Dr. Prasert Jarupanich	Director	1,200,000				1,200,000
11	Mr. Pittaya Jearavisitkul	Director	1,200,000				1,200,000
12	Mr. Piyawat Titasattavorakul	Director	1,200,000				1,200,000
13	Mr. Narong Chearavanont	Director	1,200,000				1,200,000
14	Mr. Adirek Sripratak	Director	1,200,000				1,200,000
15	Mrs. Saowaluck Thithapant	Director and Group Chief Financial Officer - Siam Makro	1,200,000				1,200,000

No.	List of Directors	Position	Regular Remuneration (Baht/Year)				Total Remuneration
			Board of Directors	Audit Committee	Corporate Governance Committee	Nomination and Remuneration Committee	
Directors who resigned during the year 2019							
1	Mr. Athaporn Khaimarn ⁽⁴⁾	Independent Director and Chairman of the Audit Committee	1,017,333				1,017,333
2	Mr. Thira Wipuchanin ⁽⁴⁾	Independent Director and Member of the Audit Committee		835,667			981,000
		Chairman of the Nomination and Remuneration Committee				109,000	
		Member of the Corporate Governance Committee			36,333		
3	Mr. Chavalit Uttasart ⁽⁴⁾	Independent Director and Member of the Audit Committee		835,667			872,000
		Member of the Nomination and Remuneration Committee				36,333	
4	Dr. Chaiyawat Wibulswasdi ⁽⁵⁾	Independent Director and Member of the Audit Committee		839,500			949,000
		Chairman of the Corporate Governance Committee			109,500		
Bonus (for directors who performed their duty in 2019)					23,040,000		

Remarks:

⁽¹⁾ Resigned from the Corporate Governance Committee on 9 August 2019

⁽²⁾ Appointed on 28 August 2019

⁽³⁾ Appointed on 8 November 2019 / Holding the position of an Independent Director and Chairman of Sustainability and Corporate Governance Committee of CP All Public Company Limited, major shareholder of the Company, with total remuneration in 2019 at the amount of Baht 6,564,000.

⁽⁴⁾ Resigned on 9 August 2019

⁽⁵⁾ Resigned on 10 August 2019

b. Executives

The 7 Executives (including the executives who resigned / rotated during the year) received remuneration in the form of salaries and bonus totaling Baht 142.58 million, and other remuneration including the Company's contribution to the provident fund (equal to 3% of salary) together with expatriate executives' expenses, e.g. house rent, utility bills, telephone expenses, income tax payable, life insurance premium, and travelling expenses etc. totaling Baht 28.89 million

The above remuneration for Executives is based on actual payments made during 2018, which amount differs from the total amount as stated in the Consolidated and Company Financial Statements, in compliance with the Thai Generally Accepted Accounting Principles, under the Accounting Act of B.E. 2543.

2) Non-Monetary Remuneration

The Board of Directors do not receive other benefits apart from the remuneration identified in item no.1) Monetary Remuneration.

2.4 Compliance with established Best Practices and Code of Conduct for Directors of listed Companies

The Board of Directors complies with the Best Practices and Code of Conduct for Directors of listed Companies of the Stock Exchange of Thailand. It has also performed its duties in compliance with all legal requirements and regulations relating to the role and responsibilities of Directors as well as in accordance to the stated objectives and the Articles of Association of the Company and resolutions of the Shareholders' Meetings, with honesty and due care, in order to protect the interests of the Company, and with accountability to the Shareholders. The Board of Directors determines the direction and policies of the Company, supervises and closely monitors that Management follows all agreed policies and procedures as well as complies with all legal or regulatory requirements. The Board of Directors also continuously follow - up on the achieved operating performance results of the Company. Additionally, the Board of Directors has established adequate internal control together with an internal audit function, in order to ensure ongoing effectiveness of the Company's operations.

2.5 Supervision on the Use of Inside Information

The Company is a public listed company on the Stock Exchange of Thailand (SET); and as such it is considered to be a key policy to operate its businesses on an equal and equitable basis for all Shareholders - whether majority or minority Shareholders. As such, any internal information or news that may have some significant impact on the Company's share price are considered to be confidential internal information related to the

operations of the Company's business that have not yet been disclosed to the general public. If improperly disclosed, such internal information will have some impact for the Company.

Therefore, preventing unauthorized disclosure of such internal confidential information is of vital importance to the Company's ongoing success as well as for the continuing security of all the Company's Staff. In order to enable that effective disclosures of any internal information to outside parties be undertaken in a manner that will not result in any damaging effects for the Company's business operations as well as to its reputation, the Company has determined specific measures and an associated system of internal controls, together with requirements for all Company personnel to maintain the security and confidentiality of such information and not to make use of such inside information for any personal gain - even if they no longer have a position or have any associated responsibilities within the Company.

As such, internal confidential information means these various information: business operations and activities plans; trade and business secrets; information regarding the Company's performance results; information on suppliers of products together with any associated trade or business agreements; financial information; any information that may affect the overall corporate image and value of the Company; information that are legally required to be kept confidential; information about land plots searches, surveys and associated assessments; Company Staff's personal information; various IT systems security passwords; and/or any other information, if disclosed, that may result in some damages or discredit to the Company, its Staff, its contractors, and Business Partners/suppliers or customers.

Guidelines

- i) Personnel should maintain inside information and sensitive documents that could lead to undue exploitation for themselves, their families, or their associates, including any information influencing stock prices and the Company's proprietary commercial secrets, formulae, and inventions.
- ii) Personnel must not exploit the Company's confidential information for personal or others' gains.
- iii) Personnel who have received personal information must take good care of or use it cautiously.
- iv) The Company should institute strict measures and processes for guarding its information within its departments to prevent publicity before its formal distribution. These measures and processes are an integral part of the Company's risk control measures.
- v) The Company has defined the information about contractual parties and the agreements with these parties as sensitive information not to be shared with others except when both the Company and its contractual parties have given their consent.
- vi) Even after their termination or retirement, personnel must not disclose the Company's confidential information.
- vii) If asked to reveal information beyond one's responsibility, one must politely refuse to comment and then refer questions to assigned and responsible parties for disclosure to ensure accurate and uniform information provision.
- viii) In the event of any rumors or any unauthorized leaks of information that is incomplete and not yet ready for disclosure, then the immediate Supervisor/ Superior should be informed immediately, so as to then inform the next level of the Company Management to consider announcing the true facts or making a full disclosure of the information in question to the general public.

2.6 The Board of Directors' opinion related to Internal Control of the Company and Subsidiaries

The Company recognizes the importance of internal control system and risk management as a tool for driving the business operation efficiency and effectiveness as well as achieving the Company's set goals. Moreover, internal control process is designed with the objective of providing reasonable assurance in respect of finance, financial reporting and compliance with laws, regulations, and corporate policies. Internal Control fosters the correctness, transparency and auditability of the Company's operations including reducing and preventing potential risks that may occur. Furthermore, the Company continuously develops its internal controls to ensure continuous efficiency and effectiveness.

The Board of Directors appointed the Audit Committee, which consists of three Independent Directors who are qualified and experienced in various fields. The Audit Committee is independent as defined by the SET. The Audit Committee has the responsibility to review financial reports, and the disclosure of the Company's information including related party or conflicts of interest business transactions in order to ensure that they are reasonable and for the maximum benefit of the Company. The Audit Committee also reviews the adequacy and appropriateness of risk management process, internal control system, and internal audit plan as well as considers significant issues related to internal control and provides recommendations for any required improvements to the management. The Audit Committee considers the appointment or termination of external auditors and expresses its opinion to the Board of Directors. The Audit Committee also reviews the Company's compliance with the law of Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET)'s rules and regulations, and any other laws relating to the Company's businesses.

The Audit Committee assigns Internal Audit Department, as an independent unit from the Company's management, to evaluate internal control system and review each department's operations within the Company and its subsidiaries in order to ensure that each department has properly performed in accordance with internal control policies and procedures. Internal Audit Department has duly evaluated the adequacy and appropriateness of internal control system under good internal control principles as follows:

1. Control Environment

The Company promotes and supports a good internal control environment with written policies related to corporate governance and code of conduct manual, which has clearly defined roles and responsibilities of directors, management and employees. The Company also formulated Code of Conducts as the fundamental of internal control processes for business operations. The corporate governance and code of conduct manual has been communicated to employees at all levels to acknowledge and strictly comply including the punishment in case of any violations. The organizational structure has been established in alignment with the business plan and is regularly adjusted to be in line with operations to ensure that management and employees' performances are efficient and can be clearly monitored, scrutinized and assessed. The Internal Audit Department is responsible for examining and reviewing performance and promoting a good internal control environment. In addition, the Company recognizes the importance of continuous human resource development and provides trainings in order to enhance knowledge and skills required for the assigned tasks

2. Risk Assessment

The Company recognizes the importance of enterprise risk management system. A Risk Management Committee has been appointed to formulate a systematic risk assessment framework including risk management policies. Every business unit shall assess various risk factors, the likelihood of each occurrence and its impact from internal and external perspectives, and it must have mitigating measures to manage risks to an acceptable level. The Risk Management Committee shall report to the Audit Committee at least once a year. Furthermore, the Company regularly reviews its short-term and long-term corporate strategies to address the changing business environment for transparency and the highest benefit of the Company. In this regard, Internal Audit shall continuously review the adequacy and appropriateness of internal control system and ensure that the audit plan covers key operating procedures.

3. Control Activities

The Company has transparent and appropriate internal control activities. Key performance indicators (KPIs) will be used as tools in planning and control. The Corporate Governance and Code of Conduct Manual provides guidelines for all employees to discharge their duties. The Company has segregation of duties and clearly defined functional responsibilities and delegation of authority such as different level of signing power and categories of expenditure for management. Standard operation procedures are in writing and regularly reviewed.

In addition, the IT system categorizes the roles as well as control and access to information of various operational levels. The IT system has set access rights and an information database that can be later retrieved for verification.

The procedure regarding connected transactions is clearly stipulated to ensure transparency and for the maximum benefits of the Company. Internal Audit Department has been assigned to regularly review the adequacy and appropriateness of internal control system, which is aligned with the audit plan covering significant operation areas. In addition, the Company has consistently monitored the operations of its subsidiaries to ensure their operations aligned with the Company's business policies.

4. Information and Communication

Information and communication plays an important role in the Company. Information technology has been deployed in order to manage information and analyze data to support management's decision making process. The Company has communicated to every staff member information relating to policies, regulations and announcements through many internal communication channels, e.g. intranet, notice board at stores, Company's emails and VDO Conference (Broadcast) to ensure that every staff member is fully, correctly and timely informed.

Furthermore, the Company has put in place complaint-making and whistle-blowing communication channels. These cover offenses or suspicious behavior that may imply fraud or corruption or misconduct of any person in the organization. Communication can be made through the Company's website or e-mail : cgoffice@siammakro.co.th. The Company also has other appropriate and efficient communication channels for external stakeholders to access the Company's information at all time, such as Call Center

(0 2335 5300) for customers' inquiries or complaints about products and services of the Company, and Investor Relations Department for shareholders and investors. This will facilitate the stakeholders' understanding about the Company's business, as well as disclose information to SET. At same time, the Company has clear policies to control unauthorized access and to prevent inappropriate use of the Company's information in compliance with the Computer-related Crime Act.

5. Monitoring

The Company continuously monitors whether business is operating in line with the Company's business plans as well as analyses reasons for any under-performance in order to take corrective measures to counter changing circumstances. Furthermore, Internal Audit Department as an independent unit reviews whether operations comply with the internal control system, which has been appropriately stipulated. The emphasis is on significant risks as per the risk-based audit plan approved by the Audit Committee. The Internal Audit Department makes recommendations to management for any required improvement to the business process to increase the efficiency and effectiveness of the internal control and reports to the Audit Committee on a quarterly basis.

In 2019, the Audit Committee is of the same opinion with the external auditor that there is no significant issue on internal control. The Company has appropriate internal control system aligning with the business. Furthermore, all business units have complied with the stipulated processes and working procedures.

2.7 Auditor's Remuneration in 2019

Audit fees

The Company and its subsidiaries paid to the Audit Firm the following fees during in the fiscal year 2019:

Company	Audit Firm	Audit Fee (Baht)
Siam Makro	KPMG Phoomchai Audit Limited	6,820,000
Siam Food Services	KPMG Phoomchai Audit Limited	1,350,000
Makro ROH	KPMG Phoomchai Audit Limited	200,000
Indoguna Vina Food Service	KPMG (Vietnam) Limited	334,100 ⁽²⁾
ProMart	KPMG Phoomchai Audit Limited	50,000
ARO ⁽¹⁾	Khin Su Htay & Associates Limited	49,676 ⁽³⁾
CP Wholesale India	KPMG India	1,106,750 ⁽⁴⁾
Makro (Cambodia)	KPMG Cambodia	760,666 ⁽⁵⁾
Makro (Guangzhou) Food ⁽¹⁾	BDO China Shu Lun Pan Certified Public Accountants LLP	66,709 ⁽⁶⁾
Indoguna (Singapore) ⁽¹⁾	Chong, Lim & Partners LLP	774,047 ⁽⁷⁾
Indoguna Dubai ⁽¹⁾	FRG Chartered Accountants	253,581 ⁽⁸⁾
Indoguna Lordly ⁽¹⁾	Linkers CPA Limited	368,606 ⁽⁹⁾
Just Meat ⁽¹⁾	Linkers CPA Limited	103,051 ⁽¹⁰⁾
MAXZI THE GOOD FOOD RESTAURANT & CAFE ⁽¹⁾	FRG Chartered Accountants	63,395 ⁽¹¹⁾
Indoguna (Cambodia) ⁽¹⁾	Fii & Associates	201,809 ⁽¹²⁾
ARO Commercial ⁽¹³⁾	Khin Su Htay & Associates Limited	214,824 ⁽¹³⁾
Guangzhou Huadu Makro Food Supermarket ⁽¹⁾	BDO China Shu Lun Pan Certified Public Accountants LLP	39,299 ⁽¹⁴⁾

Remark:

⁽¹⁾ Auditor is not the same audit company as the Company's auditor

⁽²⁾ Equivalent to VND 257,000,000 (VND 1 = Baht 0.0013)

⁽³⁾ Equivalent to USD 1,600 (USD 1 = Baht 31.0476)

⁽⁴⁾ Equivalent to INR 2,500,000 (INR 1 = Baht 0.4427)

⁽⁵⁾ Equivalent to USD 24,500 (USD 1 = Baht 31.0476)

⁽⁶⁾ Equivalent to RMB 14,841 (RMB 1 = Baht 4.4949)

⁽⁷⁾ Equivalent to SGD 34,000 (SGD 1 = Baht 22.7661)

⁽⁸⁾ Equivalent to AED 30,000 (AED 1 = Baht 8.4527)

⁽⁹⁾ Equivalent to HKD 93,000 (HKD 1 = Baht 3.9635)

⁽¹⁰⁾ Equivalent to HKD 26,000 (HKD 1 = Baht 3.9635)

⁽¹¹⁾ Equivalent to AED 7,500 (AED 1 = Baht 8.4527)

⁽¹²⁾ Equivalent to USD 6,500 (USD 1 = Baht 31.0476)

⁽¹³⁾ Equivalent to MMK 10,530,600 (MMK 1 = Baht 0.0204)

⁽¹⁴⁾ Equivalent to RMB 8,743 (RMB 1 = Baht 4.4949)

Non - audit fees

The Company and its subsidiaries also paid to the Audit Firm during fiscal year 2019 non-audit fees, namely, for other consulting engagements not related to audit services, tax & legal consulting services, and other engagements to review and observe specifically agreed procedures and activities as per the following details:

Company	Non - Audit Service	Service Providers	Paid (Baht)	Contingent Expenses (Baht) ⁽¹¹⁾
Siam Makro	Engagement to review and observe specifically agreed procedures and activities ⁽¹⁾	KPMG Phoomchai Audit Limited	20,000	20,000
Siam Food Services	Engagement to review and observe specifically agreed procedures and activities ⁽¹⁾	KPMG Phoomchai Audit Limited	45,000	-
Siam Makro	Tax & Legal Consulting Services ⁽²⁾	KPMG Phoomchai Tax Limited	-	1,800,000
Siam Makro	Business Advisory Services ⁽³⁾	KPMG Phoomchai Business Advisory Limited	1,500,000	-
Indoguna Vina Food Service	Accounting, Tax & Legal Consulting Services ⁽⁴⁾	KPMG (Vietnam) Limited	140,400	187,200
Indoguna Dubai	Business Advisory Services ⁽⁵⁾	DOM Tax Consultant	54,943	-
Indoguna Lordly	Business Advisory Services ⁽⁶⁾	PLC (CPA) Limited	68,045	-
CP Wholesale India	Tax & Legal Consulting Services ⁽⁷⁾	KPMG India	132,810	-
MAXZI THE GOOD FOOD RESTAURANT & CAFE	Business Advisory Services ⁽⁸⁾	DOM Tax Consultant	33,811	-
ARO Commercial	Tax Consultant ⁽⁹⁾	PricewaterhouseCoopers Myanmar Co., Ltd.	569,823	-
Makro (Cambodia)	Monthly Tax Retainer ⁽¹⁰⁾	Ernst & Young (Cambodia) LTD	273,948	-
Total			2,838,780	2,007,200

Remark:

⁽¹⁾ Attendance to observe inventory destruction

⁽²⁾ Transfer pricing advisory services on BEPS Action Plan 13

⁽³⁾ “Robotic Process Automation (RPA) Training”

⁽⁴⁾ These service providers are in the same Group as with the Audit firm. The paid amount for the year 2019 is VND 108,000,000 and contingent expense as at 31 December 2019 is VND 144,000,000 (VND 1 = Baht 0.0013)

⁽⁵⁾ The paid amount for the year 2019 is AED 6,500 (AED 1 = Baht 8.4527)

⁽⁶⁾ The paid amount for the year 2019 is HKD 17,168 (HKD 1 = Baht 3.9635)

⁽⁷⁾ These service providers are in the same Group as with the Audit firm. The paid amount for the year 2019 is INR 300,000 (INR 1 = Baht 0.4427)

⁽⁸⁾ The paid amount for the year 2019 is AED 4,000 (AED 1 = Baht 8.4527)

⁽⁹⁾ The paid amount for the year 2019 is MMK 27,932,510 (MMK 1 = Baht 0.0204)

⁽¹⁰⁾ The paid amount for the year 2019 is USD 8,823 (USD 1 = Baht 31.0476)

⁽¹¹⁾ Contingent expenses as at 31 December 2019



Board of Directors and Executives

As of 31 December 2019



Mr. Arsa Sarasin

Chairman of the Board of Directors

- Age : 83 Years
- Nationality : Thai
- Date of Appointment : 26 January 1994
- Relationship with Executives : None

Education

- B.A. in Business Administration, Boston University, USA
- Honorary Doctoral Degree in Political Science (International Affairs), Thammasat University

Training with Thai Institute of Directors (Thai IOD)

- 2013 Role of Chairman Program (RCP)
- 2008 Finance for Non-Finance Director (FND)
- 2007 Audit Committee Program (ACP)
- 2003 Director Accreditation Program (DAP)

Working Experiences

Working Experiences in Listed Company

- 2018 - Present Independent Director Bangkok Dusit Medical Services Public Company Limited
- 2016 - Present Director Siam Makro Public Company Limited
- 2015 - Present Independent Director and Chairman Dusit Thani Public Company Limited
- 1999 - Present Chairman of the Board of Directors Siam Makro Public Company Limited
- 1998 - Present Chairman Padaeng Industry Public Company Limited
- August 2016 - 8 August 2019 Member of the Corporate Governance Committee Siam Makro Public Company Limited
- 2015 - March 2018 Chairman of the CSR Committee for Sustainable Development
Siam Cement Public Company Limited
- 2013 - May 2016 Vice Chairman, Chairman of the Audit Committee, Chairman of the Remuneration and
Nominating Committee and Chairman of the Corporate Governance Committee
Charoen Pokphand Foods Public Company Limited
- 2007 - August 2016 Independent Director Siam Makro Public Company Limited
- 2001 - March 2018 Director and Member of the Governance and Nomination Committee
Siam Cement Public Company Limited
- 1999 - May 2016 Independent Director Charoen Pokphand Foods Public Company Limited

Working Experiences in Non Listed Company

- 2013 - Present Chairman Mitsubishi Elevator Asia Company Limited
- 2003 - Present Director Thainamthip Company Limited
- 1995 - Present Chairman Amata City Company Limited
- 1993 - Present Chairman Thai Asia Pacific Brewery Company Limited

Present positions in other organizations institutions

- November 2018 - Present Chairman Bualuang Foundation
- October 2018 - Present Chairman The Queen's Gallery Foundation
- 2014 - Present Chairman Education and Public Welfare Foundation
- 2014 - Present Chairman Mitsubishi Electric Thai Foundation
- 2005 - Present Vice Chairman Thai Tapioca Development Institute
- 2004 - Present Chairman of Advisors Thai - Laos Friendship Associate
- December 1988 - Present Chairman Padaeng Zinc Foundation

Shareholding in the Company

- Director/ Executive (Shares) -
- Spouse (Shares) -
- Minor (Shares) -



Mr. Joti Bhokavanij

Independent Director

Chairman of the Audit Committee and

Chairman of the Nomination and Remuneration Committee

- Age : 77 Years
- Nationality : Thai
- Date of Appointment : 5 July 2013
- Relationship with Executives : None

Education

- Fellow of the Association of Chartered Certified Accountants, England
- Programme for Management Development, Harvard Business School, USA
- Marketing Management Programme, Stanford Graduate School of Business, Stanford University, USA

Training with Thai Institute of Directors (Thai IOD)

- 2012 IOD National Director Conference 2012 - Moving Corporate Governance Forward:
Challenge for Thai Directors
Monitoring the Quality of Financial Reporting (MFR)
Successful Formulation & Execution of Strategy (SFE)
How to Measure the Success of Corporate Strategy (HMS)
Monitoring Fraud Risk Management (MFM)
Monitoring the Internal Audit Function (MIA)
Monitoring the System of Internal Control and Risk Management (MIR)
- 2009 Director Certification Program (DCP)
- 2003 Director Accreditation Program (DAP)
- 2000 Chairman 2000

Working Experiences

Working Experiences in Listed

- 28 August 2019 - Present Chairman of the Audit Committee and Chairman of the Nomination and Remuneration Committee Siam Makro Public Company Limited
- September 2017 - Present Independent Director and Chairman of the Audit Committee True Corporation Public Company Limited
- 5 July 2013 - Present Independent Director Siam Makro Public Company Limited
- 2013 - Present Chairman Bangkok Ranch Public Company Limited
- 2012 - Present Member of Finance Committee Member of Remuneration Committee True Corporation Public Company Limited
- August 2016 - 8 August 2019 Member of the Corporate Governance Committee Siam Makro Public Company Limited
- 2012 - December 2019 Independent Director Loxley Public Company Limited
- 2013 - 8 August 2019 Member of the Audit Committee Siam Makro Public Company Limited
- 2012 - April 2018 Member of Audit Committee Loxley Public Company Limited
- 1999 -September 2017 Independent Director Member of Audit Committee True Corporation Public Company Limited

Working Experiences in Non Listed Company

- 2009 - 2019 Director Thai Smart Card Company Limited
- 2002 - 2017 Director Bangkok Inter Teletech Public Company Limited
- 2002 - 2017 Director True Move Company Limited
- 1999 - 2017 Director Kingfisher Holdings Limited

Shareholding in the Company

Director/ Executive (Shares) -
Spouse (Shares) -
Minor (Shares) -



Mr. Rawat Chamchalerm

Independent Director
and Chairman of the Corporate Governance Committee

- Age : 74 Years
- Nationality : Thai
- Date of Appointment : 28 August 2019
- Relationship with Executives : None

Education

- Master of Laws, Chulalongkorn University
- Bachelor of Laws, Thammasart University
- Thai Barrister-at-Law
- Degree of the National Defense College

Training with Thai Institute of Directors (Thai IOD)

- 2004 Director Accreditation Program (DAP)

Working Experiences

Working Experiences in Listed Company

- 28 August 2019 - Present Independent Director and Chairman of the Corporate Governance Committee
Siam Makro Public Company Limited
- 2016 - Present Independent Director
Loxley Public Company Limited
- 2014 - Present Consultant
Bangkok Airways Public Company Limited
- 2013 - Present Independent Director and Chairman of the Board of Directors
Sino-Thai Engineering & Construction Public Company Limited
- 2011 - Present Independent Director
Sermsook Public Company Limited
- 2010 - Present Independent Director
True Corporation Public Company Limited

Working Experiences in Non Listed Company

- Present Pension officer Office of the Attorney General
- Present Vice Chairman of the Board of Directors and Chairman of the Management Committee
The Company's Legal Advisor Don Muang Toll way Public Company Limited
- Present Juridical Council Office of the Council of State
- Present Chairman Committee for Inspection of Draft Law and By-law The Cabinet
- Present Adjunct Professor Faculty of Law Chulalongkorn University
- Present Adjunct Professor Thammasart University
- Present Adjunct Professor The Thai Bar under the Royal Patronage
- Present Adjunct Professor Institute of Administration Development
- Present Adjunct Professor Department of Special Investigation

Shareholding in the Company

Director/ Executive (Shares)	-
Spouse (Shares)	10,000
Minor (Shares)	-



Mrs. Kannika Ngamsopee

Independent Director
and Member of the Audit Committee

- Age : 63 Years
- Nationality : Thai
- Date of Appointment : 28 August 2019
- Relationship with Executives : None

Education

- Master degree of Accounting, Thammasart University
- Master degree of Management, Sasin Graduate Institute Of Business
- Administration, Chulalongkorn University
- Bachelor degree of Accounting (2nd Honors), Thammasart University
- Bachelor degree of Laws, Thammasart University

Training with Thai Institute of Directors (Thai IOD)

- 2002 Director Certification Program (DCP) Course, 21/2002
- 2018 Risk Management Program for Corporate Leaders (RCL), Class of 13/2018

Working Experiences

Working Experiences in Listed Company

- 28 August 2019 - Present Independent Director and member of the Audit Committee
Siam Makro Public Company Limited
- 2018 - Present Independent Director, Chairman of Audit Committee
Chairman of the Nomination, Remuneration and Corporate Governance and Risk
Scan Inter Public Company Limited.
- July 2018 - Present Chairman of Audit Committee and member of Risk Management Committee
Thonburi Healthcare Group Public Company Limited
- September 2015 - Present Independent Director, Chairman of Risk Management Committee and Audit Committee
Global Green Chemical Public Company Limited
- December 2016 - 2018 Independent Director and Chairman of Audit Committee
Scan Inter Public Company Limited
- June 2015 - July 2016 First Executive Vice President - Head of Audit Group
The Siam Commercial Bank Public Company Limited
- 2011 - May 2015 Executive Vice President
The Siam Commercial Bank Public Company Limited
- 2001 - 2011 Executive Vice President - Audit Group
The Siam Commercial Bank Public Company Limited

Working Experiences in Non Listed Company

- 2017 - Present Asset Management Committee Vajiravudh College
- 2017 - Present Financial and Budget Subcommittee Equitable Education Fund
- 2017 - Present Director ARYU International Health Care Company Limited
- 2017 - Present Advisory of Monetary Policy Committee Bank Of Thailand
- 2016 - Present Audit Subcommittee and Evaluation Department Ministry of Administration

Shareholding in the Company

- Director/ Executive (Shares) -
- Spouse (Shares) -
- Minor (Shares) -



Mr. Jukr Boon-Long

Independent Director

Member of the Audit Committee,
and Member of the Corporate Governance Committee

- Age : 61 Years
- Nationality : Thai
- Date of Appointment : 28 August 2019
- Relationship with Executives : None

Education

- Master of Arts, International Political and Economy, University of Detroit, USA
- Bachelor of Laws, Ramkhamhaeng University

Training with Thai Institute of Directors (Thai IOD)

- 2019 Directors Certification Program (DCP)
- 2019 Risk Management Program for Corporate Leaders

Working Experiences

Working Experiences in Listed Company

- 28 August 2019 - Present Independent Director, Member of the Audit Committee and Member of the Corporate Governance Committee
Siam Makro Public Company Limited
- January 2019 - Present Independent Director and Member of the Audit Committee
P.C.S. Machine Group Holding Public Company Limited.
- April 2018 - Present Independent Director and Member of the Audit Committee
Glow Energy Public Company Limited.

Working Experiences in Non Listed Company

- 2019 - Present Director and Chairman of Risk Management Subcommittee
Neighbouring Countries Economic Development Cooperation Agency (Public Organization)
- November 2018 - Present Independent Director and Member of the Audit Committee
S Hotels & Resorts Public Company Limited
- 2017 -2018 Ambassador
Yangon, Myanmar
- 2015- 2016 Ambassador
Asco, Norway
- 2012- 2014 Ambassador
Tel Aviv, Israel

Shareholding in the Company

- Director/ Executive (Shares) -
- Spouse (Shares) -
- Minor (Shares) -



Mr. Prasobsook Boondech

Independent Director
and Member of the Corporate Governance Committee

- Age : 74 Years
- Nationality : Thai
- Date of Appointment : 8 November 2019
- Relationship with Executives : None

Education

- Bachelor of Law, Thammasat University
- Barrister-at-Law, Thai Bar Association
- Barrister-at-Law, Lincoln's Inn
- National Defence College of Thailand Class 41
- Capital Market Academy Class 10

Training with Thai Institute of Directors (Thai IOD)

- 2017 Director Accreditation Program (DAP)
- 2016 Ethical Leadership Program (ELP)

Working Experiences

Working Experiences in Listed Company

- 8 November 2019 - Present Independent Director and Member of the Corporate Governance Committee
Siam Makro Public Company Limited.
- 2016 - Present Independent Director, Chairman of Sustainability and Corporate Governance Committee
CP All Public Company Limited
- 2011 - Present Legal adviser
Thanachart Bank Public Company Limited
- 2015 - 2019 Vice Chairman
News Network Corporation Public Company Limited

Shareholding in the Company

Director/ Executive (Shares)	-
Spouse (Shares)	-
Minor (Shares)	-



Mr. Korsak Chairasmisak

Director
First Vice Chairman
and Member of the Nomination
and Remuneration Committee

- Age : 67 Years
- Nationality : Thai
- Date of Appointment : 5 July 2013
- Relationship with Executives : None

Education

- Certificate of Commerce, Assumption Commerce College
- Bachelor of Economics, Thammasat University
- Honorary Doctorate in Business Administration in Management, Suan Dusit Rajabhat University
- Honorary Doctorate in Arts, North Chiang Mai University
- Honorary Doctorate in Business Administration in Management, Sripatum University
- Honorary Doctorate in Philosophy, Faculty of Accounting, Rajamangala University of Technology Srivijaya
- Honorary Doctorate in Philosophy in Education Management, Collage of Asian Scholars (C.A.S.)

Training with Thai Institute of Directors (Thai IOD)

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

Working Experiences

Working Experiences in Listed Company

- November 2016 - Present Member of the Nomination and Remuneration Committee
Siam Makro Public Company Limited
- 2013 - Present Director and First Vice Chairman
Siam Makro Public Company Limited
- 1990 - Present Vice Chairman and Chairman of Executive Committee
CP ALL Public Company Limited

Working Experiences in Non Listed Company

- 1990 - Present Vice Chairman
Charoen Pokphand Group Company Limited

Present positions in other organizations/ institutions

- Chairman Panyapiwat Institute of Management Council
- Council Committee Panyapiwat Institute of Management
- President World Chinese Wei Qi Federation
- Chairman Go Association of Thailand

Shareholding in the Company

- Director/ Executive (Shares) -
- Spouse (Shares) -
- Minor (Shares) -



Mrs. Suchada Ithjarukul

Director
Second Vice Chairman
and Group Chief Executive Officer - Siam Makro

- Age : 67 Years
- Nationality : Thai
- Date of Appointment : 29 August 1996
- Relationship with Executives : None

Education

- Bachelor Degree in Accountancy (Second Class Honours), Chulalongkorn University

Training with Thai Institute of Directors (Thai IOD)

- 2003 Director Certification Program (DCP)

Working Experiences

Working Experiences in Listed Company

- January 2018 - Present Group Chief Executive Officer - Siam Makro
Siam Makro Public Company Limited
- 2013 - Present Second Vice Chairman
Siam Makro Public Company Limited
- 1996 - Present Director Siam Makro Public Company Limited
- March 2017 - January 2018 Group Chief Executive Officer
Siam Makro Public Company Limited
- 2010 - February 2017 Chief Executive Officer
Siam Makro Public Company Limited

Working Experiences in Non Listed Company

- September 2018 - Present Director ARO Commercial Company Limited
- 2017 - Present Director Indoguna (Cambodia) Company Limited
- 2017 - Present Director MAXZI THE GOOD FOOD RESTAURANT & CAFE L.L.C
- 2017 - Present Director Indoguna (Singapore) Pte Ltd
- 2017 - Present Director Indoguna Dubai L.L.C
- 2017 - Present Director Indoguna Lordly Company Limited
- 2017 - Present Director Just Meat Company Limited
- 2017 - Present Director Makro (Guangzhou) Food Company Limited
- 2017 - Present Director CP Wholesale India Private Limited
- 2016 - Present Director Makro (Cambodia) Company Limited
- 2015 - Present Director ProMart Company Limited
- 2014 - Present Director ARO Company Limited
- 2014 - Present Director Makro ROH Company Limited
- 2012 - Present Director Indoguna Vina Food Service Company Limited
- 2005 - Present Director Siam Food Services Limited

Shareholding in the Company

- Director/ Executive (Shares) -
- Spouse (Shares) -
- Minor (Shares) -



Dr. Prasert Jarupanich

Director

- Age : 71 Years
- Nationality : Thai
- Date of Appointment : 7 May 1988
- Relationship with Executives : None

Education

- Ph.D. in Industrial Engineering and Management, Oklahoma State University, USA

Training with Thai Institute of Directors (Thai IOD)

- 2008 Role of the Compensation Committee
- 2004 Director Certification Program (DCP)
- 2004 Finance for non-finance director

Working Experiences

Working Experiences in Listed Company

- 2010 - Present Director
Siam Makro Public Company Limited
- 1988 - Present Director
CP ALL Public Company Limited
- 2010 - November 2016 Member of the Nomination and Remuneration Committee
Siam Makro Public Company Limited
- 2008 - 2009 Chairman of the Nomination and Remuneration Committee
Siam Makro Public Company Limited
- 2007 - 2010 Independent Director
Siam Makro Public Company Limited
- 1988 - 2007 Director
Siam Makro Public Company Limited

Working Experiences in Non Listed Company

- -

Shareholding in the Company

Director/ Executive (Shares)	200
Spouse (Shares)	-
Minor (Shares)	-



Mr. Pittaya Jearavisitkul

Director

- Age : 64 Years
- Nationality : Thai
- Date of Appointment : 5 July 2013
- Relationship with Executives : None

Education

- Bachelor of Economics (First Class Honour), Thammasat University
- Master of Business Administration, Thammasat University

Training with Thai Institute of Directors (Thai IOD)

- 2000 Director Certification Program (DCP)

Working Experiences

Working Experiences in Listed Company

- 2013 - Present Vice Chairman of Executive Committee/ Director
CP ALL Public Company Limited
- 2013 - Present Director
Siam Makro Public Company Limited
- 2013 - 2015 Member of the Nomination and Remuneration Committee
Siam Makro Public Company Limited
- 1999 - 2013 Director Deputy Chief Executive Officer
CP ALL Public Company Limited

Working Experiences in Non Listed Company

- Present Council Committee Panyapiwat Institute of Management
- Present Director All Corporation Limited
- Present Director All Training Company Limited
- Present Director Panyatara Company Limited
- Present Director Suksapiwat Company Limited
- Present Director All Now Management Company Limited
- Present Director All Now Logistics Company Limited
- Present Director MAM Heart Company Limited
- Present Director Gosoft (Thailand) Company Limited
- Present Director CP Retailink Company Limited
- Present Director Counter Service Company Limited
- Present Director CPRAM Company Limited
- Present Director 24 Shopping Company Limited
- Present Director OHT Company Limited
- Present Director Siam Makro Holding (Thailand) Limited

Shareholding in the Company

- Director/ Executive (Shares) -
- Spouse (Shares) -
- Minor (Shares) -



Mr. Piyawat Titasattavorakul

Director

- Age : 66 Years
- Nationality : Thai
- Date of Appointment : 5 July 2013
- Relationship with Executives : None

Education

- Bachelor of Business Administration in Marketing, Ramkhamhaeng University
- Honorary Doctorate, Suan Dusit Rajabhat University

Training with Thai Institute of Directors (Thai IOD)

- 2001 Director Certification Program (DCP)

Working Experiences

Working Experiences in Listed Company

- 2013 - Present Director and Vice Chairman of Executive Committee
CP ALL Public Company Limited
- 2013 - Present Director
Siam Makro Public Company Limited
- 1999 - 2014 Managing Director
CP ALL Public Company Limited

Working Experiences in Non Listed Company

- Present Director
Panyapiwat Institute of Management
- Present Director
Panyapiwat Technological College
- Present Director
MAM Heart Company Limited
- Present Director
Counter Service Company Limited
- Present Director
CPRAM Company Limited
- Present Director
CP Retailink Company Limited

Shareholding in the Company

- Director/ Executive (Shares) -
- Spouse (Shares) -
- Minor (Shares) -



Mr. Adirek Sripratak

Director

- Age : 73 Years
- Nationality : Thai
- Date of Appointment : 5 July 2013
- Relationship with Executives : None

Education

- Honorary Doctorate in Agriculture, Nakhon Sawan Rajabhat University
- Honorary Doctorate in Science, Maejo University
- Honorary Doctorate in Economics, Chiang Mai University
- Honorary Doctorate in Science, Rajamangala University of Technology Isan
- Honorary Doctorate in Philosophy, Faculty of Agriculture, Ubon Ratchatani University
- Honorary Doctorate in Philosophy, Faculty of Food Technology, Mae Fah Luang University
- Honorary Doctorate in Business Administration, Rajamangala University of Technology Suvarnabhumi
- Honorary Doctorate in Philosophy, Faculty of Food Science, Kasetsart University
- Certificate of Accounting, Rajamangala Institute of Technology, Bangkok Commercial Campus

Training with Thai Institute of Directors (Thai IOD)

- 2005 Director Accreditation Program (DAP)
- 2001 Director Certification Program (DCP)

Working Experiences in Listed Company

- 1 March 2017 - Present Chairman of the Executive Committee
Charoen Pokphand Foods Public Company Limited
- 2013 - Present Director
Siam Makro Public Company Limited
- 2005 - Present Director
CP ALL Public Company Limited
- 2003 - 2017 President Chief Executive Officer
Charoen Pokphand Foods Public Company Limited

Working Experiences in Non Listed Company

- 19 January 2017 - Present Senior Vice Chairman
Charoen Pokphand Group Company Limited
- 2005 - 2017 Vice Chairman
Charoen Pokphand Group Company Limited

Shareholding in the Company

- \Director/ Executive (Shares) -
- Spouse (Shares) -
- Minor (Shares) -



Mr. Narong Chearavanont

Director

- Age : 54 Years
- Nationality : Thai
- Date of Appointment : 5 July 2013
- Relationship with Executives : None

Education

- Bachelor of Science, Major in Business Administration, New York University, USA
- Advance Management Program: Transforming Proven Leaders into Global Executives, Harvard Business School, Harvard University, USA
- Honorary Doctorate in Business Administration, Ramkhamhaeng University
- Systematic Innovation of Products, Processes and Services, MIT Sloan School of Management, USA

Training with Thai Institute of Directors (Thai IOD)

- 2007 Director Accreditation Program (DAP)

Working Experiences

Working Experiences in Listed Company

- 2013 - Present Director
Siam Makro Public Company Limited
- 2008 - Present Director
True Corporation Public Company Limited
- 1999 - Present Director
CP ALL Public Company Limited

Working Experiences in Non Listed Company

- 2019 - Present Director C.P. Pokphand Company Limited
- 2017 - Present Senior Vice Chairman Charoen Pokphand Group Company Limited
- 2014 - Present Director True Visions Group Company Limited
- 2013 - Present Chairman Charoen Pokphand Import and Export Trading (Shanghai) Company Limited
- 2011 - Present Director SM True Company Limited
- 2011 - Present Director The ICONSIAM Superlux Residences Corporation Limited
- 2011 - Present Director The ICONSIAM Residences Corporation Limited
- 2011 - Present Director ICONSIAM Company Limited
- 2010 - Present Vice Chairman Panther Entertainment Company Limited
- 2010 - Present Vice Chairman Marketing and Distribution Business (Thailand)
- 2010 - Present Vice Chairman Marketing and Distribution Business (China)
- 2010 - Present Vice Chairman Real Estate & Land Development Business (China)
- 2010 - Present Vice Chairman Shanghai Kinghill Company Limited
- 2008 - Present Director CPPC Company Limited
- 2007 - Present Executive Vice Chairman Chia Tai (China) Investment Company Limited
- 2007 - Present Executive Vice Chairman CP Lotus Corporation Company Limited
- 2016 - 2017 Vice Chairman Charoen Pokphand Group Company Limited

Shareholding in the Company

- Director/ Executive (Shares) -
- Spouse (Shares) -
- Minor (Shares) -



Mr. Umroong Sanphasitvong

Director

and Member of the Corporate Governance Committee

- Age : 67 Years
- Nationality : Thai
- Date of Appointment : 5 July 2013
- Relationship with Executives : None

Education

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

Training with Thai Institute of Directors (Thai IOD)

- 2016 Ethical Leadership Program
- 2016 IT Governance
- 2007 Role of the Compensation Committee
- 2006 Board Performance Evaluation
- 2006 DCP Refresher
- 2003 Company Secretary
- 2001 Director Certification Program (DCP)

Working Experiences

Working Experiences in Listed Company

- August 2016 - Present Member of the Corporate Governance Committee
Siam Makro Public Company Limited
- February 2016 - Present Member of the Corporate Governance Committee
CP ALL Public Company Limited
- 2013 - Present Director
Siam Makro Public Company Limited
- 2001 - Present Director
True Corporation Public Company Limited
- 1999 - Present Director
CP ALL Public Company Limited
- August 2016 - November 2017 Member of the Remuneration and Nomination Committee
CP ALL Public Company Limited

Working Experiences in Non Listed Company

- Present Deputy Group CFO Charoen Pokphand Group Company Limited
- 2005 - Present Director C.P. Lotus Corporation
- 2004 - Present Director CPPC Public Company Limited
- 2003 - 2016 Director Vina Siam Bank (Vietnam)
- 1999 - 2016 Director Allianz C.P. Insurance Public Company Limited

Shareholding in the Company

- Director/ Executive (Shares) -
- Spouse (Shares) -
- Minor (Shares) -



Mrs. Saowaluck Thithapant

Director

and Group Chief Financial Officer – Siam Makro

- Age : 64 Years
- Nationality : Thai
- Date of Appointment : 15 December 2004
- Relationship with Executives : None

Education

- Bachelor Degree in Accountancy (Second Class Honours), Thammasat University
- Bachelor Degree in Law, Thammasat University
- Master Degree in Accountancy, Thammasat University

Training with Thai Institute of Directors (Thai IOD)

- 2005 Director Accreditation Program (DAP)

Working Experiences

Working Experiences in Listed Company

- January 2018 - Present Group Chief Financial Officer - Siam Makro
Siam Makro Public Company Limited
- 2004 - Present Director
Siam Makro Public Company Limited
- March 2017 - January 2018 Group Chief Financial and Shared Services Officer
Siam Makro Public Company Limited
- 2010 - February 2017 Chief Financial and Shared Services Officer
Siam Makro Public Company Limited

Working Experiences in Non Listed Company

- March 2019 - Present Director Guangzhou Huadu Makro Food Supermarket Company Limited
- September 2018 - Present Director ARO Commercial Company Limited
- 2017 - Present Director Indoguna (Cambodia) Company Limited
- 2017 - Present Director MAXZI THE GOOD FOOD RESTAURANT & CAFE L.L.C
- 2017 - Present Director Indoguna (Singapore) Pte Ltd
- 2017 - Present Director Indoguna Dubai L.L.C
- 2017 - Present Director Indoguna Lordly Company Limited
- 2017 - Present Director Just Meat Company Limited
- 2017 - Present Director Makro (Guangzhou) Food Company Limited
- 2017 - Present Director CP Wholesale India Private Limited
- 2016 - Present Director Makro (Cambodia) Company Limited
- 2015 - Present Director ProMart Company Limited
- 2015 - Present Director Charoen Pokphand Capital Company Limited
- 2014 - Present Director ARO Company Limited
- 2014 - Present Director Makro ROH Company Limited
- 2012 - Present Director Indoguna Vina Food Service Company Limited
- 2005 - Present Director Siam Food Services Limited

Shareholding in the Company

- Director/ Executive (Shares) -
- Spouse (Shares) -
- Minor (Shares) -



Mr. Lin, Chi-Lung

Chief Executive Officer - Food Service
Asia Pacific and Middle East

- Age : 55 Years
- Nationality : Chinese Taipei
- Date of Appointment : 15 May 2003
- Relationship with Executives : None

Education

- Master of Business Administration, National Taipei University of Technology, Taiwan

Training with Thai Institute of Directors (Thai IOD)

- 2010 Director Certification Program (DCP)

Working Experiences

Working Experiences in Listed Company

- January 2018 - Present Chief Executive Officer - Food Service Asia Pacific and Middle East
Siam Makro Public Company Limited
- March 2017 - January 2018 Chief Executive Officer - Food Service
Siam Makro Public Company Limited
- 2015 - February 2017 Chief Operation Officer - Commercial, Marketing and Supply Chain
Siam Makro Public Company Limited
- 2014 - 2015 Chief Operation Officer - Thailand
Siam Makro Public Company Limited
- 2010 - 2014 Chief Executive Officer - Food Service Business
Siam Makro Public Company Limited

Working Experiences in Non Listed Company

- 2017 - Present Director Indoguna (Cambodia) Company Limited
- 2017 - Present Director MAXZI THE GOOD FOOD RESTAURANT & CAFE L.L.C
- 2017 - Present Director Indoguna (Singapore) Pte Ltd
- 2017 - Present Director Indoguna Dubai L.L.C
- 2017 - Present Director Indoguna Lordly Company Limited
- 2017 - Present Director Just Meat Company Limited
- 2015 - Present Director ProMart Company Limited
- 2015 - Present Director ARO Company Limited
- 2014 - Present Director Makro ROH Company Limited
- 2012 - Present Director Indoguna Vina Food Service Company Limited
(Formerly known as Vina Siam Food Company Limited)
- 2007 - Present Director/ Executive Siam Food Services Limited
- 2017 - June 2019 Director Makro (Guangzhou) Food Company Limited

Shareholding in the Company

- Director/ Executive (Shares) -
- Spouse (Shares) -
- Minor (Shares) -



Mr. Paul Stephen Howe

Group Chief Information Officer - Siam Makro

- Age : 54 Years
- Nationality : British
- Date of Appointment : 2 September 2013
- Relationship with Executives : None

Education

- The Diploma of Information Technology (DIT), Melbourne Institute of Technology, Australia

Training with Thai Institute of Directors (Thai IOD)

- -

Working Experiences

Working Experiences in Listed Company

- January 2018 - Present Group Chief Information Officer - Siam Makro
Siam Makro Public Company Limited
- March 2017 - January 2018 Group Chief Information Officer
Siam Makro Public Company Limited
- 2014 - February 2017 Chief Business and Information Technology Officer
Siam Makro Public Company Limited
- 2013 - 2014 Chief Information Officer (CIO)
Siam Makro Public Company Limited

Working Experiences in Non Listed Company

- -

Shareholding in the Company

- Director/ Executive (Shares) -
- Spouse (Shares) -
- Minor (Shares) -

Board of Directors who resigned during the year 2019



Mr. Athaporn Khaimarn

Independent Director
and Chairman of the Audit Committee

- Age : 75 Years
- Nationality : Thai
- Date of Appointment : 16 November 1999
- Resignation Date : 9 August 2019
- Relationship with Executives : None

Education

- Former member of the Institute of Chartered Accountants in Australia
- Associateship in Accounting from Western Australian Institute of Technology (presently known as Curtin University of Technology)

Training with Thai Institute of Directors (Thai IOD)

- 2009 Director Certification Program (DCP)
- 2004 Director Accreditation Program (DAP)

Working Experiences

Working Experiences in Listed Company

- 2005 - Present Independent Director and Chairman of Audit Committee
Goodyear (Thailand) Public Company Limited
- 1999 - 8 August 2019 Independent Director and Chairman of the Audit Committee
Siam Makro Public Company Limited

Working Experiences in Non Listed Company

- 1992 - 1996 Managing Director
Price Waterhouse, Bangkok

Shareholding in the Company

- Director/ Executive (Shares) -
- Spouse (Shares) -
- Minor (Shares) -



Mr. Thira Wipuchanin

Independent Director

Chairman of the Nomination and Remuneration Committee

Member of the Audit Committee

and Member of the Corporate Governance Committee

- Age : 70 Years
- Nationality : Thai
- Date of Appointment : 14 May 2003
- Resignation Date : 9 August 2019
- Relationship with Executives : None

Education

- Bachelor of Economics and Business Administration, University of Wisconsin-Stevens Point, USA

Training with Thai Institute of Directors (Thai IOD)

- 2014 Chartered Director Class (CDC)
- 2005 Audit Committee Program (ACP)
- 2001 Director Certification Program (DCP)

Working Experiences

Working Experiences in Listed Company

- 2000 - Present Independent Director and Chairman
Precious Shipping Public Company Limited
- 1995 - Present Independent Director and Chairman of the Audit Committee
United Palm Oil Industry Public Company Limited
- August 2016 - 8 August 2019 Member of the Corporate Governance Committee
Siam Makro Public Company Limited
- 2010 - 8 August 2019 Chairman of the Nomination and Remuneration Committee
Siam Makro Public Company Limited
- 2003 - 8 August 2019 Independent Director and Member of the Audit Committee
Siam Makro Public Company Limited
- 2005 - 2017 Independent Director and Chairman of the Audit Committee
Bangkok First Investment & Trust Public Company Limited
- 2005 - 2016 Independent Director and Chairman
Interhides Public Company Limited

Working Experiences in Non Listed Company

- -

Shareholding in the Company

- Director/ Executive (Shares) -
- Spouse (Shares) -
- Minor (Shares) -



Dr. Chaiyawat Wibulswasdi

Independent Director

Chairman of the Corporate Governance Committee
and Member of the Audit Committee

- Age : 73 Years
- Nationality : Thai
- Date of Appointment : 5 July 2013
- Resignation Date : 10 August 2019
- Relationship with Executives : None

Education

- Bachelor of Economics, Williams College, USA
- Ph.D. in Economics, Massachusetts Institute of Technology, USA

Training with Thai Institute of Directors (Thai IOD)

- 2006 Director Certification Program (DCP)
- 2004 Director Accreditation Program (DAP)

Working Experiences

Working Experiences in Listed Company

- August 2016 - 9 August 2019 Chairman of the Corporate Governance Committee
Siam Makro Public Company Limited
- August 2016 - 24 April 2019 Chairman of the Corporate Governance Committee
Charoen Pokphand Foods Public Company Limited
- July 2016 - 24 April 2019 Chairman of the Audit Committee
Charoen Pokphand Foods Public Company Limited
- 2013 - 9 August 2019 Independent Director and Member of the Audit Committee
Siam Makro Public Company Limited
- 2010 - 24 April 2019 Independent Director and Chairman of the Corporate Social Responsibility
and Sustainable Development Committee
Charoen Pokphand Foods Public Company Limited
- 2010 - August 2016 Member of Corporate Governance Committee
Charoen Pokphand Foods Public Company Limited
- 2010 - July 2016 Member of the Audit Committee
Charoen Pokphand Foods Public Company Limited

Working Experiences in Non Listed Company

- -

Present Positions in other Organizations/ Institutions

- 2015 - Present Chairman
The Stock Exchange of Thailand

Shareholding in the Company

- Director/ Executive (Shares) -
- Spouse (Shares) -
- Minor (Shares) -



Mr. Chavalit Uttasart

Independent Director

Member of the Audit Committee

and Member of the Nomination and Remuneration Committee

- Age : 70 Years
- Nationality : Thai
- Date of Appointment : 16 November 1999
- Resignation Date : 9 August 2019
- Relationship with Executives : None

Education

- LL.B. (Second Class Honours), Chulalongkorn University
- Barrister-At-Law, The Institute of Legal Education, Thai Bar Association
- Barrister-At-Law, The Honorable Society of Gray's Inn, London, England

Training with Thai Institute of Directors (Thai IOD)

- 2009 Director Certification Program (DCP)
- 2005 Director Accreditation Program (DAP)

Working Experiences

Working Experiences in Listed Company

- 2015 - 8 August 2019 Member of the Nomination and Remuneration Committee
Siam Makro Public Company Limited
- 1999 - 8 August 2019 Independent Director and Member of the Audit Committee
Siam Makro Public Company Limited

Working Experiences in Non Listed Company

- 2013 - Present Director
SCL Tax Consultants Company Limited
- 2005 - Present Managing Director
Siam City Law Offices Limited
- 2005 - Present Managing Director
Chavalit and Associates Limited

Shareholding in the Company

Director/ Executive (Shares)	-
Spouse (Shares)	-
Minor (Shares)	-

Corporate Risk Factors and Risk Management

Given the changing nature of business environment and Makro's ongoing domestic and international business expansion, there are numerous economic, social, and environmental risks that could arise and potentially impact the organization. As a result, the Company prioritizes proactive risk management across its entire supply chain, while ensuring that it aligns with international standards. In order to grow sustainably and achieve the targets, the Company must ensure that all identified risks are within acceptable levels and in line with the Company's risk management framework. To this end, it is essential that the Company has in place a good risk management system covering risk governance, risk management measures, and risk monitoring processes and a strong risk management culture has been established in the organization.

The Company has established Risk Management Committee ("the Committee") to govern and conduct risk management activities in accordance with the Company's and Charoen Pokphand Group's ("the Group") framework. The Group Chief Financial Officer - Siam Makro serves as the Committee's Chair, while the members comprise top management from various departments including Operations, Procurement, Finance, Legal, Quality Control, IT, Corporate Communications, Supply Chain, and Human Resources. This is to ensure that the Company's risk identification, assessment, and monitoring systems are comprehensive and efficient, and covers all current business activities and any emerging risks. In addition, the Company has engaged an independent consultant with relevant expertise to work closely and share its know-hows with the Committee.

To have an effective risk management, the Company has applied various approaches and tools to ease risk analysis

and manage the risk impact. These include Risk Management Handbook, Risk Map, Risk monitoring protocol, risk mitigation plans, the Business Continuity Management Framework, and training sessions for the directors, management, and employees. The Committee comprehensively managed the risks through quarterly meetings within the organization and with the Group's to get a close update on the performance and to exchange practices for further improvements.

In 2019, the Company assessed key potential risks and their impacts, which include

Risks Arising from Economic and Political Situation

Toward the end of 2019, the Company faced difficulties - sluggish, Thai economy, protracted trade wars between powerful countries, and political uncertainties in Thailand and the countries of our presence or interests. These factors has the potential to disrupt our business growth or create difficulties for the Company to achieve its

strategic objectives. The Company, therefore, kept itself closed-up to the political situations and executed suitable risk management measures to ensure that operations were well managed and in line with corporate strategies, particularly that of food service-related business. Furthermore, the Company has established Crisis Management Team to handle crisis, emergencies, and critical threats to the business. The team is in charge of crisis monitoring and any decision making as necessary to cope with the situations - terrorism, protests, and political unrests, etc. The Company has reformulated its Business Continuity Management Plan (“BCM Plan”) to better reflect current conditions and to ensure that under crisis situation, all key business activities will be functioned without any interruption, or may be down, but within an acceptable impact level. Key measures include use of Operational Excellence Platform in preventing operational risks, preparedness of back-up systems and computer-related equipment for alternate offices and disaster recovery sites (DR Sites), execution of the work-at-home policy, and putting in place an effective logistic management system to soften crisis impact and enable the Company to continue its distribution in case of emergency.

In addition, the Company has certain level exposure to foreign-exchange risks - Baht appreciation and fluctuating local currencies of emerging-market countries, for instance. The Company has established currency monitoring system and constantly analyzes comprehensive aspects of risks, as well as, adopts various tools to mitigate arising risks. These include foreign exchange options (FX Options) for short-term overseas investment. Nonetheless, the Company prioritizes investments through local currencies as well as sourcing funds domestically to reduce the foreign-exchange risks, which resulting in financial sustainability of the business.

Natural Disaster Risks

The Company is well aware of increased recurrence of abrupt changes in weather conditions, causing droughts, floods, and thunderstorms, which severely impact suppliers’ agricultural yields and product delivery, the Company’s

logistics and distribution network and customers travelling to stores. The Company put in place the BCM Plan, which required stores and distribution centers closest to the impacted areas to perform the delivery tasks on behalf of the impacted stores. Nevertheless, with its extensive supplier network the Company is able to procure products for its customers without any shortage, and able to offer customers the choice of online ordering through Makroclick.com, which allows customers to get the products without travelling to the store.

To handle future incidents and reduce the impact, particularly from flooding, the Company has located its distribution centers on selective sites of low risks from natural disasters and had in place remediation measures to soften the impact. These include using electric power from diverse sources, including rooftop solar panels generating power for its own use. All of this can ensure that stores can carry out normal operations in the event of a natural disaster.

Risks from Consumer Behavioral Change

The world today has fully embraced the digital age. As a result, there has been a significant shift in behaviors of consumers and business owners, who once purchasing products by visiting the stores, and nowadays doing more on online ordering and accessing news and information through online channels. Mostly seen in small-scale retailers where transition of business from the oldie pioneers to the young generations, who perhaps have different management style, leads to change in needs and requirements. Increasing number of new technologically-savvy business owners could pose major risks - loss of customers and market share - if the Company cannot promptly respond to the change in needs.

The Company has developed various approaches to manage these changes and revised market strategy to better serve needs of different groups of customers. Examples include online ordering through Makroclick.com and O2O platform, and the use of Big Data to analyze comprehensive aspects of more than 3 million member customers. The

latter will enable the Company to develop personalized communications to the customers. In addition, the Company has established an Omni- Channel Sales and Services (OCS) Department to emphasize on service offerings through online and offline channels, particularly e-commerce, Last Mile Delivery - to deliver products directly to customers from 100 stores across the country, and the newly launched Makro Digital Store that offers a new purchasing experience for customers.

Human Resources Risks

Human resources are vital to company success in the “Makro 4.0” era. Challenges in this area can be down into one, which is managing people of diverse generations who have different rules of thoughts, interests, and working attitudes. Changing generations of employees from one age group to the next - who have a unique working style and tendency to change jobs to best match their needs - inevitably lead to organizational changes. The Company must adapt quickly to these considerations by developing working platforms that not only match needs of the diverse generations, but also support the Company’s domestic and international expansion plan. The adaptation must also well suit the changing social contexts in Thailand and around the world. It also means creating an attractive organizational culture that is able to bring in high-caliber individuals, retain quality personnel, supplement personnel with technological skills as necessary for the Makro 4.0 era and groom them to grow with the organization in the long term.

To this end, the Company has defined human resources management strategies that focuses on internal promotions, encourages new generations to engage in the development of new ways of working, and paying competitive remuneration that is appropriate to the assigned responsibilities and in line with the industry or above. In addition, the Company works on various dimension to install employees’ skills and knowledge to ensure that the Company will have a sufficient quantity of High-quality personnel for future business demands.

Cyber Security Risks

Due to a rapid change of disruptive technology, the Company has applied technology in business operation for efficiency and internal process improvement to render modernized services and better serve the needs of customers in the digital era. Such dependence on technology may cause cyber security risks such as data security risk, system risk, and other cyber threats. These threats may affect the Company’s operations, business continuity and reputation in case of leakage, loss or misuse of important data and information, particularly for online service which is a key strategy for customer expansion to new generation.

In response, the Company has prepared systems, equipment and other measures to monitor cyber threats. It has also developed a mitigation plan for Cyber-attacks to reduce the aforementioned risks to the levels of risk tolerance. The Company conducts regular system tests, including penetration testing, disaster recovery drills, and inspections by external experts. This is to ensure of sufficient controls on data security system and prompt response when a cyber-attack occurs. The Company has purchased insurance to reduce impacts of these damages, as well as created awareness of cyber security among all employees on a regular basis.

Image and Reputation Risks

Along the 30-year journey, Makro has operated alongside professional customers and been accepted for its quality products and services. Because of this, the Company place importance on the “Makro” image as it is linked to the business credibility. Consumers and customers today are able to access a variety of news and information very easily within seconds, particularly through online media, which may cause such risks as negative or false information that could mislead and discredit the Company’s image. In some cases, confidential business information could be disclosed to the public through non-official communication channels causing business interruption and financial impacts, such as a decrease in number of customers because of their distrust in the Company’s product quality or business management. In response, the Company has established

the Corporate Communication Department with primary responsibility for protecting corporate image, monitoring all of the Company's communication channels to align with business strategies, and promptly managing accurate communication before, during, and after a crisis. The Company has designed proactive measures to manage these image and reputation risks and appropriately communicates with customers through a wide range of communication channels, including online and social media, in addition to conventional sales and service channels. This allows the Company to clarify and respond to any customer issues, as well as closely monitor their opinions and expectations. For example, customers can receive news and information about Makro through the LINE application, where there is an employee on standby to respond to any questions. In the case that a customer or stakeholder has a complaint, they are able to contact the Company through 3 main channels: Customer Relations Center on Makro's website, Social Media Accounts, and Customer Reception at stores. The Company will respond to all complaints within 24 hours and then feedback the resolutions within 3 days.

Risks from Product Sourcing and Food Safety

One of the key challenges in the Company's operations concerns product sourcing management to ensure of sufficient quantity and good quality of products that meet customers' expectation. Due to a variety of products sold at Makro and distribution of professional customers across all regions of Thailand and overseas, the Company must, therefore, closely manage risks concerning product safety and quality, particularly food products, from the very first stage of raw material sourcing, supplier selecting, goods receiving, storage and delivery, to standardizing planograms. This helps to make sure that the quality of agricultural goods and other products meets all relevant domestic and international standards and is certified by the Quality Assurance Department and other external agencies. Our concerns also lie with legal employment of labor, animal welfare and environmental responsibility across the entire supply chain.

Having diverse store formats located across the country can ensure that we can fulfil the needs of our customers with our quality products and can mitigate risks from product shortages. As of the end of 2019, the Company had 4 Distribution Centers (DC) as follows: 1) Dry Food and Non Food Distribution Center in Wang Noi district, Phra Nakhon Si Ayutthaya; 2) Fresh Food, Chilled Food and Frozen Food Distribution Center in Wang Noi district, Phra Nakhon Si Ayutthaya 3) Dry Food and Non Food Distribution Center at Bang Sao Thong district, Samut Prakan; and 4) Fresh Food, Frozen Food and Chilled Food Distribution Center and Frozen Products Warehouse at Mueang District, Samut Sakhon. This can guarantee that the Company will be able to offer fast delivery of quality products to customers. In addition, having DCs located in different areas allows us to effectively plan for Business Continuity Management under crisis.

Nevertheless, the Company has also considered the risk from dependence on a single-source supplier which may reduce our bargaining power or be unable to provide sufficient supplies for customer demand. For this reason, the Company continuously recruits and supports the development of new suppliers so that it will be able to secure standard-quality product sourcing in sufficient quantities for growing customer demand.

Moreover, the Company also emphasizes the issues of product safety and quality, especially for food products. The Company has laid down strict processes and control measures for food quality to test and maintain food safety standards. These measures include the Hazard Analysis Critical Control Point (HACCP) system for food products, compliance with ISO22000:2018 Food Safety Management Standard, the Supplier ESG Assessment, assessment and certification of products using Makro Initiative Accreditation (MIA) Standard which was first launched in 2019, product development under Quality Pro label, and random tests for chemical residues and food product completeness at their production sites and in laboratories, and among other measures.

Regulatory and Legal Compliance Risks

Regulatory agencies are currently in the process of revising and issuing new laws, regulations and policies in accordance with external changes. Likewise, there is the tendency that laws and regulations will become more strictly enforced. As a result, the relevant laws that have undergone changes and may impact the Company's businesses and progress in operations currently include: the Land and Building Tax Act B.E. 2562, Personal Data Protection Act B.E. 2562, and Trade Competition Act. B.E. 2560. The Company places importance on carefully studying these laws for a deep understanding, with determination to operate not only under the principles of good governance, but also strict compliance with these rules, laws, and regulations. The Company's Legal Department conducts risk analysis and closely monitors news and information relating to new laws issued by the government, to inform management and relevant departments. It further organizes knowledge sharing sessions on any changes to laws or newly-issued laws, to keep relevant departments up to date and help them prepare for these changes. Moreover, the Company has retained the services of local and international legal consultants to monitor legal and regulatory changes, and to provide advice regarding the laws of each country in which it operates. As for the laws that significantly impact and alter business operations, such as the Personal Data Protection Act B.E. 2562, the Company has set up a Working Team and consultant to ensure that the Company is able to develop policies, guidelines, and knowledge trainings for employees, and prepare them to comply with any new laws within the designated timeframe.

Risks from Majority Shareholders Holding Over 75 Percent of Issued Shares

As of December 31, 2019, the group of majority shareholders of the Company included Siam Makro Holdings (Thailand) Limited and CP ALL Public Company Limited. Both are companies under CP ALL Group, the majority shareholder with total shareholding of 93.08 percent of paid-up shares in the Company. Such shareholding proportion may cause anxiety among investors on the risk that the majority shareholders with more than 75 percent of shares could exert control over the Company's resolutions or decision-making processes, including extraordinary resolutions in shareholder meetings, and therefore preclude minority shareholders from gathering enough votes to ensure the proper checks and balances on issues proposed by the majority shareholder.

To protect against this risk, the Company strongly adheres to the principles of good governance in its business operations, and provides equal opportunities for minority shareholders to propose agenda items at shareholder meetings and nominate candidates for director positions prior to annual general shareholder meetings. In addition, the Company's Board of Directors consists of 5 independent directors, or one-third of the total number of directors, who assume the responsibility of protecting the rights and benefits of minority shareholders and are also considered experts and widely respected individuals. The Company has further appointed 3 independent directors to serve as the Audit Committee, to ensure transparency in auditing and balancing the Company's management. Finally, any issues relating to the majority shareholder or transactions that could be a potential conflict of interest for the Company must be processed in strict compliance with related party transaction rules or approval mechanisms under the framework of the law.

CORPORATE GOVERNANCE REPORT

The Company strictly determines to conduct its businesses, based on good corporate governance framework, transparency, integrity, ethics and responsibility towards society, the environment and all stakeholders, as well as actions against corruption, so as to strengthen trust and confidence among shareholders, investors and other stakeholders, as well as lead the Company towards sustainable growth. The Company's Board of Directors ("The Board") established and disseminated the Corporate Governance and Code of Conduct Manual to serve as practice guidelines for the Board, executives and employees to comply with the principles of good governance, ethics, codes of conduct and relevant regulations.

The Board places a high value on compliance with the Corporate Governance and Code of Conduct therefore assigning the Corporate Governance Committee ("**CG Committee**") to oversee, monitor, and promote the Company's operations to be in compliance with the practice guidelines on corporate governance and good business ethics; as well as to review, improve and develop good governance policies and practice guidelines that are aligned with corporate strategies and business directions while maintaining the compliance with all legal and regulatory requirements of regulators including the Office of the Securities Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), as well as local and international evaluation criteria.

In 2019, the Company's achieved its goals on good corporate governance practices with an "**Excellent**" rating in the "2019 Corporate Governance Report of Thai Listed Companies" (or CGR) for the second consecutive year. In addition, the Company received full marks out of 100 marks for the third consecutive year from the Thai Investors Association (TIA) in the quality assessment of organizing the Company's 2019 Annual General Shareholders Meeting,

known as AGM Checklist. As such, the Management reported results of the above assessment to the Company's CG Committee, as well as the Board, for acknowledgement and recommendations for further improvement of the Company's corporate governance practices.

Corporate Governance Policy

The Board formulated the Corporate Governance Policy in a written since 2012. The first revision was made in 2017 by incorporating the Code of Conduct; and renamed it as the "**Corporate Governance and Code of Conduct ('Manual')**". Regular review of the Manual is made annually. It is required that all directors, executives, and employees of the Company and its subsidiaries acknowledge and strictly comply with this Manual.

In this regard, the CG Manual is available on the Company's website at www.siammakro.co.th for the public to download and study.

The Board regularly reviews and revises the policy, principles and practice guidelines relating to the Principles of Good Corporate Governance for Listed Companies 2012 issued by the SET, and the Corporate Governance Code for listed companies 2017 (“CG Code”) issued by the SEC. The Company especially reviews how to apply CG Code in various aspects of its business operations. Furthermore, if there are any differences between the practices of the Company and guidelines of the SET/SEC, the Management will propose to the CG Committee for reviews and recommendations for improvement on a yearly basis before reporting to the Board. In 2019, there were some differences between the practices of the Company and the guidelines of the SET/SEC as follows:

Guidelines of SET/SEC	Practices of the Company
1. The Board of Directors comprise at least 5 members and no more than 12 members.	Currently, the Company’s Board of Directors is composed of 15 directors. The Board agreed that this composition is appropriate for our business and beneficial for corporate governance so as to ensure that business management of the Executives fully aligns with corporate directions and strategies as set out by the Board.
2. The Chairman of the Board should be an Independent Director.	Although the Chairman of the Board is not an Independent Director, the Company’s Board of Directors has set out sufficient and suitable internal control and internal audit system. Moreover, the roles, duties and responsibilities of the Chairman are clearly defined in the Company’s Board Charter and are separated from roles, duties and responsibilities of the Company’s Board of Directors and the Chief Executive Officer, in order to have a check-and-balance mechanism, and allow the Chairman to perform, express his opinions, and vote independently.
3. The Board of Directors shall be composed of Independent Directors more than 50%.	<p>The Company is well aware of the importance of having independent directors to protect the rights and benefits of minor shareholders, while considering suitability and true benefits to the business.</p> <p>Currently, the Board is composed of 5 Independent Directors, or one third of the total number of directors, as required by the SEC’s regulations.</p> <p>The Company set out procedure for director nomination with awareness of diverse in the Board composition, such as skills, experiences, knowledge, and expertise in various fields that would be beneficial to the Company.</p> <p>In addition, the Company established rules for approval of transactions such as a director with vested interest or a director who is considered as a related person in a related party transaction will not be entitled to vote for such transaction.</p>

Guidelines of SET/SEC	Practices of the Company
4. The Company uses cumulative voting in the election of the board members.	The Company's Articles of Association require that election of directors shall be decided by a majority of votes. Each shareholder carries vote equal to his or her number of shares. The Board is of the opinion that this conforms to general practice and is fair to all shareholders. However, the Company has consistently devised other ways to protect the rights of minor shareholders, including its encouragement for them to exercise their right to nominate additional agenda items or nominate director candidates in advance to the AGM, etc.
5. The Company requires a minimum quorum of at least 2/3 for board decisions.	The Company's Articles of Association has defined that voting in each agenda in the Board's Meeting requires a majority of votes, except for any agenda with specific voting required by laws or regulations. In this regard, the Board has opined that the current voting criterion is deemed suitable and flexible for the Company in case there is an urgent need to consider any urgent matter.

Code of Conduct

The Company has established the Code of Conduct as operating guidelines for the Board of Directors, executives, and all employees to comply with. Focusing on essential principles of corporate governance based on equal, equitable and fair treatment, transparency, and respect for the rights of all stakeholders, the Company always values the development of its employees' ethics as well as cultivating honesty, perseverance, patience, and responsibility. The Board of Directors and executives are required to be ethical leaders and role models in performing their duties with integrity, honesty, fairness, and transparency in accordance with the Company's Code of Conduct, which are disclosed on the Company's website.

Communications and Promotions on Corporate Governance

In 2019, the Company communicated and arranged various activities to create full awareness of its implementing the Corporate Governance Policy into concrete practices. Furthermore, the Company disseminates information

on good governance to the staff at all levels including subsidiaries as well as all stakeholders, in order to create full understanding of the importance of good corporate governance practices in the following manners:

- **Corporate Governance and Code of Conduct Manual**

The Company has issued the Corporate Governance and Code of Conduct Manual, and has distributed it to all Board of Directors, executives, employees of the Company and its subsidiaries. Upon receipt, they are required to study the contents, to sign the Acknowledgment and Confirmation for Compliance Form, and to return the form to the Human Resources Department for record-keeping. The Company also periodically reviews these guidelines to ensure their full alignment with business operations and overall corporate governance practices at the national and international levels. The current version of this Manual is the third revision with approval from the Board of Directors, and is published on the Company's website for easy access of stakeholders and general public.

- **Communication of the Manual and Compliance with Corporate Governance to Stakeholders**

Apart from having the Manual, the Anti - Corruption Policy, and the Business Partners Code of Business Conducts published on its website, the Company has also posted these policies and practices together with information on channels of communications for whistle - blowing through various events, e.g. Analyst Meetings and Annual Supplier Conference; notification letters to business partners, e.g. requesting for their cooperation to refrain from offering gifts to the Company's executives and employees during New Year festival; as well as posters to promote the 'No Gifts Policy'.

- **New Employees Orientation and Training**

The Company and its subsidiaries communicate the Corporate Governance and Code of Business Conducts Manual together with the Anti-Corruption Policy to all new employees in order to create and promote awareness on the very first day they become employees. In order to continuously build up awareness, the Company undertakes various activities to promote the Manual and anti-corruption practices.

In 2019, the Company started developing e-Learning content on Corporate Governance and Code of Conduct, as well as Anti-corruption, so that employees can manage their time to study on these topics at their convenience.

- **Measures on "Whistle-Blowing" and on Submitting Complaints**

The Company has put in place complaints-making and whistle-blowing channels of communications, covering complaint filing, verification, and summary of investigative findings, together with the protection of informants or complainants and any other related parties. The purpose is to handle complaints, comments, or suggestions from stakeholders who are affected or potentially affected by the Company's business activities or by the conduct

of the Company personnel, resulting from any acts of law-breaking or violation of the Code of Conduct together with any alleged acts of corruption. The scope of complaints and whistle-blowing covers any breaches or acts of non - compliance with any applicable laws, official regulations, together with the Principles of Corporate Governance, the Company's Code of Conduct, the Company's Rules and Regulations, and any alleged acts of corruption - all of which have the primary objective of acquiring personal gains or various benefits for others in an unlawful manner - such as acts of fraudulence or embezzlement. Details have been clearly stated in the Company's Corporate Governance and Code of Conduct Manual and Anti-Corruption Policy as well as are posted on the Company's website.

- **Channels for Complaint and Whistle Blowing**

✉ Chairman of the Board/ Chairman of the Audit Committee/ Group Chief Executive Officer - Siam Makro/ Board of Directors/ Head of the Internal Audit Department:

Siam Makro Public Company Limited
1468 Phatthanakan Road, Phatthanakan
Sub District, Suan Luang District Bangkok 10250

✉ cgooffice@siammakro.co.th

☎ 0 2067 9300

☎ 0 2067 9119

- **Channels of communications for seeking any guidelines or submitting any enquiries**

✉ SET and Investor Relations

Siam Makro Public Company Limited
1468 Phatthanakan Road, Phatthanakan
Sub District, Suan Luang District, Bangkok 10250

✉ ir@siammakro.co.th

☎ 0 2067 8285 and 0 2067 8261

• Protection of Complainants, Whistle-Blowers, and Related Parties

Complainants or whistle-blowers are to be appropriately and fairly protected by the Company, which implies no change in job titles, job nature, workplace, job relief, threats, job harassment, dismissal, or any other unfair acts. The Company will keep their complaints confidential and not disclose them to any unrelated parties, unless required to do so by law.

Those parties who receive the relevant report or complaint and confidential information are required to maintain total confidentiality of the incident; as well as not to disclose any such facts to others unless specifically required to do so by law. If any relevant information is intentionally disclosed/leaked to others, then the Company will take full disciplinary action in accordance with the Company's rules and regulations and may also undertake further legal proceedings as applicable and required.

Compliance with the Principles of Good Corporate Governance

1. Rights of Shareholders

The Company realizes and places importance on the rights of all groups of shareholders. To ensure that shareholders are equally treated for their basic rights - e.g. the right to attend shareholders' meetings, the right to propose agenda and/or nominate directors to the shareholders' meetings, the right to express opinion and ask questions at the meetings, the right to receive dividend, the right to elect, terminate and determine remuneration for directors - the Board of Directors, therefore, formulates policy and procedures on the rights of shareholders as follows:

- (1) The Board of Directors has defined the Company's policies relating to Good Corporate Governance, which recognizes the importance of the rights of Shareholders, including protection of the fundamental rights entitled by Shareholders for equitable treatment with full transparency and

fairness under the applicable legal and regulatory frameworks, together with the Code of Business Conducts; as well as determined appropriate and efficient management procedures that will effectively result in the maximum benefits for the Company's shareholders.

Apart from such fundamental rights, the Company endeavors to provide all essential information to all Shareholders via the Company's website, or through arranging Company site visits for shareholders, analysts, and investors, etc.

- (2) The Company emphasizes and respects the rights of shareholders by fully complying with the criteria as prescribed by the law. In 2019, the Company held one shareholders meeting - the Annual General Meeting of Shareholders (AGM) on 23 April, 2019 at the Convention Room, 4th Floor, Siam Makro Public Company Limited, 1468 Phatthakan Road, Phatthanakan Sub District, Suan Luang District, Bangkok.

Furthermore, in 2019 the Company allowed minority shareholders to propose agenda items as well as to nominate director candidates who are fully qualified in advance before the 2020 AGM, between 25 October 2019 and 31 January 2020, details and criteria of which were posted on the Company's website (www.siammakro.co.th) and a notification to shareholders was published through the SET's electronic news disclosure system.

- (3) The Company authorized the Thailand Securities Depository Co., Ltd., in its capacity as the Company's Share Registrar, to distribute the notice of 2019 AGM invitation to shareholders 35 days prior to the meeting. Objectives and opinions of the Board of Directors for each agenda were completely provided.

- (4) The Company also published the notice of 2019 AGM invitation on the Company's website (www.siammakro.co.th) 36 days prior to the meeting; and notified the SET of such post through its electronic news disclosure system. Minutes of the 2019 AGM was published on the Company's website within 10 days after the meeting. The Minutes recorded all relevant details for dissemination in a comprehensive manner, as well as details of discussion in each agenda together with voting results and questions asked by shareholders. A VDO webcast of the 2019 AGM was also posted on the Company's website.
 - (5) The 2019 AGM was attended by the 15 Company Directors including Members of the Audit Committee, the Company's external Auditor and legal counselor. At the start of the 2019 AGM, the Chairman announced to the Meeting the number and proportion of total Shareholders or their proxies attending the 2019 AGM, the voting and vote-counting procedures for each of the proposed Agenda Item in the order as announced in the 2019 AGM notice. There was no "other matters" tabled during the 2019 AGM, which proceeded in accordance with the Company's Articles of Association. Minutes were completely and accurately recorded for reference and review by Shareholders. The Company provided equal opportunity to all Shareholders to ask questions, to make enquiries or to express their opinions relating to any of the Agenda items discussed or proposals tabled, for which the Company gave satisfactorily answers to all the questions raised during the 2019 AGM.
 - (6) Those Shareholders attending the Shareholders Meeting after the start of the Meeting are still entitled to vote for the Agenda Item then being considered as well as any other Agenda Items for which a resolution has not yet been voted upon.
 - (7) The Company's policy is to encourage institutional investors to participate in the AGM, whereby the Company contacted institutional investors at least 1 day prior to the AGM in order to facilitate the registration process.
 - (8) The Company shall not obstruct or cause any obstacles to any communication opportunities among shareholders.
 - (9) The Company shall arrange persons to verify vote-counting in the Shareholders Meeting, and disclose them in the Minutes of the Shareholders Meeting.
 - (10) The Company undertakes a quality assessment of the AGM process so as to make any further improvements in future AGMs to ensure effectiveness, transparency, and to benefit all shareholders.
- The Company has considered the recommendations and opinions received from shareholders in the quality assessment of the AGM so as to make an improvement plan for the following AGM. As a result, the Company received the full score of 100 points on the quality assessment of the 2019 AGM Checklists organized by Thai Investors Association (TIA).
2. **Equitable Treatment of Shareholders**

The Company has a policy to provide equitable treatment to all Shareholders alike and to act in accordance with the law; as well as to establish procedures to prevent directors and executives from making use of any inside information for abusive self-serving and thereby creating a disadvantage for other Shareholders. In this respect, the Company has taken into consideration the equitable treatment of all Shareholders as follows:

- (1) The right to vote in the Shareholders' Meeting, based on the number of shares held by the Shareholder, with one share equals one vote.
- (2) Again, in 2019, the Company provided the opportunity for minority Shareholders to propose any additional agenda items for consideration at the 2020 AGM as well as to propose, in advance between 25 October 2019 to 31 January 2020, any suitable and qualified persons to be considered for nomination as a director of the Company at the 2020 Annual General Shareholders' Meeting (AGM); whereby associated details and selection criteria were posted on the Company's website (www.siammakro.co.th) as well as on the electronic news system of the Stock Exchange of Thailand.
- (3) The Company delivers the Letter of Invitation to AGM together with all the supporting documents relating to the proposed Agenda Items in advance. The Company also encourages shareholders to make use of the proxy forms as supplied, that will enable them to determine the direction of the voting for the Agenda Items being considered; and to exercise their vote relating to the election of the proposed individual Directors with regard to the agenda to the appointment of the Company's Board of Directors .
- (4) Shareholders are able to appoint any other person or any one of the Company's Independent Directors to be their proxies in attending the 2019 AGM. The Company recommended that Shareholders appoint those Independent Directors who are also Members of the Audit Committee as their proxies. Details relating to the Audit Committee Members were provided together with the Letter of Invitation to the 2019 AGM. As such, for the 2019 AGM, a total of 227 Shareholders appointed the Chairman of the Audit Committee and other Members of the Audit Committee, who are also Independent Directors, as their proxies. Additionally, during the 2019 AGM, the Company provided equal assistance and treatment to all Shareholders alike.
- (5) The Company regularly issues announcements and regulations to the Management, Officers and other relevant persons with regard to the Company's principles on the legal conduct and proper applicable business ethics both internally within the Company and towards external third parties, especially in regards to maintaining the confidentiality of sensitive information together protecting against the possible use of inside information. Moreover, the Company established ethical codes of behavior on maintaining confidential information, the use of inside information and conflict of interests in the Corporate Governance Manual and Code of Business Conducts Handbook, which can be downloaded via the Company's website. In 2019, the Company's Directors and Executives did not undertake any securities trading through use of inside information; and there were no violations of the trading rules specified by the SEC regulations.
- (6) In 2019, the Company did not conduct any transactions that provided financial assistance to any other persons or companies.
- (7) The Company has a direct channel of communications for all shareholders and investors to request information, to provide feedback and to make comments via email at ir@siammakro.co.th or via direct telephone at 0 2067 8285. SET & Investor Relations is in charge of this channel and is responsible for providing information to shareholders and investors.

(8) The Company has adopted measures and procedures in granting approval for related transactions as prescribed by the law and in accordance with regulatory standards prescribed in the requirements of the Capital Market Supervisory Board as well as the SET. The Company strictly complies with all applicable laws, requirements as well as regulations on related party transactions. Up to present, the Company has never made any connected transactions in violation or by failing to comply with the relevant laws and regulatory requirements.

As for other types of related transactions, the Company undertook them in a fair manner, with prices and conditions being in accordance with the normal course of trading (or fair and at arms' length).

3. Roles of Stakeholders

3.1. Prescription of Policy on Treatment of Stakeholders and Compliance with the Policy

- (1) The Company emphasizes the rights of every group of Stakeholders; whereby it complies with the provisions of the law, in order to maintain the rights of any group of stakeholders and to appropriately coordinate the achievement of mutual benefits as follows:

Shareholders

The Company will operate its business in a transparent manner, with the commitment to creating long-term sustainable growth and providing positive financial returns for its Shareholders.

Customers

The Company is committed to sourcing and increasing the assortment of its products; together with controlling both the quality and safety standards of its products - especially with regards to food products, to which the Company gives great importance. The Company has the objective of sourcing and offering products that

meet the customers' exact requirements; as well as of continuously developing and improving its customer services so as to create maximum satisfaction of customers together with building good customer relationships on a long term sustainable basis.

Additionally, the Company has a policy to give equal treatment to all customers alike, together with determining operating guidelines and procedures in providing the same standards of services to all customers at all Stores/Branches without any bias or discrimination. As such, the Customer Development Team regularly visits customers to forge good relationships and to receive comments to address areas for improvement. They also assess customers' satisfaction and engagement through customer satisfaction surveys; and then, by using the survey outcomes, to brainstorm ideas with relevant Departments/Sections on increasing customers' satisfaction. For this year, the achieved overall customer satisfaction score was at 84.2%.

Employees

- 1) The Company has a policy to focus on continuing human resources training and development, in order that employees will have the opportunity for ongoing career advancement. To achieve this policy, the Company has arranged training and skills development for employees at every level, so that they can become qualified, effective and efficient employees, as well as be ready for promotion to a higher level. Moreover, the Company also has a policy to give employees remuneration based on the job value and actual performance output, inclusive of equitable welfare and benefits schemes. The remuneration and welfare schemes of the Company will be at competitive rates relative to the labor market within the same industry.

- 2) The Company has focused on occupational safety and health at the workplace by having in place its “Occupational Safety and Workplace Environmental Management” Policy, that consists of:
 - Setting up the Committee of Occupational Safety and Working Environment, the Occupational Safety Officer at a Supervisory Level, and the Occupational Safety Officer at an Executive Level. The Company has adequately and appropriately implemented the Occupational Safety and Workplace Environmental Procedures, in order to prevent any loss of life, injury from accidents and illnesses related to work performance.
 - Providing safety instructions for employees, so that they can put them into practice.
 - Continually promoting various work safety related activities together with associated officials or Government agencies.
- 3) With the objective of studying factors that may affect employees’ satisfaction and engagement with the Company, in 2019, the Company arranged to undertake, for the third consecutive year, the “**Employee Engagement Survey**” so as to analyze factors that will increase employees’ satisfaction and engagement or loyalty towards the Company; whereby the survey results are then used to determine measures and activities to further enhance employees’ engagement and loyalty.
- 4) The Company establishes its compensation and welfare benefits policies for employees and executives as appropriate to their knowledge, job responsibilities, and job performance outputs.

In order to build the foundation for growth, the Company assesses the performance outputs of its personnel so as to then consider salary adjustments for executives and employees once a year through use of Key Performance Indicators (KPIs), which include short-term performance and achieved performance in accordance with the Company’s strategies over the long term.

The remuneration of the Company’s personnel is therefore based on the Company’s short-term and long-term performance outcomes. Short-term compensation refers to monthly salaries that are comparable with those of peer organizations so as to improve the Company’s human resources’ competitiveness. It also provides variable bonuses in line with the Company’s performance and respective employee’s job performance (applicable for Section Managers and above) so as to motivate employees to achieve planned corporate goals.

Additionally, the Company has determined its compensation and welfare benefits policy in order to maintain and build motivation for improved job performance so as to enable the Company to achieve its future goals and objectives - such as: directions in determining annual salary increases; adjusting salary increases according to increased assigned job responsibilities or in line with the changing market environment; establishing provident funds so as to enhance financial security for employees upon retirement or no longer being employed by the Company. Furthermore, there are other welfare benefits, such as: medical or hospital expenses coverage for employees; life and accident insurance coverage.

- 5) The Company has a policy to continuously develop Executives and the Management so that they will be prepared for any internal job rotation together with for ongoing succession plans, through assessing the readiness of potential successors to key managerial positions within the Company. These development plans are in place so that the Company is well-prepared for any business expansion, any changes in its organization structure and for replacing retiring Executives or Management personnel. The results of the personnel assessments are used to determine the associated training and development programs, so that those successors will be ready and prepared for succeeding into key positions and be able to help achieve further growth for the organization on a sustainable basis. Furthermore, these succession plans are constantly reviewed and updated every year.

Business Partners and Creditors

The Company is committed and has the intent to treating all trading parties in a fair manner, through taking into consideration the mutual benefits of all parties and complying with all mutual agreements. Additionally, the Company strictly complies with any Agreements made with all creditors, and also settles any debts as agreed under the terms and conditions specified in the associated Agreements. In case of failure to comply with such conditions, the Company will keep creditors informed immediately in order to mutually find solutions.

To ensure that procurement process is systematic, efficient, and in full compliance with the principles of corporate governance, the procurement and selection process must comply with the regulations and criteria of the Company, resulting in an efficient assessment of potential trading partners, and be executed with clearly defined selection methods and criteria.

The Company focuses on selecting appropriate trading and business partners, and ensures that the selection procedures as well as the treatment of the trading parties are equitable and undertaken fairly for all potential partners. As such, the key criteria for selecting trading and Business Partners are as follows:

- 1) They must possess a credible and positive financial history as well as the potential for achieving ongoing business growth together with the Company for the long term.
- 2) They must produce or distribute quality products that meet the requirements of the Company. Their products must be available for quality testing.
- 3) They must provide ongoing support for any product sales promotions activities together with after sales services to the end consumers.

The Company also launched another relevant policies, namely the “Business Partner - Code of Business Conduct” so as to ensure that their company’s human rights related activities in its value chain also take into consideration communities and vendors. To ensure their acknowledgment of this matter, the Company hosted seminars to continuously educate its business partners; so as to help each other to cope with the rapid change in market situation, to build our competitive advantages and to maintain healthy and sustainable business relationships.

Competitors

The Company operates its businesses within the framework of the international rules of competition as well as laws relating to competitive trade principles and practices. As such, the Company treats its competitors in the following manners:

- 1) Competing within the framework of fair and equitable competition.
- 2) Not to seek or obtain any trade secrets or confidential information of competitors in a dishonest or inappropriate manner.

- 3) Not to destroy competitors in a dishonest manner or through undertaking any actions that are not based on any real facts or inequitably.

Society and the Environment

The Company realizes the importance of society and the environment within which it operates. Thus, the Company encourages every Branch/Store to always be jointly responsible for the immediate community by cooperating in any local community and public activities, including the collaborating in the development of education, the environment and society as a whole. Further details are given in the Section: “Corporate Social Responsibility” and “Environmental, Occupational Health & Safety Management”.

Moreover, the Company has launched a policy for energy conservation as a guideline for energy usage that promotes efficient energy consumption so as to have maximum benefits and assist in reducing the global warming crisis.

- (2) Supervision of Monitoring of Compliance and Whistle Blowing

Directors, Executives and all Employees have a duty and responsibility to keep themselves informed and always have a full understanding of the Policy on Good Corporate Governance, so as to be able to effectively use this knowledge as a practical guideline in supporting the Company to become more efficient and to implement good corporate governance practices.

Company Executives at all levels must treat this Policy on Good Corporate Governance as being critically important, and must be responsible for notifying their subordinates so that they will fully understand and comply with this Policy.

The Company has arranged to establish channels of communication for whistle-blowing, together with determining scope and types of complaints and details of complainants, the complaint-making and whistle-blowing processes, procedures in dealing with false complaints or information reporting, and the protection of complainants or whistle-blowers and related parties. This is in order to monitor the behavior and actions of Board of Directors, Executives, and employees of the Company and of its Subsidiaries, so as to be in accordance to the laws, rules and regulations, the Manual and not to undertake any unlawful acts or alleged corrupt practices. Associated details have been clearly stated in the Company’s Manual as well as posted on its website.

The Company encourages Directors, employees, Stakeholders - whether internal or external parties - who come across or are aware of any suspicions together with those affected by any actions of Siam Makro and/or by the performance of Directors, Executives, and employees, to file a complaint or to whistle-blow any information through the channels of communications for Complaint-Making and Whistle-Blowing with regards to the following actions:

- Violations of any laws and regulations, the Principles of and Policy on Corporate Governance, or the Code of Conducts, and Siam Makro’s Rules and Regulations;
- Unlawful acts and alleged corrupt practices for gaining any undue personal benefits either for themselves or for others, including embezzlement, corruption, and fraud.

Channels for Complaint and Whistle Blowing are as per details illustrated above.

If any person comes across such violations as stated in the scope of complaints and whistle-blowing, he or she can file a complaint through the established Complaint-Making and Whistle-Blowing Channels of Communications. Once the complaint/information has been received, the recipient will decide further suitable actions or forward the matter to relevant parties; and then will monitor its progress. This is to ensure that Siam Makro's action is appropriate in addressing the complaint.

Below is the key complaint-making and whistle-blowing processes.

- The complainant/informant can file their cases through the established Complaint-Making and Whistle-Blowing Channels of Communications.
- The recipient receives the complaint; and undertakes a preliminary analysis of the information received, and then contacts the complainant. If it is not possible to contact the complainant or it is not able to receive any more information, no further action will be taken.
- If the case includes the full facts and is within the established scope, the recipient will consider to appoint an Investigation Committee for the case, or will forward the case to the Head of the relevant Department.
- The Investigation Committee and/or the Head of relevant Department will report the results to the recipient and also to the Internal Audit Department. The Internal Audit Department is responsible for reporting any cases of complaints to the Audit Committee on a quarterly basis.
- If the reported information is proven to be false due to being a deliberate distortion of facts or a false accusation, the person submitting the complaint/information will have violated the Company's Code of Business Conducts, for which the disciplinary punishment will be taken

in accordance with the Company's Regulations or the applicable laws, or both.

Complaints or whistle-blowers are appropriately and fairly protected by the Company, which implies no change in job titles, job nature, workplaces, job relief, threats, job harassment, dismissal, or any unfair actions. The Company will keep their complaints confidential and will not disclose them to any unrelated parties, unless required to do so by law.

These persons who receive the relevant report or complaint and confidential information are required to maintain total confidentiality of the incident; as well as not to disclose any related facts to others unless specifically required to do so by law. If any relevant information is intentionally disclosed/leaked to others, the Company will take full disciplinary action in accordance with the Company's Rules and Regulations; as well as further legal proceedings as applicable and required.

In 2019, the Company had no significant complaint on breaching of any laws, acts of corruption, or breaching of the Business Code of Conduct.

The Company has a disciplinary punishment policy for any wrongdoers in accordance with the Company's rules and regulations. The Company stresses the importance of compliance and strict disciplinary punishment, through communicating and creating awareness among its employees with regards to the Company's Code of Business Conducts; as well as has made use of complaints received to implement further preventive measures.

(3) Anti-Corruption

The Company gives great importance towards and is determined in conducting its businesses in an honest, transparent and equitable manner, as well as is committed to being responsible to society as a whole and to all stakeholder groups in accordance

with the Company's Corporate Governance and Code of Business Conducts Manual and also with associated international principles and practices. The Board of Directors fully recognizes that corruption is a major obstacle for the achievement of its objectives, and that is also a problem for the national economic and social development. Thus, in 2012, after being reviewed by the Corporate Governance Committee, the Board of Directors resolved to establish a specific "Anti-Corruption Policy", that is also regularly reviewed and revised, to serve as clear operating guidelines for use and adherence as a framework by the Company's Board of Directors, Management and all staff ("the Company personnel") in carrying out their responsibilities. This "Anti-Corruption Policy" is also intended to make all involved stakeholders aware of the Company's firm intent and full commitment towards anti-corruption and in being against all form of corrupt practices. The Company encourages everyone to apply and fully comply with the established Anti-Corruption Policy, through incorporating it as an integral part of their working rules and regulations; and request that all the Company personnel to study it so as to fully understand and to then strictly comply with the established guidelines contained within this Company's Anti-Corruption Policy. Those who breach or do not act in compliance with the policy and guidelines will be subject to disciplinary action according to the Company's rules and regulations, whereby they may be subject to the most serious punishment possible in being discharged from the Company or having their employment agreement or contract of hire with the Company terminated. However, at the same time, the Company has a policy not to punish or demote or downgrade staff's job position, or not to impose any negative treatment on those personnel who refuse to commit any acts of corruption, even if such refusal may result in the Company losing some business opportunities.

Further, in the event that those who breach or do not comply with this Anti-Corruption Policy also involves breaking any laws, they may be subject to additional legal prosecution accordingly.

The Company has adopted and implemented the Anti-Corruption Policy and its associated measures, so as to underscore its full intent and commitment to against corruption and to achieve tangible results through conducting its business operations under the following framework:

- To promote the Anti-Corruption Policy and comply with it both inside and outside the Company whereby the Company has communicated the policy to Board of Directors, Executives and employees via internal circulars, e-mail, the internal intranet system, the Company's notice board, as well as through its new employees' orientation and other training. When the festive New Year season approaches, the Company promotes its "No-Gift Policy" among employees via internal and external communication channels - such as posters put up in different locations within the Head Office and Siam Makro Stores, so as to promote business transparency and comply with the Corporate Governance and Code of Business Conducts Manual. In addition, the Company has also communicated by letter to customers and Business Partners, seeking their compliance and cooperation in refraining from offering gifts to employees of the Company's and its Subsidiaries during the New Year festival. Moreover, the Company encourages its employees to adhere to anti-corruption practices at work, and to join external workshops and seminars relating to anti-corruption so as to gain further knowledge and full understanding on anti-corruption practices.

- The Company designated the Risk Management Committee to be in charge of managing risks, through initiating a plan on managing risks, together with procedures, internal and external risk assessment and analysis, as well as through putting in place a mitigation plan for each risk so as to manage risks to be at an acceptable level. This plan covers process in forming corporate strategies, investments, and other business activities together with anti-corruption issues. For high corruption-risk activities, the Company has procedures to closely monitor such practices, as stated in the Anti-Corruption Policy, Guidelines of Practices on giving Sponsorships, giving/accepting Gifts, Souvenirs, Entertaining and Charitable Contributions, and the Consultant Hiring Policy. These activities include political contributions, charitable contributions and sponsorships, together with gifts and hospitality/entertainment related expenses.

Additionally, the Company has put in place an internal control system to prevent corruption related risks, such as the Corporate Authorization Procedure in considering the scope, duties, and responsibilities of each position, the criteria with regard to the authorization process, added flexibility to business operations, and the exercise of appropriate internal control system. The internal Audit Department is responsible for monitoring operations in various Sections so as to ensure that the performance of each Section is in accordance with this Authorization Procedure.

The Company joined Thailand's Private Sector Collective Action Coalition against Corruption (CAC) since 2017. Later, the CAC Council Meeting No.4/2017 on 12 February 2018 had a resolution to officially certify the Company as a CAC Member. The certification period is 3 years from the resolution date.

(4) The Company has policies in regards to non-infringement of intellectual property (IP) rights as follows:

- (a) The Company discourages any actions that may or will violate any IP rights or copyright as prescribed by the IP laws. In the event that the Company finds any infringements of any IP, the Company will proceed promptly and appropriately to remove or disable any access to the alleged IP infringements;
- (b) The Company will then promptly proceed with various steps as appropriate and in accordance with Company's disciplinary actions of the employees, and will inform the Party whose IP has been infringed accordingly.

Moreover, the Company has established ethical codes of conducts on Anti-Corruption and Intellectual Property in the Company's Corporate Governance and Code of Business Conducts Manual, which can be downloaded from the Company's website.

(5) Respect for Human Rights

The Company gives importance to human rights as a basic people's right, and also supports the protection of human rights, equitable treatment of all Stakeholders without any bias or discrimination with regards to race, gender, age, skin color, or religious beliefs. As such, the Company has a policy with regards to violation of human rights, use of forced labor, as well as in being against the use of child labor and unlawful exploitation of foreign labor.

3.2 Corporate Social Responsibilities (CSR) Policy and Strategy

The Company is committed to continuing its business operations, taking into account a balanced co-existence between the economy, society, and the environment. In valuing socially responsible business conducts, the Company has defined its CSR policy and

strategy by integrating strengths and expertise in the business and employees' voluntary spirit into a driving force for CSR activities aiming at achieving a sustainable organization. The Company has also enhanced the communications of its policy and CSR activities to our Stakeholders in a systematic and continuous manner. To achieve its goals, the Company has appointed the 3R's Sustainability Committee to be responsible for CSR related activities, including proposing action plans, together with submitting quarter and annual report, to the Board of Directors, on the progress and achievements made.

The Company has determined its Corporate Social Responsibility Policy, based on the following criteria:

1. Fairness in business operations
2. Anti-Corruption practices
3. Respect for human rights
4. Fair treatment of labor
5. Responsibility towards consumers
6. Environmental conservation and protection
7. Contribution to the community and social development
8. Creating and disseminating innovation, with responsible considerations for Stakeholders, society and the environment

Details of key CSR activities of the Company are shown in the Section: "Corporate Social Responsibility".

4. Disclosure and Transparency

- (1) In addition to disclosing information, as specified and required by law or regulations, through the Stock Exchange of Thailand and in its Annual Statements (Form 56-1) and Annual Reports, the Company also discloses information, both in Thai and English, through other channels of communications - such as the Company's website, with such information being regularly updated.

- (2) The Board of Directors recognizes the importance of disclosing both financial and non-financial information, in an accurate, complete, transparent, and timely manner together with allowing equitable access as required by the law, in order to provide investors and every Stakeholders group with reliable and adequate information for the purpose of making investment decisions. The Company Secretary and the Investor Relations (IR) Department are responsible for communicating and disseminating any information about the Company, that is useful to individual investors, institutional investors, investment analysts and general public, both domestically and internationally, and on the basis of equitableness and fairness as required by the laws. Such information dissemination, in Thai and English, will be undertaken through various channels of communications; namely: announcements via the SEC's and SET's Community Portal Systems, the Company's website, and other public media - such as newspapers, magazines, press conferences, interviews, and press releases. Additionally, the Company regularly organizes investors and securities analysts meetings every quarter after disclosing the Company's quarterly operating performance results to the Stock Exchange of Thailand.

In 2019, the Company organized various activities in support of Shareholders, security analysts, and investors, as follows:

Types of Activities	Frequency (Times)
• Company visits by local and foreign investors	33
• Conference Calls with local and foreign investors	31
• Securities Analysts Meetings	4
• Giving out information by telephone (daily)	2 times/day (avg)
• Siam Makro Stores visits	10

As such, shareholders, investors, and any interested parties can contact the Company's SET & Investor Relations (IR) Unit to obtain information through the following 4 channels of communications:

- ✉ Siam Makro Public Company Limited
 SET & IR Relations
 Office of Group Chief Financial Officer - Siam Makro
 1468 Phatthakan Rd, Phatthanakan Sub District,
 Suan Luang District, Bangkok
- ✉ ir@siammakro.co.th
- ☎ 0 2067 8285/ 8261 (direct lines) or 0 2067 8999
 ext. 8285/ 8261
- ☎ 0 2067 9044

(3) The Board of Directors provides, in the Company's Annual Report, the Report of the Board of Directors' Responsibilities for Financial Statements together with the Auditor's Report.

(4) Details regarding the roles, duties and responsibilities of the Company's Board of Directors, the Executive Board, the Audit Committee and the Nomination and Remuneration Committee, together with details of Board of Directors' terms of office, Board Meetings, and Policy on the Remuneration of its Directors and Executives are all described in the Section: "Responsibilities of the Board".

(5) The Company has established a policy requiring Board of Directors and Executives to report, to SEC (under Article 59 of the Securities and Securities Exchange Act), their portfolios of the Company's securities together with each purchase, sale, or transfer of such securities. In addition, the Company's key guideline is to promote the oversight of the use of inside information. The Company has established a policy for Board of Directors to report, to the Board at each Board Meeting, their individual trading and shareholding of the Company's shares and the shareholding of such shares by his/her spouse and children who are not yet of legal age. In addition, Board of Directors and

Executives must report, to the Board every quarter, any changes in their respective vested interests in the Company's businesses together with those of any related persons; as well as to update their reports every year. Such information is to be kept within the Company in compliance with the Capital Market Supervisory Board's announcement, Tor Jor 2/2009 relating to the Report on Vested Interests of Board of Directors, Executives, and any related persons/parties.

5. Responsibilities of the Board of Directors

(1) Board Structure

(1.1) The structure of the Board, consisting of the composition, nomination and qualifications of Directors, qualifications of Independent Directors, can be found in the Section: "Management Structure - The Board of Directors".

As at 31 December 2019, the Board of Directors is comprised of 15 Directors, which is deemed suitable for the size of the Company's business operations; whereby the Chairman is Director who has no relationships with any Executives and is also not the Chief Executive Officer. This is in order to separate the respective duties of determining policies relating to oversight and good Corporate Governance from those routine operational and management responsibilities of the Company. Additionally, a good balance between Non-Executive and Executive Directors has been established; whereby the Board of Directors consists of the following:

- a) Executive Directors 8 persons
 (who are authorized signatories)
- b) Non-Executive Directors 7 persons
 including:
 - Directors 2 persons
 - Independent Directors 5 persons

The Board of Directors opines that the 5 Independent Directors, equivalent to 33.33 percent of all directors, are fully qualified according to the definitions described in the **“Shareholding and Management Structure”** section. In this regard, the Board of Directors is also of the view that Mr. Joti Bhokavanij is an Independent Director who possesses extensive knowledge and expertise in accounting and finance, and therefore appointed him as the Chairman of the Audit Committee.

(1.2) The Board of Directors appointed Miss Kanyaphat Prayoonpoakarach as the Company Secretary. More details are described in the “Shareholding and Management Structure” section.

(1.3) In order to ensure effectiveness of the Board’s performances, each director has strictly complied with the requirement not to serve as a director in more than 5 listed companies.

(1.4) The appointment of directors must be in accordance of the Company’s Articles of Association together with all applicable laws and regulations. As such, the nomination process must be fully transparent and undertaken through the established procedures of the Company’s Nomination and Remuneration Committee, and also based on the consideration of comprehensive information on the respective nominee’s professional history and personal profile with regards to nominee’s education, business experiences, and background. There should be a diversity of professional backgrounds and experiences in regards to industry sectors together with expertise in finance and accounting, businesses, management, international marketing, corporate strategies, crisis management, legal matters, and corporate governance. This is in order to have an adequate degree of diversity and qualifications to enable an effective decision

to be made by both the Board of Directors and/or the Shareholders Meetings. The personal and professional profile of the directors should also be disclosed in the Company’s Annual Report as general information for the Shareholders.

(2) Sub-committees

The Board of Directors has established these Board Committees to assist in undertaking the Company’s good corporate governance practices as follows:

(2.1) The Audit Committee, comprising of 3 Independent Directors; namely, Mr. Joti Bhokavanij, Chairman of the Audit Committee; Mrs. Kannika Ngamsopee and Mr. Jukr Boon-Long as Members; with the Head of Internal Audit Department acting as the Secretary to the Audit Committee. Additional details are shown in the Section “Audit Committee Report” and on the “Audit Committee”.

(2.2) The Nomination and Remuneration Committee, comprising of 3 Directors; namely, Mr. Joti Bhokavanij (Independent Director), Chairman of the Nomination and Remuneration Committee; Mr. Prasobsook Boondech (Independent Director) and Mr. Korsak Chairasmisak as Members. The Nomination and Remuneration Committee Meeting No.3/2019 on 8 August 2019 resolved to appoint any person holding the position of Company Secretary to act as the Secretary to the Nomination and Remuneration Committee, effective from 8 August 2019 onwards.

(2.3) The Corporate Governance Committee, comprising of 3 Directors; namely, Mr. Rawat Chamchalerm, Chairman of the Corporate Governance Committee; Mr. Jukr Boon-Long and Mr. Umroong Sanphasitvong as Members; with the Company Secretary acting as the Corporate Governance Committee Secretary.

(3) Roles and Responsibilities of the Board of Directors and Sub-Committees are described in the “Shareholding and Management Structure” section.

(4) Board of Directors’ Meetings

(4.1) The Board meets at least once every quarter, with another separate meeting to discuss on the Company’s business strategic directions and business plans. The next-year schedule of the Board Meetings were fixed in advance and notified to the Board before each year-end so that all directors can arrange their personal schedule to attend the Board Meetings. The agenda for Board Meetings are clearly specified in advance, to consider the Audit Committee Report and financial statements quarterly. However, additional Meetings may be called if there are matters requiring special Board approval.

(4.2) The Chairman of the Board considers and determines Board agenda, as well as any other matters proposed by Directors, in advance before each meeting. Agenda proposals from Group Chief Executive Officer - Siam Makro and the Company Secretary are also welcome.

(4.3) The Company arranges that notices of Board Meetings, together with proposed agenda and any supporting documents, are delivered to the Board of Directors 7 days in advance, so as to allow the Board to have adequate time to study on the agenda proposals before attending the Board Meeting.

(4.4) In 2019, there were 6 Board Meetings, 5 Audit Committees Meetings; 4 Nomination and Remuneration Committee Meetings; 4 Corporate Governance Committee Meetings; and 1 Shareholders’ Meeting - the 2019 AGM.

At the end of the Board of Directors’ Meeting No. 6/2019, there was also a meeting of Non-Executive Directors and Independent Directors, without any members of the Company’s Management being present.

A summary of the attendance record of each Director is given below:

Meeting Attendance of the Board of Directors and Annual General Meeting in 2019

Name	Position	Meetings				
		Board of Directors (6 times)	Audit Committee (5 times)	Nomination and Remuneration Committee (4 times)	Corporate Governance Committee (4 times)	Annual General Shareholders (1 time)
1. Mr. Arsa Sarasin (resigned from a member of Corporate Governance Committee on 9 Aug 2019)	Chairman of the Board	6/6	-	-	3/4 (attended 3 meetings out of 3 during the tenure)	1/1
2. Mr. Joti Bhokavanij (resigned from member of Corporate Governance Committee on 9 Aug 2019 and was appointed as Chairman of Audit Committee and Chairman of Nomination and Remuneration Committee on 28 Aug 2019)	Independent Director and Chairman of the Audit Committee/ Chairman of the Nomination and Remuneration Committee	6/6	5/5	1/4 (attended 1 meeting out of 1 during the tenure)	3/4 (attended 3 meetings out of 3 during the tenure)	1/1
3. Mr. Rawat Chamchalerm (was appointed on 28 Aug 2019)	Independent Director/ Chairman of the Corporate Governance Committee	2/6 (attended 2 meetings out of 2 during the tenure)	-	-	1/4 (attended 1 meeting out of 1 during the tenure)	-
4. Mrs. Kannika Ngamsopee (was appointed on 28 Aug 2019)	Independent Director and Member of the Audit Committee	1/6 (attended 1 meeting out of 2 during the tenure)	2/5 (attended 2 meetings out of 2 during the tenure)	-	-	-
5. Mr. Jukr Boon-Long (was appointed on 28 Aug 2019)	Independent Director and Member of the Audit Committee/ Member of the Corporate Governance Committee	2/6 (attended 2 meetings out of 2 during the tenure)	2/5 (attended 2 meetings out of 2 during the tenure)	-	1/4 (attended 1 meeting out of 1 during the tenure)	-
6. Mr. Prasobsook Boondech (was appointed on 8 Nov 2019)	Independent Director/ Member of the Nomination and Remuneration Committee	1/6 (attended 1 meeting out of 1 during the tenure)	-	-	-	-

Name	Position	Meetings				
		Board of Directors (6 times)	Audit Committee (5 times)	Nomination and Remuneration Committee (4 times)	Corporate Governance Committee (4 times)	Annual General Shareholders (1 time)
7. Mr. Korsak Chairasmisak	Director/ First Vice Chairman/ Member of the Nomination and Remuneration Committee	5/6	-	4/4	-	1/1
8. Mrs. Suchada Ithijarukul	Director/ Second Vice Chairman/ Group Chief Executive Officer - Siam Makro	6/6	-	-	-	1/1
9. Mr. Prasert Jarupanich	Director	6/6	-	-	-	1/1
10. Mr. Pittaya Jearavisitkul	Director	6/6	-	-	-	1/1
11. Mr. Piyawat Titasattavorakul	Director	6/6	-	-	-	1/1
12. Mr. Narong Chearavanont	Director	6/6	-	-	-	1/1
13. Mr. Adirek Sripratak	Director	6/6	-	-	-	1/1
14. Mr. Umroong Sanphasitvong	Director/ Member of the Corporate Governance Committee	6/6	-	-	4/4	1/1
15. Mrs. Saowaluck Thithapant	Director/ Group Chief Financial Officer - Siam Makro	6/6	-	-	-	1/1
16. Mr. Athaporn Khaimarn (resigned on 9 Aug 2019)	Independent Director and Chairman of the Audit Committee	3/6 (attended 3 meetings out of 3 during the tenure)	3/5 (attended 3 meetings out of 3 during the tenure)	-	-	1/1
17. Mr. Chavalit Uttasart (resigned on 9 Aug 2019)	Independent Director and Member of the Audit Committee/ Member of the Nomination and Remuneration Committee	2/6 (attended 2 meetings out of 3 during the tenure)	3/5 (attended 3 meetings out of 3 during the tenure)	3/4 (attended 3 meetings out of 3 during the tenure)	-	1/1

Name	Position	Meetings				
		Board of Directors (6 times)	Audit Committee (5 times)	Nomination and Remuneration Committee (4 times)	Corporate Governance Committee (4 times)	Annual General Shareholders (1 time)
18. Mr. Thira Wipuchanin (resigned on 9 Aug 2019)	Independent Director and Member of the Audit Committee/ Chairman of the Nomination and Remuneration Committee/ Member of the Corporate Governance Committee	3/6 (attended 3 meetings out of 3 during the tenure)	3/5 (attended 3 meetings out of 3 during the tenure)	3/4 (attended 3 meetings out of 3 during the tenure)	3/4 (attended 3 meetings out of 3 during the tenure)	1/1
19. Mr. Chaipayat Wibulswasdi (resigned on 10 Aug 2019)	Independent Director and Member of the Audit Committee/ Chairman of the Corporate Governance Committee	3/6 (attended 3 meetings out of 3 during the tenure)	3/5 (attended 3 meetings out of 3 during the tenure)	-	3/4 (attended 3 meetings out of 3 during the tenure)	1/1

(4.5) Minutes of all Board Meetings were recorded and approved by the Board of Directors; and they are maintained for review by members of the Board of Directors or other Stakeholders.

(4.6) In 2019, the Audit Committee of the Company, comprising of all Independent Directors, also held meetings with the Company's Auditors without the Management team attendance.

(5) Board of Directors Self-Assessment

The Company determines to annually assess the performance of the Board of Directors every year. The Board assessment consists of entire Board assessment and individual Board member assessment. The scope of assessment as shown below;

For the Board of Directors as a group, consisting of 10 major criteria as follows:

- 1) The Board of Directors' policy
- 2) Structure and characteristics of the Board
- 2) Roles and responsibilities of the Board
- 3) Board meetings
- 4) The Board's performance of its duties
- 5) Relationship with the Management
- 6) Self-development of Directors, and Executive development
- 7) Self-Development of the Board of Directors and Executives
- 8) Performance of the Audit Committee
- 9) Performance of the Nomination and Remuneration Committee and
- 10) Performance of the Corporate Governance Committee

For individual Board Director’s assessment (by self-assessment), consisting of 3 major criteria as follows:

- 1) Structure and characteristics of the Board
- 2) Roles and responsibilities of the Board
- 3) Board Meetings

The assessments scores, as the percentage for each assessment criteria and category are as follows:

Over 85%	= Excellent
Over 75%	= Very Good
Over 65%	= Good
Over 50%	= Satisfactory
Under 50%	= Poor

The 2019 the Performance Assessment score of the Board of Directors can be summarized as follows:

Comparison of the Performance Assessment of the Board of Directors	2019 (%)	Rating
Form 1 : Individual Director Assessment (Self-Assessment)	96.6	Excellent
Form 2 : Board of Directors and Sub-committees (group)Assessment	96.2	Excellent

The overall result of the 2019 Board Assessment indicates an average rating of **“Excellent”** with a an average score of 96.4%.The scores as well as opinions of the Board of Directors in each category form was presented to the Board Meeting which were useful for improving the performance of Board in the future.

(6) The Group Chief Executive Officer - Siam Makro’s Performance Assessment

The Nomination and Remuneration Committee and/ or the assigned Director by the Board, in charge of the annual performance assessment of the Group Chief Executive Officer - Siam Makro by the end of April every year, must forward the assessment outcome to the Board for endorsement. Therefore, the

performance assessment of the Group Chief Executive Officer - Siam Makro is considered as confidential information and cannot be disclosed. The performance assessment for the Group Chief Executive Officer has 3 parts as follows:

Part 1 - Achievements of Corporate Key Performance Indicators (KPI)

Part 2 - Efficiency on General Management

Part 3 - Efficiency on Budget and Project Management

The performance appraisal outcome, that determines the remuneration increase for the Group Chief Executive Officer - Siam Makro, is presented to the Board for further approval.

(7) Criteria for the appointment of new Directors

In the event that a Directorship becomes vacant, the Company has the following procedure and criteria in selecting and nominating a new Director for election in a transparent manner.

The Nomination and Remuneration Committee is responsible for selecting, screening and nominating a qualified candidate, based on the following criteria: possessing all the required qualifications, knowledge, capabilities, experiences and expertise, and having the required essential skills still lacking in the existing Board of Directors that is in line with the current strategies of the Company (Board Skill Matrix) - without any bias or discrimination with regards to gender; being fully ready to devote time to the assigned Board responsibilities; and does not possess any disqualifications as specified by the law and principles of good governance. Additionally, the overall diversity of the composition of the Board is also taken into consideration. As such, in 2019, the Company also submitted a request to make use of the IOD’s Directors Pool that contains the names of those who are qualified possessing the required knowledge and capability, as well as experiences and expertise in a variety of business areas.

(8) Remuneration for Directors and the Management

(8.1) Directors' Remuneration

The Company has clearly and transparently determined Directors' remuneration to be consistent with and appropriate for the Company's operations and their responsibilities, whereby comparisons are made with similar remuneration schemes of other companies within the same industry. Once determined, the remuneration scheme is proposed for approval by Shareholders at the AGM.

(8.2) Remuneration of Group Chief Executive Officer - Siam Makro

It is the Company's policy to compensate the Group Chief Executive Officer at reasonable levels to motivate and retain quality people, or at levels comparable to leading companies in the same industry sector. Remuneration is linked to the Group CEO's performance and responsibility as well as the Company's performance and achieved benefits for the Shareholders.

(8.3) Management's Remuneration

The Company has determined Management's remuneration in accordance with the principles and policies of the Company, taking into consideration the Company's overall operating performance results as well as those of each individual Management team member.

(8.4) Remuneration of Directors and Management for 2019 Details are given in the Section: "Director and Executive Remuneration in 2019"

(9) Development of Directors and Executives

(9.1) The Company encourages and facilitates training for all internal parties, who have a role in corporate governance, including Board of Directors, Members of the Audit Committee, Executives, the Company

Secretary, etc. Training - either internal or external - enables them to continuously update their knowledge for effectively performing their duties.

(9.2) Prior to undertaking their duties, any newly-appointed Directors shall be adequately briefed about the Company's details, regulations and business-related information, including any other information that will be beneficial to the performance of the new Board Director.

(9.3) The Company has a work development and succession plan with an objective of identifying a successor together with a Readiness test; Psychological Test, Ability Test, Leadership Assessment, Career Discussion, Career Road Map.

After testing, the Human Resources (HR) Department will process and analyze the information to form a succession plan to each successor. Thereafter, the HR Department will initiate various development programs - such as the Leadership Development Program, Advanced Leadership Program, Beginning Leadership Program, New job Assignment Program, etc., so as to ensure that the business continues to operate smoothly. Details of the Executive Development Program can be found in the Section: "People and the Human Resources Development".

(9.4) The Company encourages and supports knowledge development for its Board of Directors to enhance efficiency in performing their duties. The Company has a policy to promote its Board of Directors to attend seminars and Directors' training courses arranged by the Thai Institute of Directors (IOD), the Stock Exchange of Thailand (SET) or the other institutions, so as to consistently develop and improve overall Board effectiveness, as well as to enable Board of Directors to apply new knowledge that would be beneficial for the Company.

In 2019, the Company's Board of Directors attended training and seminars, as follows:

Director Name	Position	Course/ Seminar
Mrs. Saowaluck Thithapant	Director/ Group Chief Financial Officer - Siam Makro	1. Integrated Reporting, Class 1/2019 2. Preparation and Guidelines for Submitting Financial Statements (e-filing), Class 4/2019 3. Understand Each TFRS, Class 2/2019 (Course 401) 4. Risk Management (Advanced) - COSO ERM 2017, Class 3/2019 5. Basic Knowledge for Cyber Security 6. Tax for International Transactions, Class 2/2019 (Course 1) 7. Income Tax: Principles of Accounting and Taxes, Class 3/2019 (Course 2)

(10) Compliance Unit

The Company has established a compliance unit, namely **“the Legal and Compliance Department”**, the Director of which has the responsibility to oversee all corporate governance related activities of the Group to be undertaken in full compliance with all legal and regulatory requirements and established policies, as well as in accordance with the stated corporate vision and mission.

Corporate Information

(As at 31 December 2019)

Siam Makro Public Company Limited (“SML”)

Company registration number :	0107537000521 (Former no. Bor Mor Jor. 299)
Date of incorporation :	10 May 1988
Head office :	1468 Phatthanakan Road, Phatthanakan Sub District, Suan Luang District, Bangkok 10250
Tel :	0 2067 8999
Fax :	0 2067 9888
Website :	www.siammakro.co.th
Type of business :	Operating a cash and carry wholesale business under “Makro” name in order to sell food and non - food products for all customers nationwide. Key Makro customers are small to medium sized professional operators i.e. small retailers, HoReCa, institutes, and services operators
Type and No. of shares :	Registered ordinary shares, totaling 4,800,000,000 shares
Registered capital :	Baht 2,400,000,000 with 4,800,000,000 shares at a par value of Baht 0.50 each
Issued and paid - up capital :	Baht 2,400,000,000 with 4,800,000,000 shares at value of Baht 0.50 each

Subsidiary and Associated Companies

Subsidiary Companies

(1) ProMart Company Limited (“PRO”)

Company registration number :	0105558034130
Date of incorporation :	23 February 2015
Head office :	1468 Phatthanakan Road, Phatthanakan Sub District, Suan Luang District, Bangkok 10250
Tel :	0 2067 8999
Fax :	0 2067 9044
Type of Business :	Trading of non - food products
Type and No. of shares :	Registered ordinary shares, totaling 100,000 shares
Registered capital :	Baht 10,000,000 with 100,000 shares at par value of Baht 100 each
Issued and paid - up capital :	Baht 2,500,000 with 100,000 shares at value of Baht 25 each

(2) Makro ROH Company Limited (“MROH”)

Company registration number : 0105557153364
 Date of incorporation : 14 October 2014
 Head office : 1468 Phatthanakan Road, Phatthanakan Sub District, Suan Luang District, Bangkok 10250
 Tel : 0 2067 8999
 Fax : 0 2067 9044
 Type of business : Providing technical and supporting service to the Group
 Type and No. of shares : Registered ordinary shares, totaling 40,070,000 shares
 Registered capital : Baht 4,007,000,000 with 40,070,000 shares at a par value of Baht 100 each
 Issued and paid - up capital : Baht 3,757,000,000 with 40,070,000 shares divided into:
 - 35,070,000 shares at value of Baht 100 each/ and
 - 5,000,000 shares at value of Baht 50 each

(3) Makro (Cambodia) Company Limited (“MAC”)

Company registration number : 00019245
 Date of incorporation : 16 September 2016
 Head Office : 5734, Street 1003, Bayab Village, Sangkat Phnom Penh Thmey, Khan Sen Sok, Phnom Penh, Cambodia
 Tel : (855) 23 977 377
 Website : www.makrocambodia.com
 Type of Business : Operating Wholesale and Retail business and other related businesses in Cambodia
 Registered capital : USD 68,000,000
 Issued and paid - up capital : USD 47,200,000

(4) CP Wholesale India Private Limited (“CPWI”)

Company registration number : U51909DL2017FTC310809
 Date of incorporation : 19 January 2017
 Head Office : 6th Floor, M3M Cosmopolitan, Sector 66 Off Golf Course Extension Road, Gurugram 122002, Haryana, India
 Tel : (91) 124 447 9000
 Fax : (91) 124 447 9199
 Website : <https://corporate.lotswholesale.com>
 Type of Business : Operating Wholesale and related businesses in India
 Registered capital : INR 550,000,000
 Issued and paid - up capital : INR 542,857,110

(5) ARO Commercial Company Limited (“MM”)

Company registration number : 102936000
 Date of incorporation : 3 September 2018
 Head office : 322, Upper Pazundaung Road, Sat San Ward, Mingalar Taung Nyunt Township, Yangon, Myanmar 11171
 Tel : -
 Type of Business : Operating Wholesale and Retail business, and other related businesses in Myanmar
 Registered capital : USD 18,800,000
 Issued and paid - up capital : USD 18,800,000

(6) ARO Company Limited (“ARO”)

Company registration number : 110245807
 Date of incorporation : 28 November 2014
 Head office : Corner of Bogyoke Aung San Road and 27th Street, Unit #15-06 to #15-10, Level 15, Junction City Tower, Pabedan Township, Yangon, Myanmar
 Tel : -
 Type of Business : Providing marketing and business consulting services in Myanmar
 Registered capital : USD 183,000
 Issued and paid - up capital : USD 183,000

(7) Makro (Guangzhou) Food Company Limited (“MGZ”)

Company registration number : 91440101MA59Q1XQ1D
 Date of incorporation : 3 July 2017
 Head office : Zibian#01 of 10th&11th Floor, No.65 Xianlie Middle Road, Yuexiu District, Guangzhou, China
 Tel : (86) 020 2333 6999
 Type of Business : Operating Wholesale and Retail business and other related businesses in China
 Registered capital : CNY 75,000,000
 Issued and paid - up capital : CNY 75,000,000

(8) Guangzhou Huadu Makro Food Supermarket Company Limited (“MGH”)

Company registration number : 91440101MA5CN2235A
 Date of incorporation : 21 March 2019
 Head Office : 163 Yingbin avenue, Gaosheng square 1st Floor & 2nd Floor, Huadu District, Guangzhou, China
 Tel : (86) 020 2221 6688
 Type of Business : Operating Wholesale and Retail business and other related businesses in Huadu District, Guangzhou City, the capital of Guangdong Province, China
 Registered capital : CNY 15,000,000
 Issued and paid - up capital : CNY 15,000,000

(9) Siam Food Services Limited (“SFS”)

Company registration number :	0105527032739 (Former no. 3276/2527)
Date of incorporation :	7 September 1984
Head Office :	2439 Old Paknam Railway Road, Prakhonong, Klongtoey, Bangkok 10110
Tel :	0 2782 6000
Fax :	0 2782 6009
Website :	www.siamfoodservices.com
Type of business :	Importing and trading of high-quality food products including fresh, frozen and ready-to-cook products from Thailand and overseas with delivery service to serve the needs of food service professionals e.g. hotels, restaurants, airlines, caterers, manufacturers, and food traders, etc and investing in food service business in foreign countries
Type and No. of shares :	Registered ordinary shares, totaling 31,830,000 shares
Registered capital :	Baht 3,183,000,000 with 31,830,000 shares at a par value of Baht 100 each
Issued and paid - up capital :	Baht 3,183,000,000 with 31,830,000 shares at value of Baht 100 each

(10) Indoguna Vina Food Service Company Limited (“INDV”)

Company registration number :	0312016132
Date of incorporation :	15 October 2012
Head Office :	44B Phan Xich Long Street, Ward 3, Phu Nhuan District, Ho Chi Minh City, Vietnam
Tel :	(84) 907 091 188
Fax :	(84) 28 3995 6756
Website :	www.indogunavina.com
Type of business :	Trading and distribution of high-quality food products including fresh, frozen and ready-to-cook products from Vietnam and overseas with delivery service to serve the needs of food service professionals in Vietnam e.g. hotels, restaurants, airlines, caterers, manufacturers, and food traders, etc.
Registered capital :	USD 5,000,000
Issued and paid - up capital :	USD 5,000,000

(11) Indoguna (Singapore) Pte Ltd (“INDS”)

Company registration number :	199302834E
Date of incorporation :	8 May 1993
Head Office :	36 Senoko Drive, Senoko Industrial Estate, Singapore 758221
Tel :	(65) 6755 0330
Fax :	(65) 6755 9522
Website :	www.indoguna.com
Type of Business :	Manufacturing, trading, importing and exporting of high-quality food products including fresh, frozen and ready-to-cook products from Singapore and overseas with delivery service to serve the needs of food service professionals in Singapore e.g. hotels, restaurants, airlines, caterers, manufacturers, and food traders, etc.
Registered capital :	SGD 1,600,000
Issued and paid - up capital :	SGD 1,600,000

(12) Indoguna Dubai L.L.C (“INDD”)

Company registration number :	78993
Date of incorporation :	15 February 2006
Head Office :	Al Waha Street, Exit 46, Al Quoz 1 P.O. Box 123125, Dubai, United Arab Emirates
Tel :	(971) 4 338 6304
Fax :	(971) 4 338 6305
Website :	www.indoguna.com/indoguna-dubai-llc
Type of Business :	Import and trading of high-quality food products including fresh, frozen and ready-to-cook products from the United Arab Emirates and overseas with delivery service to serve the needs of food service professionals in the United Arab Emirates e.g. hotels, restaurants, airlines, caterers, manufacturers, and food traders, etc.
Registered capital :	AED 300,000
Issued and paid - up capital :	AED 300,000

(13) MAXZI THE GOOD FOOD RESTAURANT & CAFE L.L.C (“MAXZI”)

Company registration number :	1309929
Date of incorporation :	18 October 2017
Head Office :	Al Shafar Investment Building, Shop No. 20, P.O. Box 126113 Al Quoz 1, Dubai, United Arab Emirates
Tel :	(971) 4 395 3988
Fax :	https://maxzi.ae
Type of Business :	Operating Restaurant and Minimart business in the United Arab Emirates
Registered capital :	AED 4,000,000
Issued and paid - up capital :	AED 4,000,000

(14) Indoguna Lordly Company Limited (“INDL”)

Company registration number :	0196081
Date of incorporation :	14 August 1987
Head Office :	14 Floor, Chung Fung Commercial Building, 10 - 12 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong
Tel :	(852) 2730 2025
Fax :	(852) 2730 2024
Website :	www.lordly.com.hk
Type of business :	Manufacturing, trading, importing and exporting of high-quality food products including fresh, frozen and ready-to-cook products from Hong Kong and overseas with delivery service to serve the needs of food service professionals in Hong Kong e.g. hotels, restaurants, airlines, caterers, manufacturers, and food traders, etc.
Registered capital :	HKD 10,000
Issued and paid - up capital :	HKD 10,000

(15) Just Meat Company Limited (“JM”)

Company registration number : 0972827
 Date of incorporation : 25 May 2005
 Head Office : G Floor, 45B Hau Wong Road, Kowloon City, Kowloon, Hong Kong
 Tel : (852) 2382 2026
 Fax : (852) 3003 1331
 Type of business : Importing and trading of high-quality food products including meats and poultry in Hong Kong
 Registered capital : HKD 1,000,000
 Issued and paid - up capital : HKD 1,000,000

(16) Indoguna (Cambodia) Company Limited (“INDC”)

Company registration number : 00029158
 Date of incorporation : 29 November 2017
 Head Office : 423, National Road 3, Phum Sre Nhor, Sangkat Porng Teuk, Khan Dangkor, 12407, Phnom Penh, Cambodia
 Tel : (855) 70 958 388
 Type of business : Importing and trading of high-quality food products including fresh, frozen and ready-to-cook products from Cambodia and overseas with delivery service to serve the needs of food service professionals in Cambodia e.g. hotels, restaurants, airlines, caterers, manufacturers, and food traders, etc.
 Registered capital : USD 2,000,000
 Issued and paid - up capital : USD 2,000,000

Associate Company

-NONE-

Reference persons
Securities Registrar :

Thailand Securities Depository Company Limited (TSD)
 The Stock Exchange of Thailand Building
 93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400
 Tel. 0-2009-9000, 0-2009-9999
 Fax. 0-2009-9991

External Auditors :

Mr. Charoen Phosamritlert
 C.P.A. Reg. No. 4068
 Mrs. Munchupa Singuksawat
 C.P.A. Reg. No. 6112
 Mr. Veerachai Ratanajaratkul
 C.P.A. Reg. No. 4323
 Ms. Sujitra Masena
 C.P.A. Reg. No. 8645
 KPMG Phoomchai Audit Limited
 50th Floor, Empire Tower
 1 South Sathorn Road, Yannawa,
 Sathorn, Bangkok 10120
 Tel. 0-2677-2000
 Fax. 0-2677-2222

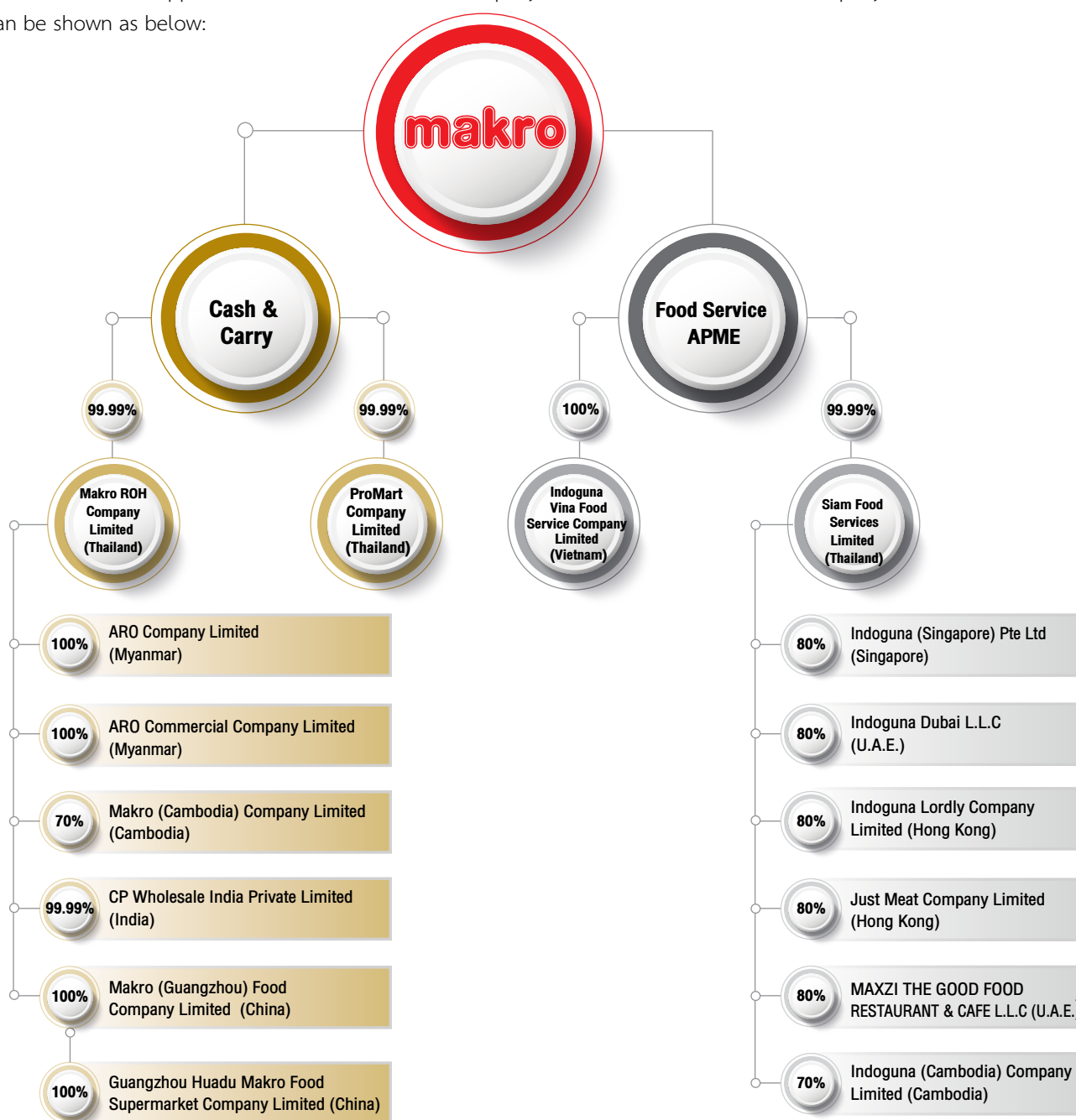
Legal Counsel :

Siam City Law Offices Limited
 20th Floor, Rajanakarn Building
 3 South Sathorn Road, Yannawa,
 Sathorn, Bangkok 10120
 Tel. 0-2676-6667-8
 Fax. 0-2676-6188-9

Chavalit & Associates Limited
 20th Floor, Rajanakarn Building
 3 South Sathorn Road,
 Yannawa, Sathorn, Bangkok 10120
 Tel. 0-2676-6667-8
 Fax. 0-2676-6188-9

Nature of Business

The Company was established in Thailand in May 1988, and its shares were listed on the Stock Exchange of Thailand in August 1994. The principal business of Siam Makro Public Company Limited (“the Company”) is the operation of membership based Cash & Carry trade centers, registered under the name of “Makro”, that are located throughout Thailand. As at the end of 2019, Makro has a total of 134 stores nationwide which consist of 79 Makro Classic stores, 28 Makro Foodservice stores, 15 Eco Plus stores, 5 Makro Food Shops and 7 Siam Frozen shops, as well as 1 Makro Classic and 1 Eco Plus stores in Cambodia and 3 Eco Plus stores in India under LOTS Wholesale Solutions brand and 1 Foodservice store in China. Moreover, the Company also engages in the import, export and distribution of frozen and temperature controlled food in Thailand, Vietnam and other countries through its subsidiaries including other relevant businesses which support the core business of the Company. As at the end of 2019, the Company’s business structure can be shown as below:



Revenue Structure

The Company's core earnings were derived from Makro Cash and Carry business. Other revenue contributors were importing and distributing frozen and chilled food products as well as logistics services including other relevant businesses which support the core business of the Company. The details of revenue structure (the revenue after revising connected transactions) are as follows:

(Unit: million Baht)

Activities/ Products/ Services	Operated by	% Shareholding of the Company	Fiscal year ended 31 December					
			2017		2018		2019	
			Amount	%	Amount	%	Amount	%
1. Makro Cash and Carry/ Makro Foodservice/ Eco Plus/ Makro Food shop/ Siam Frozen (domestic and overseas) Sales of consumer goods and other income*	SML	-	181,611	97.2	185,440	96.1	200,365	95.1
	CPWI	99.99	2	0.0	499	0.3	1,898	0.9
	MAC	70.00	92	0.1	1,264	0.7	2,462	1.2
	MGZ	99.99	-	-	-	-	60	0.0
	MM**	99.99	-	-	-	-	1	0.0
2. Providing management, technical consultancy and support services Sales of goods and services and other income*	MROH	99.99	-	-	1	0.0	-	-
	ARO***	99.99	-	-	-	-	-	-
	PRO**	99.99	-	-	-	-	-	-
3. Importing and trading of frozen and chilled foods Sales of goods and services and other income	SFS	99.99	2,356	1.3	2,518	1.3	2,632	1.2
	INDV	100.00	332	0.2	433	0.2	405	0.2
	INDS	80.00	1,566	0.8	1,755	0.9	1,683	0.8
	INDD	80.00	457	0.2	537	0.3	556	0.3
	JM	80.00	8	0.0	-	-	-	-
	LL	80.00	330	0.2	399	0.2	389	0.2
	INDC	70.00	-	-	71	0.0	149	0.1
4. Restaurant and minimart Sales of goods and services and other income	MAXZI	80.00	-	-	13	0.0	27	0.0
Grand Total			186,754	100.0	192,930	100.0	210,627	100.0

Remark

* Revenues after elimination

** Currently in the process of preparing to operate a business

*** Currently in the process of business closure

Audit Committee's Report for the year 2019

Siam Makro Public Company Limited's Audit Committee appointed by the Board of Directors consists of three independent directors who are knowledgeable and have experience in various sectors, including independence in compliance with the Stock Exchange of Thailand's requirements. The members of the Audit Committee are Mr. Joti Bhokavanij, as the Chairman of the Audit Committee, Mrs. Kannika Ngamsopee and Mr. Jukr Boon-Long as members of the Committee. Serving as secretary to the Audit Committee is Ms. Busakorn Rakkanka, Head of Internal Audit Department.

The Audit Committee had performed the duties by rendering of independent opinion according to roles and responsibilities specified in Audit Committee Charter. During the year 2019, the Audit Committee proceeded as follows:

1. The Committee held 5 meetings to perform its duties as assigned by the Board of Directors, and presented the audit committee report to the Board of Directors by quarterly basis.

Name		Current position	Attendance of the Audit Committee in the 2019*
1. Mr. Joti	Bhokavanij	Chairman of the Audit Committee	5/5
2. Mrs. Kannika	Ngamsopee	Member of the Audit Committee	2/2**
3. Mr. Jukr	Boon-Long	Member of the Audit Committee	2/2**

Remark:

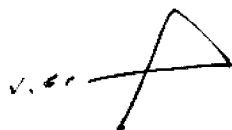
* In the year 2019, the Audit Committee held two meetings with the auditor without the presence of Management.

** Mrs. Kannika Ngamsopee and Mr. Jukr Boon-Long were appointed to be member of the Audit Committee on the Board of Directors Meeting No. 4/2019 dated 28 August 2019. Prior to the appointment, 3 meetings of the Audit Committee meetings had been already held.

2. Reviewed the quarterly and annual financial reports of the Company which included performance of its subsidiaries, including the disclosure for the significant information and considered the external auditor's report in collaboration with the executive management and the external auditor. The Audit Committee expressed its observations, and provided recommendations to ensure that the Company's financial statements represented the Company's financial position and financial performance fairly, in all material respects, in accordance with Thai Financial Reporting Standards.
3. Reviewed the Company's connected transactions and disclosure for related party transactions between the Company and related companies to ensure that the Company complied with the business criteria and rules required by the Stock Exchange of Thailand and the Securities and Exchange Commission. Furthermore, the Audit Committee assigned Internal Audit Department to review the Company's connected transactions and report those transactions to the Audit Committee. Based on the review of the connected transactions undertaken in the normal course of business, no unusual transactions considered material were found.
4. Reviewed the adequacy and effectiveness of the Company's internal control systems to reasonably ensure the Company's performance in achieving its goals. Based on the internal audit report of the year 2019 which covered key business processes, the Audit Committee had the opinion that the Company's internal control system was adequate and appropriate.

5. Reviewed the efficiency and effectiveness of enterprise risk management process including the risk management policy, plans, and management approach that affects the Company's operations with the management. To ensure that the risk management continually and effectively operates, the Audit Committee had assigned Internal Audit to prepare an internal audit plan which aligned with the result of risk assessments.
6. Monitored the result of whistle-blowing and compliant-making process. In 2019, the Audit Committee had received the whistle-blowing information regarding fraud, misconduct, or the violation of the Code of Conduct, which were reported by Internal Audit. Most complaints were related to service complaints. Internal Audit Department submitted the complaints to relevant departments for appropriate actions; and the complaints have been duly resolved by the relevant departments.
7. Reviewed and approved the internal audit plan prepared by Internal Audit based on risk assessment and reviewed internal control process with Internal Audit by quarterly basis as well as provided recommendations for the improvement of internal control process in order to increase the efficiency and effectiveness. The Audit Committee also continually monitored the progress of improvement made by management. Furthermore, the Audit Committee reviewed the independence and overall performances of Internal Audit. The Audit Committee had an opinion that Internal Audit performed independently, adequately and effectively with continuous development in terms of audit quality in both personnel and internal audit activities.
8. Considered selecting, appointing an external auditor, and giving an opinion to the Board of Directors for approval at the shareholders' meeting. The Audit Committee's meeting unanimously approved the appointment of KPMG as an external auditor for year 2019 including considering the scope and annual audit plan of the external auditor.
9. Considered the Company's compliance in accordance with laws governing securities and exchange, regulations of the Stock Exchange of Thailand and other legislations relating to its business and found that they were fully complied. The Audit Committee had the opinion that there was no material issue concerning non-compliance of the aforesaid rules, regulations, and laws.

In summary, the Audit Committee fully discharged its duties and responsibilities in accordance with the Audit Committee Charter. The Audit Committee had the opinion that the Company's Board of Directors, the Executive Directors and Management performed their duties responsibly in accordance with Corporate Governance Policy to achieve the set goals including compliance with laws, regulations and various obligations as well as proper disclosure of connected transactions and adequately complied with good corporate governance procedures. Furthermore, the Company was compliance with laws, regulations and commitments, and accurate disclosure of connected transactions. Furthermore, the Company's financial and operation report had been fairly presented, and the Company's risk management process, the internal control system, and the internal audit were appropriate and effective.



Mr. Joti Bhokavanij
Chairman of the Audit Committee

Management's Discussion and Analysis of Financial Position and Operating Results

Consolidated Operating Results

		2019	2018	YoY change	% YoY change
Number of store	stores	141	133	8	-
Thailand	stores	134	129	5	-
Overseas ⁽¹⁾	stores	7	4	3	-
Consolidated Operating Results					
Revenue from sale of goods	million Baht	206,180	188,583	17,597	9.3
Total revenues	million Baht	210,627	192,930	17,697	9.2
Gross profit	million Baht	21,168	18,944	2,224	11.7
Gross profit margin	%	10.3	10.0	0.3	-
EBITDA ⁽²⁾	million Baht	10,928	10,361	567	5.5
Net profit	million Baht	6,245	5,942	303	5.1
Earnings per share	Baht per share	1.30	1.24	0.06	5.1

Remark:

⁽¹⁾ Includes restaurant/small food retailer under Food Service APME

⁽²⁾ Earnings before interest, taxes and depreciation and amortization

The Thai economy in 2019 had an average growth rate of 2.4%, due to the growth in domestic consumption, which grew at a rate of 4.2%. However, this was diminished by an export sector that continuously contracted as a result of the strengthening Thai Baht. Domestic consumption nevertheless continued to expand at rates that were higher than expected, as a result of the government's short-term economic stimulus measures as well as the continued growth in the Thai tourism sector since 2018. This growth is attributed to the introduction of fee exemptions for Visas on Arrival for tourists from China, India, and Taiwan, and a low-based figure of Chinese tourists from the previous year following the tourist boat accident in Phuket in mid 2018. In 2019, Thailand received approximately 39.8 million tourists, an increase of 4.2% over 2018, which generated about Baht 1.9 trillion baht in revenue, or an average

growth rate of 3%. Inflation rate in 2019 expanded at 0.7% (Source: Bank of Thailand).

Business Expansion and Product and Service Development

In 2019, the Company continued to operate under the main “Makro 4.0” strategy in pursuit of its vision “To be the number one food solution provider for professional customers” This was achieved through an emphasis on transparent business operations, adherence to the principles of good governance as a foundation for secure and stable growth, and a commitment to modernizing the business in all dimensions in order to promptly respond to the changing needs of customers.

Given that the Company's key strategy is focused on a 'Customer Centric' approach, we have developed many diverse store formats to cater to the different needs of each customer group. Today, the Company has 5 store formats: 1) Classic, 2) Eco Plus, 3) Makro Foodservice, 4) Makro Food Shop, and 5) Siam Frozen. These formats serve more than 3 million professional customers, covering small - scale retailers, HoReCa (Hotel, Restaurant and Catering) customers, and service businesses.

Makro Thailand Group In 2019, the Company opened a total of 5 Makro stores, consisting of 3 Makro Foodservice stores at Ladkrabang (the first wholesale Digital Store in Thailand), Nathong Charoen, and Ramkhamhaeng 24 (the second Digital Store), and 2 Eco Plus stores in Bo Win and Sattahip, the Eastern part of the country. In response to the economic expansion in the Eastern Economic Corridor (EEC). As a result, at the end of 2019, the Company had a total of 134 stores nationwide.

In addition, to cater to the changing purchasing and shopping behaviors of the customers, in 2019 the Company launched an Offline to Online Ecosystem ("O2O"), which orchestrates all of Makro's sales and distribution channels - traditional cash & carry at stores, Makroclick.com and Makro Application in one omni-channel platform. It further encompasses a number of electronic payments (E-Wallet and QR Code), in addition to credit sales for large corporate customers. Last but not least, customers are served up with Makro's Last-Mile Delivery, a service to deliver purchased goods from nearly a hundred of Makro stores nationwide to anywhere in the country. These developments provide customers with more options and enhance their business experiences with Makro.

Food Service APME Group serves as an important mechanism for expanding the food service solution business to restaurants in new, high-potential markets in Asia - Pacific and Middle East, covering 6 countries: Thailand, Vietnam, Cambodia, Singapore, Hong Kong, and United Arab Emirates. In 2019, Food Service APME focused

on streamlining its various businesses under a single strategic direction, and developing gourmet and fine foods products, as well as premium food products under its "own brand," namely "Carne Meats" for beef and lamb products, and "Ocean Gems" for seafood products. Moreover, the group looked towards enhancing its capabilities in food production and meat cutting in response to a growing service demand for customization amongst HoReCa customers.

Makro - International Group continued to expand, as can be seen from the opening of additional stores in Cambodia and India, where the Company leveraged the knowledge gained from operating existing stores in those countries towards the improvement of the newly opened stores. The Company was further focused on understanding needs of customers, enhancing sales and distribution channels to better serve a larger number of customers, and improving business processes - all in order to establish a solid business foundation and ensure a success for Makro's international business over the long term.

Additionally, the Group successfully set-up its footprint in China with an opening of Makro Foodservice store in Huadu District, Guangzhou City, on 17 September 2019. This store integrates modern technologies to create a impressive experience for customers, and better reflects the purchasing behaviors of customer groups in China who are highly advanced in technology use. As for an expansion plan into the Republic of the Union of Myanmar, the Company has officially received an investment approval from the government. The first Makro store in Yangon is expected to open in 2020.

Consolidated Operating Results

Total Revenues

In 2019, the Company and its subsidiaries recorded consolidated total sales of Baht 206,180 million, surged by 9.3% compared to 2018. This was mainly from contribution of the 8 new stores opened in Thailand and overseas in 2019, and a full - year contribution of the stores launched in 2018. Another contributing factor was the relentless growth of Makro Thailand following a dedication to product and

store format development and the aforementioned service enhancements through O2O to directly respond to the needs of customers. Food Service APME also experienced a continuous sales growth in local currencies, however due to the strong Thai Baht in 2019, the Food Service APME recorded a minimal growth in its Thai Baht sales.

Overall, when aggregating revenue from services (e.g. revenue from sales promotions and ad services through Makro Mail and in-store media) of Baht 3,592 million, and other income of Baht 855 million, the Company’s registered consolidated total revenues of Baht 210,627 million, increased by Baht 17,697 million, or 9.2% compared to the previous year.

Gross Profit

2019 consolidated gross profit stood at Baht 21,168 million, surged by Baht 2,224 million, or 11.7% compared to the previous year. Likewise, gross profit margin improved from 10.0% in 2018 to 10.3% in 2019, attributed to an expanded margin of Makro Thailand, particularly in the fresh food products.

Distribution Costs and Administrative Expenses

In 2019, the Company and its subsidiaries incurred distribution costs and administrative expenses of totaling Baht 17,410 million, equivalent to 8.3% of total revenue and increased by Baht 1,929 million, or 12.5% from the preceding year.

Distribution Costs: In 2019, consolidated distribution costs amounted to Baht 12,669 million, grew by 7.7% compared to the preceding year. This was mainly due to increased number of new stores, as 9 new stores were opened in 2018, and another 8 stores in 2019. Given this, the percentage of distribution costs to total revenues was 6.1%, slightly lower than the 6.2% of 2018.

Administrative Costs: In 2019, the Company and its subsidiaries registered total administrative expenses of Baht 4,741 million, up by 27.7% from the previous year. The increase was largely due to three distinct sources: i) growing employee benefits, ii) costs in relation to computer software and platform development - Makro Application and the O2O, and iii) an increase in expenses associated with the establishment and start - up of business operations in China and the Republic of the Union of Myanmar.

Net Profit

In 2019, the Company reported its consolidated net profit of Baht 6,245 million, grew by 5.1% from the previous year, led by an impressive growth of Makro Thailand. Food Service APME posted a marginal drop in net profit, primarily due to a (one-time) write - off of a new product that was not well - received by customers, and pre - operating expenses in starting-up a production line of “**Carne Meats**” - a new own-brand premium product. Meanwhile, Makro International posted an increase in net losses in 2019, mainly from starting - up and pre - operating expenses of new stores, and an operating loss at the initial stage of the newly opened stores.

Analysis of Financial Position

Consolidated Financial Position as at 31 December

		2019	2018	YoY change	% YoY change
Total Assets	million Baht	62,641	62,065	576	0.9
Total Liabilities	million Baht	41,907	42,808	(901)	(2.1)
Total Shareholders’ Equity	million Baht	20,734	19,257	1,477	7.7

Total Assets

As at the end of 2019, the Company recorded Baht 62,641 million in its consolidated total assets, grew by Baht 576 million, or a 0.9% increase from 2018. Reasons for this are as follows.

Current Assets: At the end of 2019, current assets totaled Baht 23,333 million, up by Baht 335 million from 2018, or an increase of 1.5%. This was mainly due to increases in inventory and accrued income, in line with the increase in number of stores and sales. Meanwhile, there was a decrease in cash and cash equivalents, primarily from investments in business expansion, and an interim dividend payment.

Non-Current Assets: Non-current assets totaled Baht 39,308 million, rose by Baht 241 million, or 0.6%, from 2018. This was attributed mainly to an upfront land - lease payment of a new store. As at the end of 2019, non - current assets to total assets ratio stood 62.8%.

Total Liabilities

As at the end of 2019, total liabilities of the Company and its subsidiaries totaled Baht 41,907 million, declined by Baht 901 million, or 2.1% from the end of the preceding year, from the following key reasons.

Analysis of Cash Flow

Consolidated Cash Flows

		2019	2018
Cash flows from operating activities	million Baht	10,270	6,154
Cash flows from investing activities	million Baht	(3,130)	(2,866)
Cash flow from financing activities	million Baht	(7,402)	(2,411)
Net increase (decrease) in cash and cash equivalents ⁽¹⁾	million Baht	(295)	735

Remark:

⁽¹⁾ Net exchange differences on translating financial statements: Baht (33) million in 2019, and Baht (142) million in 2018.

In 2019, the Company had a net decrease in cash and cash equivalents of Baht 295 million. This was primarily due to repayments of bank loans of Baht 2,735 million, dividend payments of Baht 4,608 million, and investments of totaling Baht 3,130 million in asset enhancement, store expansion and business process improvement. The Company had cash flows from operating of Baht 10,270 million.

Current Liabilities: As at 2019 year - end, the Company's consolidated current liabilities totaling Baht 32,749 million, declined by Baht 1,345 million, or 3.9% from the end of 2018. This was mainly due to a compound effect of repayments of short-term bank loans of totaling Baht 2,756 million, and an increased trade accounts payable of Baht 1,248 million due to higher sales.

Non-Current Liabilities: At the end of 2019, the Company and its subsidiaries recorded total non - current liabilities of Baht 9,158 million, representing 21.9% of total liabilities and increased by Baht 444 million from the previous year end. The increase was primarily from increased straight-line rental liabilities, in accordance with rental contracts and the rental terms, and higher provisions for employee benefits, reflecting new severance package according to the Amended Labour Protection Act that requires employers to pay a compensation at a maximum rate of 400 days of final salary (up from the previous 300 days).

Total Shareholders' Equity

At the end of 2019, total shareholders' equity stood at Baht 20,734 million, an increase of Baht 1,477 million, or 7.7% from that of the previous year - end. This aligns with the 2019 net profit and dividend payments of Baht 4,608 million in 2019. Book value per share was Baht 4.22 per share.

Key Financial Ratios

		2019	2018
Liquidity Ratio			
Current ratio	times	0.7	0.7
Quick ratio	times	0.2	0.2
Profitability Ratio			
Gross profit margin ratio	%	10.3	10.0
Net profit margin ratio	%	3.0	3.1
Return on equity	%	32.0	32.8
Efficiency Ratio			
Return on total assets	%	9.9	9.7
Fixed asset turnover	%	26.9	25.8
Total assets turnover	times	3.4	3.2
Financial Policy Ratio			
Debt to equity ratio	times	2.0	2.2
Interest coverage ratio	times	47.7	33.0
Dividend payout ratio	%	73.8	77.5

Related Party Transactions

Details on Related Party Transactions

In 2018 and 2019, the Company and its subsidiaries conducted transactions with related parties, which are summarized as follows:

Related party transactions in 2018 and 2019

Related Parties and the Nature of Relationships	Nature of Transaction	Amount (Baht Million)		Necessity and Reasons for the Transaction
		2018	2019	
CP ALL Plc. (“CP ALL”) Nature of Relationship CP ALL, a major shareholder of the Company, holds direct and indirect shares of the Company amounting to 93.08% of total issued and paid-up shares.	1. Revenue from Sales of Goods and Services	6.3	12.8	Transactions / supporting transactions related to the normal course of business ⁵⁾
	2. Trade Accounts Receivable	2.2	2.9	Transactions / supporting transactions related to the normal course of business ⁵⁾
	3. Fixed Assets Expenses	-	-	Transactions / supporting transactions related to the normal course of business ⁵⁾
	4. Service Expenses The Company disbursed CP ALL for the use of software licenses and trademarks	162.4	169.7	The use of software licenses and trademarks from CP ALL is regarded as technical assistance for the Company’s core business operation. The software is used for recording sales transactions, goods receiving, stock movement and customer information system of the Company’s stores. The said software can be used for recording information of new stores and for consolidation of information of all stores. The costs of software are cheaper than local system development. In addition, the Company was granted, by CP All, the right to use trademarks and servicemarks including the use of trademarks such as “Makro”, “aro” etc. in operating the businesses including the store layout, product display, and the business management. Whenever there is any development of new store format of “Makro” in other country, the Company will obtain knowledge and technique of the business operation resulting in efficiency in the business operation. The rights to use software license, trademark and service mark are considered as transactions/ supporting transactions related to the normal course of business ⁵⁾
	5. Other Accounts Payable The Company was granted, by CP ALL, the right to use trademarks and service marks including the use of trademarks such as “Makro”, “aro” etc.	82.9	89.6	

Related Parties and the Nature of Relationships	Nature of Transaction	Amount (Baht Million)		Necessity and Reasons for the Transaction
		2018	2019	
CPRAM Co., Ltd. ("CPRAM") <u>Nature of Relationship¹⁾</u> Subsidiary of CP ALL, CP ALL holds shares of CPRAM amounting to 99.99% of total issued and paid-up shares.	1. Revenue from Sales of Goods and Services	14.3	10.2	Transactions / supporting transactions related to the normal course of business ⁵⁾
	2. Purchase of Goods	262.3	277.3	Transactions / supporting transactions related to the normal course of business ⁵⁾
	3. Trade Accounts Receivable	1.2	-	Transactions / supporting transactions related to the normal course of business ⁵⁾
	4. Trade Accounts Payable	61.0	69.5	Transactions / supporting transactions related to the normal course of business ⁵⁾
Gosoft (Thailand) Co., Ltd. ("Gosoft") <u>Nature of Relationship¹⁾</u> Subsidiary of CP ALL, CP ALL holds shares of Gosoft amounting to 99.99% of total issued and paid-up shares.	1. Fixed Assets and Intangible Assets Expenses The Company and its Subsidiaries purchased fixed assets and intangible assets, namely computer equipment and software, from Gosoft	136.4	19.9	Transactions / supporting transactions related to the normal course of business ⁵⁾
	2. Service Expenses	46.4	61.7	Transactions / supporting transactions related to the normal course of business ⁵⁾
	3. Other Accounts Payable	146.5	22.3	Transactions / supporting transactions related to the normal course of business ⁵⁾
	4. Other Accounts Receivable	7.6	8.5	Transactions / supporting transactions related to the normal course of business ⁵⁾
Panyapiwat Institute of Management <u>Nature of Relationship¹⁾</u> Subsidiary of CP ALL, CP ALL holds shares of Panyapiwat Institute of Management amounting to 99.99% of total issued and paid-up shares	1. Service Expenses	1.7	-	Transactions / supporting transactions related to the normal course of business ⁵⁾
C.P. Retailing Co., Ltd. ("Retailing") <u>Nature of Relationship¹⁾</u> Subsidiary of CP ALL, CP ALL holds shares of Retailing amounting to 99.99% of total issued and paid-up shares.	1. Revenue from Sales of Goods and Services	33.9	44.3	Transactions / supporting transactions related to the normal course of business ⁵⁾
	2. Trade Accounts Receivable	1	-	Transactions / supporting transactions related to the normal course of business ⁵⁾
	3. Purchase of Goods	1.7	1.2	Transactions / supporting transactions related to the normal course of business ⁵⁾

Related Parties and the Nature of Relationships	Nature of Transaction	Amount (Baht Million)		Necessity and Reasons for the Transaction
		2018	2019	
Charoen Pokphand Foods Plc. (“Charoen Pokphand Foods”) Nature of Relationship²⁾ Charoen Pokphand Group is a major shareholder and holds direct and indirect shares of Charoen Pokphand Foods amounting to 53.88% of total issued and paid-up shares.	1. Revenue from Sales of Goods and Services	33.7	39.2	Transactions/ supporting transactions related to the normal course of business ⁵⁾
	2. Trade Accounts Receivable	4.3	5.4	Transactions/ supporting transactions related to the normal course of business ⁵⁾
	3. Purchase of Goods	350.7	349.7	Transactions/ supporting transactions related to the normal course of business ⁵⁾
	4. Trade Accounts Payable	24.2	23.7	Transactions/ supporting transactions related to the normal course of business ⁵⁾
CPF Trading Co., Ltd. (“CPF Trading”) Nature of Relationship²⁾ Subsidiary of Charoen Pokphand Food, Charoen Pokphand Food holds shares of CPF Trading amounting to 99.97% of total issued and paid-up shares.	1. Revenue from Sales of Goods and Services	24.3	27.9	Transactions/ supporting transactions related to the normal course of business ⁵⁾
	2. Trade Accounts Receivable	1.7	2.3	Transactions/ supporting transactions related to the normal course of business ⁵⁾
	3. Purchase of Goods	2,570.5	4,405.4	Transactions/ supporting transactions related to the normal course of business ⁵⁾
	4. Trade Accounts Payable	240.7	1,536.5	Transactions/ supporting transactions related to the normal course of business ⁵⁾
	5. Other Accounts Payable	-	6.6	Transactions/ supporting transactions related to the normal course of business ⁵⁾
	6. Service Expenses	-	14.1	Transactions/ supporting transactions related to the normal course of business ⁵⁾
CPF (Thailand) Plc. (“CPF (Thailand)”) Nature of Relationship²⁾ Subsidiary of Charoen Pokphand Food, Charoen Pokphand Food holds shares of CPF (Thailand) amounting to 99.98% of total issued and paid-up shares.	1. Revenue from Sales of Goods and Services	199.8	191.7	Transactions/ supporting transactions related to the normal course of business ⁵⁾
	2. Trade Accounts Receivable	23.1	25.5	Transactions/ supporting transactions related to the normal course of business ⁵⁾
	3. Purchase of Goods	6,840.4	6,581.3	Transactions/ supporting transactions related to the normal course of business ⁵⁾
	4. Trade Accounts Payable	898.0	4.2	Transactions/ supporting transactions related to the normal course of business ⁵⁾
CP-Meiji Co., Ltd. (“CP-Meiji”) Nature of Relationship²⁾ CP-Meiji is a joint venture with Charoen Pokphand Food, Charoen Pokphand Food holds shares of CP - Meiji amounting to 59.99% of total issued and paid-up shares.	1. Revenue from Sales of Goods and Services	5.7	6.3	Transactions/ supporting transactions related to the normal course of business ⁵⁾
	2. Purchase of Goods	375.3	421.3	Transactions/ supporting transactions related to the normal course of business ⁵⁾
	3. Trade Accounts Payable	63.1	69.5	Transactions/ supporting transactions related to the normal course of business ⁵⁾

Related Parties and the Nature of Relationships	Nature of Transaction	Amount (Baht Million)		Necessity and Reasons for the Transaction
		2018	2019	
C.P. Food Store Co., Ltd. (“C.P. Food Store”) <u>Nature of Relationship²⁾</u> Chearavanont family is a major shareholder of C.P. Food Store.	1. Revenue from Sales of Goods and Services	22.4	35.9	Transactions/ supporting transactions related to the normal course of business ⁵⁾
	2. Purchase of Goods	394.6	514.0	Transactions/ supporting transactions related to the normal course of business ⁵⁾
	3. Trade Accounts Payable	75.5	109.8	Transactions/ supporting transactions related to the normal course of business ⁵⁾
Pokphand Enterprise Co., Ltd. (“Pokphand Enterprise”) <u>Nature of Relationship⁴⁾</u> Chearavanont family is a major shareholder of Pokphand Enterprise.	1. Service Expenses	6.6	6.6	Transactions/ supporting transactions related to the normal course of business ⁵⁾
	2. Other Accounts Receivable	5.9	5.9	Transactions/ supporting transactions related to the normal course of business ⁵⁾
C.P. Consumer Product Co., Ltd. (“C.P. Consumer Product”) <u>Nature of Relationship²⁾</u> Charoen Pokphand Group is a major shareholder of C.P. Consumer Product.	1. Revenue from Sales of Goods and Services	22.4	16.7	Transactions/ supporting transactions related to the normal course of business ⁵⁾
	2. Purchase of Goods	199.8	138.9	Transactions/ supporting transactions related to the normal course of business ⁵⁾
	3. Trade Accounts Payable	30.5	24.9	Transactions/ supporting transactions related to the normal course of business ⁵⁾
Perfect Companion Group Co., Ltd. (“Perfect Companion Group”) <u>Nature of Relationship²⁾</u> Charoen Pokphand Group is a major shareholder of Perfect Companion Group.	1. Revenue from Sales of Goods and Services	19.0	22.6	Transactions/ supporting transactions related to the normal course of business ⁵⁾
	2. Trade Accounts Receivable	-	1.0	Transactions/ supporting transactions related to the normal course of business ⁵⁾
	3. Purchase of Goods	281.3	302.6	Transactions/ supporting transactions related to the normal course of business ⁵⁾
	4. Trade Accounts Payable	44.9	52.4	Transactions/ supporting transactions related to the normal course of business ⁵⁾
Freewill Solutions Co., Ltd. (“Freewill Solutions”) <u>Nature of Relationship²⁾</u> Charoen Pokphand Group is a major shareholder of Freewill Solutions.	1. Fixed Assets and Intangible Assets Expenses The Company and its Subsidiaries purchased intangible assets, namely computer software, from Freewill Solutions.	7.1	16.2	Transactions/ supporting transactions related to the normal course of business ⁵⁾
	2. Service Expenses	4.7	14.8	Transactions/ supporting transactions related to the normal course of business ⁵⁾
	3. Other Accounts Payable	3.8	4.1	Transactions/ supporting transactions related to the normal course of business ⁵⁾
True Internet Corporation Co., Ltd. (“True Internet Corporation”, formerly True Universal Convergence Co., Ltd.) <u>Nature of Relationship³⁾</u> True Internet Corporation is a subsidiary of True Corporation Plc. which Charoen Pokphand Group is a major shareholder.	1. Service Expenses	39.8	50.6	Transactions/ supporting transactions related to the normal course of business ⁵⁾
	2. Other Accounts Payable	8.2	9.4	Transactions/ supporting transactions related to the normal course of business ⁵⁾

Related Parties and the Nature of Relationships	Nature of Transaction	Amount (Baht Million)		Necessity and Reasons for the Transaction
		2018	2019	
True Distribution & Sales Co. Ltd. ("True Distribution & Sales") Nature of Relationship³⁾ True Distribution & Sales is a subsidiary of True Corporation Plc. which Charoen Pokphand Group is a major shareholder.	1. Revenue from Sales of Goods and Services	2.9	6.9	Transactions/ supporting transactions related to the normal course of business ⁵⁾
True Leasing Co. Ltd. ("True Leasing") Nature of Relationship⁴⁾ Major of shares held by the CP Group and Mr. Dhanin Chearavanont's son and have one common Director, i.e. Mr. Umroong Sanphasitvong.	1. Service Expenses	52.1	58.2	Transactions/ supporting transactions related to the normal course of business ⁵⁾
	2. Other Accounts Payable	9.2	9.8	Transactions/ supporting transactions related to the normal course of business ⁵⁾
Other related parties in CP ALL's Group	1. Revenue from Sales of Goods and Services	136.8	186.4	Transactions/ supporting transactions related to the normal course of business ⁵⁾
	2. Trade Accounts Receivable	26.7	30.1	Transactions/ supporting transactions related to the normal course of business ⁵⁾
	3. Purchase of Goods	671.2	553.3	Transactions/ supporting transactions related to the normal course of business ⁵⁾
	4. Trade Accounts Payable	168.6	41.5	Transactions/ supporting transactions related to the normal course of business ⁵⁾
	5. Fixed Assets and Intangible Assets Expenses	9.7	1.6	Transactions/ supporting transactions related to the normal course of business ⁵⁾
	6. Service Expenses	98.5	108.1	Transactions/ supporting transactions related to the normal course of business ⁵⁾
	7. Other Accounts Payable	41.6	51.5	Transactions/ supporting transactions related to the normal course of business ⁵⁾
	8. Other Accounts Receivable	9.5	7.2	Transactions/ supporting transactions related to the normal course of business ⁵⁾

Notes:

- 1) Information from CP ALL Public Company Limited's form 56 -1 year 2018
- 2) Information from Charoen Pokphand Foods Public Company Limited's form 56-1 year 2018
- 3) Information from True Corporation Public Company Limited's form 56-1 year 2018
- 4) Notes for the Company's financial statements, fiscal year ended 31 December 2019
- 5) Necessity and reasons for transactions and supporting transactions related to the normal course of business
 1. Revenue from sales of goods and services, Trade accounts receivable and Other accounts receivable
The price and condition for sales of goods and services were determined by the terms and conditions used in the normal course of business comparable to those for non-related companies and market price.
 2. Purchase of goods, Trade accounts payable and Other accounts payable
The price and condition for purchase of goods were determined by the terms and conditions used in the normal course of business comparable to those for non-related companies and market price.
 3. Service expenses
The price and condition for service expenses were determined by the terms and conditions used in the normal course of business comparable to those for non-related companies and market price.
 4. Fixed assets, leasehold right and other intangible assets expenses
The price and condition for the purchase of fixed assets, leasehold right and other intangible assets were determined by the terms and conditions used in the normal course of business comparable to those for non-related companies and market price.

Procedures for Approving Related Party Transactions and Policies for Future Transactions

Related party transactions should occur only when required as part of the normal course of doing business and purely for the benefit of the Company as a whole. The use of software licenses and trademarks are considered necessary for the Company's normal business operations. Such related party transactions are approved by the Board of Directors in accordance with the Company's Article of Association, before they are undertaken.

In case of the entering into the connected transactions relating to the transactions with the general commercial terms, the Company's Board of Directors has approved in principle that the Company and its subsidiaries will be approved to enter into related party transactions with a Company Director, an Executive or any other related Party only if such transactions consist of the same commercial considerations and terms as well as shall be undertaken under similar circumstances as those which an ordinary non-related counterparty would agree to and on the basis of normal commercial negotiation without any associated or special considerations being given because of the status of the Director, Executive or any other related party. Details of such internal regulations are as follows:

1. Purchase of Goods

In the event that the Company and its subsidiaries purchase goods from related companies through having the same or shared Director(s) and/or the same group of shareholders, such transactions shall be fully in accordance with normal business conditions as well as in line with normal market prices applicable at the time, and shall be treated in the same manner as any other transactions undertaken with any other unrelated parties.

2. Use of Service

In the event that the Company and its subsidiaries make use of legal consulting services from Siam City Law Offices Co., Ltd. and Chavalit & Associates Limited, both of which have shared co - directors, such transactions shall be specified in an Agreement and shall be based on a reasonable terms and conditions for the Company and its subsidiaries. In addition, the Company and its subsidiaries receive service from related companies through having the same or shared Director(s) and/or the same group of shareholders, such transactions shall be fully in accordance with normal business conditions as well as in line with normal market prices applicable at the time, and shall be treated in the same manner as any other transactions undertaken with any other unrelated parties.

3. Sale of Goods and Service

In the event that the Company and its subsidiaries agree to sell any goods to its Directors and/or Executives, including selling any goods and service to related companies through having the same or shared Director(s) and/or the same group of shareholders, such transactions shall be treated and made under normal business conditions as well as in line with normal market prices applicable at the time and in the exact same manner as those similarly undertaken with any other unrelated parties.

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

Additionally, the use of services including the usage of software licenses and trademarks shall be documented and specified in relevant agreements, which shall also be undertaken on a fair and reasonable basis.

Regarding the policies for future related party transactions, the Company and its subsidiaries have a policy for future related party transactions that all related party transactions will only be undertaken when required by normal business operations. Further, the terms and conditions of all such related party transactions will be treated in the exact same manner as any other transactions undertaken with third-parties. Nevertheless, any related party transaction must be approved or ratified by the Board of Directors. The entering into the connected transactions relating to the transactions with the general commercial terms is possible only if such transactions consist of

the same commercial considerations and terms as well as shall be undertaken under similar circumstances as those which an ordinary non-related counterparty would agree to and on the basis of normal commercial negotiation without any associated or special considerations being given because of the status of the Director, Executive or any other related party as aforementioned. The Company and its subsidiaries can enter into such transactions if the Company's Board of Directors has approved in principle, nevertheless the necessity of such transactions have to correspond to the growth of the Company's normal business operations. Additionally, the Company will comply with the Securities and Exchange Commission's policies, the Stock Exchange of Thailand's policies, as well as the Company's aforementioned policies.

Report of the Board of Directors' Responsibilities for Financial Statements

The Board of Directors of Siam Makro Public Company Limited is responsible for the financial statements of the Company and its subsidiaries, which have been prepared in accordance with generally accepted accounting standards in Thailand, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535. The Board considers the accounting policies pursued to be appropriate, and that they have been applied consistently with adequate disclosure of important information in the notes to the financial statements. The Company's external auditor has reviewed and audited the financial statements and expressed an unqualified opinion in the auditor's report.

A handwritten signature in black ink, appearing to be 'Arsa Sarasin'.

Mr. Arsa Sarasin
Chairman of the Board of Directors

The Board oversees and establishes as well as maintains a proactive risk management system and internal control system to ensure that accounting records are accurate and complete, and that the Company's assets are properly safeguarded against fraud and materially irregular operations. The Board has appointed an Audit Committee consisting of independent directors to provide efficient oversight of the establishment of the financial statements, internal control system and internal audit. The Audit Committee's views are reported in this annual report.

The Board is of the view that the internal control system and the internal audit of the Company are adequate and appropriate and provide reason assurance that the Company's financial statements represent the financial position, results of operations, and cash flows that give a true and fair view in accordance with Thai financial reporting standards.

A handwritten signature in black ink, appearing to be 'Suchada Ithjarukul'.

Mrs. Suchada Ithjarukul
Group Chief Executive Officer - Siam Makro

Siam Makro Public Company Limited And its Subsidiaries

**Financial statements for the year ended
31 December 2019
And
Independent Auditor's Report**

Independent Auditor's Report

To the Shareholders of Siam Makro Public Company Limited

Opinion

I have audited the consolidated and separate financial statements of Siam Makro Public Company Limited and its subsidiaries (the “Group”) and of Siam Makro Public Company Limited (the “Company”), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2019, the consolidated and separate statements of income and comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2019 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of my report. I am independent of the Group and the Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Valuation of inventories	
Refer to notes 3 (f) and 7 to the financial statements	
The key audit matter	How the matter was addressed in the audit
<p>The valuation of inventories was focused on because the estimation of net realisable value of inventories involves management's judgment relating to estimate quantity and valuation for deteriorated, damaged, obsolete and slow-moving and shrinkage inventories.</p>	<p>My audit procedures are as follows:</p> <ul style="list-style-type: none"> • Understood the inventory control and management policy and the estimation of net realisable value of inventories. • Tested a sample of the aging of inventory and the reasonableness of assumptions used to set the percentage of deteriorated, damaged, obsolete, slow-moving and shrinkage inventories determined by management and compared that percentage with information for destruction and shrinkage inventories. • Tested a sample of selling prices post year-end and the estimated costs to make the sale with related documents including recalculation of net realisable value. • Considered the adequacy of the Group's disclosures in accordance with Thai Financial Reporting Standards.

Impairment of goodwill and other intangible assets	
Refer to note 3 (j), 3 (l), 12 and 13 to the financial statements	
The key audit matter	How the matter was addressed in the audit
<p>The Group has significant goodwill and other intangible assets with indefinite useful life which was mainly arising from a business acquisition.</p> <p>The management normally assesses the impairment from the estimated recoverable amount at the end of the period. The recoverable amount was based on its value in use, determined by discounting future cash flows to be generated from the continuing use of assets and related assumptions.</p> <p>The judgments of management required to be applied over assumptions and the inherent uncertainty involved in forecasting and discounting future cash flows. This area was focused on my audit accordingly.</p>	<p>My audit procedures are as follows:</p> <ul style="list-style-type: none"> • Understood the process of the estimated recoverable amount to assess the impairment. • Considered the key assumptions in the estimated recoverable amount reports, which were approved by management, by comparing the actual operation results, industry trends and information derived from external and internal sources and assessed financial methodologies used by the Group and discount rate and performed sensitivity analysis around the key assumptions. • Considered the adequate of the Group's disclosures in accordance with Thai Financial Reporting Standards.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to communicate the matter to those charged with governance and request that the correction be made. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements

Management is responsible for preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the Group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



(Sujitra Masena)
Certified Public Accountant
Registration No. 8645

KPMG Phoomchai Audit Ltd.
Bangkok
18 February 2020

Siam Makro Public Company Limited and its Subsidiaries

Statement of financial position

Assets	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
		2019	2018	2019	2018
(in Baht)					
Current assets					
Cash and cash equivalents	5	4,800,158,217	5,095,611,506	3,596,291,751	3,972,685,110
Current investments		42,764,275	43,400	-	-
Trade accounts receivable	4, 6	1,078,234,681	1,038,928,410	215,238,942	159,570,054
Other current receivables	4	591,837,439	600,389,913	312,009,424	300,626,062
Inventories	4, 7	14,774,350,106	14,361,295,742	13,317,418,096	12,671,799,546
Purchase discount receivables		1,260,954,127	1,094,507,621	1,256,052,162	1,090,621,443
Accrued income		651,560,659	671,183,409	608,147,041	635,938,905
Current portion of leasehold rights	4, 11	119,247,352	113,740,039	117,223,526	112,291,494
Other current assets		14,043,764	22,861,671	-	-
Total current assets		23,333,150,620	22,998,561,711	19,422,380,942	18,943,532,614
Non-current assets					
Investments in subsidiaries	8	-	-	7,329,029,830	6,709,010,014
Other non-current receivables		416,800,520	231,937,270	402,683,155	219,035,749
Property, plant and equipment	4, 10	31,579,016,922	31,552,613,860	30,021,721,099	30,268,448,692
Investment properties		112,498,502	112,498,502	112,498,502	112,498,502
Leasehold rights	4, 11	2,244,794,375	2,245,506,804	2,210,308,984	2,226,315,409
Goodwill	12	2,190,598,824	2,190,598,824	-	-
Other intangible assets	4, 13	2,277,397,850	2,312,363,492	1,526,905,462	1,625,835,826
Deferred tax assets	21	440,648,657	369,651,180	416,054,703	346,614,501
Other non-current assets		46,425,815	51,523,657	16,865,150	17,128,981
Total non-current assets		39,308,181,465	39,066,693,589	42,036,066,885	41,524,887,674
Total assets		62,641,332,085	62,065,255,300	61,458,447,827	60,468,420,288

The accompanying notes form an integral part of the financial statements.

Siam Makro Public Company Limited and its Subsidiaries

Statement of financial position

Liabilities and equity	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
		2019	2018	2019	2018
(in Baht)					
Current liabilities					
Short-term borrowings from financial institutions	14	826,783,629	3,582,583,743	-	2,650,000,000
Trade accounts payable to other parties		24,493,406,926	23,570,944,039	23,673,752,394	22,850,341,320
Trade accounts payable to related parties	4	1,931,966,814	1,606,601,490	1,981,378,465	1,645,794,805
Other current payables to other parties		1,736,052,065	1,689,662,407	1,621,095,084	1,579,477,206
Other current payables to related parties	4	193,147,454	292,323,704	183,575,137	289,517,087
Short-term borrowings from other parties	14	14,473,920	-	-	-
Short-term borrowing from subsidiary	4, 14	-	-	160,000,000	600,000,000
Income tax payable		844,830,583	758,351,455	819,821,037	729,333,943
Accrued expenses		2,377,758,971	2,278,592,558	2,154,716,679	1,932,905,738
Current portion of long-term borrowings from financial institutions	14	1,377,792	-	-	-
Current portion of finance lease liabilities	14	92,346,896	106,205,916	91,733,910	104,296,636
Other current liabilities		237,130,228	208,866,190	218,615,043	186,960,093
Total current liabilities		32,749,275,278	34,094,131,502	30,904,687,749	32,568,626,828
Non-current liabilities					
Long-term borrowings from financial institutions	14	7,002,807,172	7,002,261,007	7,000,000,000	7,000,000,000
Other non-current payables		597,187,555	355,944,897	417,573,176	321,119,244
Finance lease liabilities	14	549,429,782	592,139,807	549,429,782	591,410,864
Provisions for employee benefits	15	898,276,365	647,628,090	853,764,594	619,482,668
Deferred tax liabilities	21	81,863,211	87,797,193	-	-
Other non-current liabilities		28,118,577	28,726,556	28,025,119	28,633,098
Total non-current liabilities		9,157,682,662	8,714,497,550	8,848,792,671	8,560,645,874
Total liabilities		41,906,957,940	42,808,629,052	39,753,480,420	41,129,272,702

The accompanying notes form an integral part of the financial statements.

Siam Makro Public Company Limited and its Subsidiaries

Statement of financial position

	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
Liabilities and equity		2019	2018	2019	2018
<i>(Continued)</i>		<i>(in Baht)</i>			
Equity					
Share capital					
Authorised share capital					
(4,800 million ordinary shares, par value at Baht 0.50 per share)		<u>2,400,000,000</u>	<u>2,400,000,000</u>	<u>2,400,000,000</u>	<u>2,400,000,000</u>
Issued and paid-up share capital					
(4,800 million ordinary shares, par value at Baht 0.50 per share)		2,400,000,000	2,400,000,000	2,400,000,000	2,400,000,000
Additional paid-in capital					
Premium on ordinary shares	16	3,290,152,068	3,290,152,068	3,290,152,068	3,290,152,068
Retained earnings					
Appropriated					
Legal reserve	16	240,000,000	240,000,000	240,000,000	240,000,000
Unappropriated		14,569,745,807	13,001,626,839	15,774,815,339	13,408,995,518
Other components of equity		<u>(256,855,454)</u>	<u>(202,738,864)</u>	<u>-</u>	<u>-</u>
Equity attributable to equity					
holders of the Company		<u>20,243,042,421</u>	<u>18,729,040,043</u>	<u>21,704,967,407</u>	<u>19,339,147,586</u>
Non-controlling interests	9	<u>491,331,724</u>	<u>527,586,205</u>	<u>-</u>	<u>-</u>
Total equity		<u>20,734,374,145</u>	<u>19,256,626,248</u>	<u>21,704,967,407</u>	<u>19,339,147,586</u>
Total liabilities and equity		<u>62,641,332,085</u>	<u>62,065,255,300</u>	<u>61,458,447,827</u>	<u>60,468,420,288</u>

The accompanying notes form an integral part of the financial statements.

Siam Makro Public Company Limited and its Subsidiaries

Statement of income

	Note	Consolidated		Separate	
		financial statements		financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2019	2018	2019	2018
<i>(in Baht)</i>					
Revenues	4, 17				
Revenue from sale of goods		206,179,866,280	188,582,780,262	196,238,426,314	181,375,957,914
Revenue from rendering of services		3,591,973,604	3,414,057,261	3,613,025,926	3,428,108,412
Other income		855,202,360	933,254,871	854,946,807	954,011,611
Total revenues		210,627,042,244	192,930,092,394	200,706,399,047	185,758,077,937
Expenses	4				
Cost of sale of goods	7	185,012,151,619	169,638,928,844	176,793,010,216	163,902,205,113
Distribution costs		12,669,065,409	11,767,142,529	11,588,225,290	10,947,208,302
Administrative expenses		4,741,333,562	3,714,196,285	3,311,982,068	2,524,024,717
Finance costs	19	309,962,526	335,782,979	295,262,116	323,608,634
Total expenses	20	202,732,513,116	185,456,050,637	191,988,479,690	177,697,046,766
Profit before income tax expense		7,894,529,128	7,474,041,757	8,717,919,357	8,061,031,171
Income tax expense	21	1,709,988,531	1,601,185,474	1,677,779,392	1,557,732,003
Profit for the year		6,184,540,597	5,872,856,283	7,040,139,965	6,503,299,168
Profit (loss) attributable to:					
Equity holders of the Company		6,244,592,108	5,941,992,653	7,040,139,965	6,503,299,168
Non-controlling interests	9	(60,051,511)	(69,136,370)	-	-
Profit for the year		6,184,540,597	5,872,856,283	7,040,139,965	6,503,299,168
Basic earnings per share					
of equity holders					
of the Company	22	1.30	1.24	1.47	1.35

The accompanying notes form an integral part of the financial statements.

Siam Makro Public Company Limited and its Subsidiaries

Statement of comprehensive income

	Note	Consolidated		Separate	
		financial statements		financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2019	2018	2019	2018
(in Baht)					
Profit for the year		6,184,540,597	5,872,856,283	7,040,139,965	6,503,299,168
Other comprehensive income					
<i>Item that will be reclassified subsequently to profit or loss</i>					
Exchange differences on translating financial statements		(78,169,560)	(152,668,905)	-	-
		<u>(78,169,560)</u>	<u>(152,668,905)</u>	<u>-</u>	<u>-</u>
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Losses on remeasurements of defined benefit plans	15	(85,591,425)	(14,570,107)	(82,900,180)	(14,057,133)
Income tax income relating to components of other comprehensive income on losses on remeasurements of defined benefit plans	21	17,118,285	2,914,021	16,580,036	2,811,426
		<u>(68,473,140)</u>	<u>(11,656,086)</u>	<u>(66,320,144)</u>	<u>(11,245,707)</u>
Other comprehensive income for the year, net of income tax		(146,642,700)	(164,324,991)	(66,320,144)	(11,245,707)
Total comprehensive income for the year		6,037,897,897	5,708,531,292	6,973,819,821	6,492,053,461
Total comprehensive income (loss) attributable to:					
Equity holders of the Company		6,122,002,378	5,784,125,580	6,973,819,821	6,492,053,461
Non-controlling interests	9	(84,104,481)	(75,594,288)	-	-
Total comprehensive income for the year		6,037,897,897	5,708,531,292	6,973,819,821	6,492,053,461

The accompanying notes form an integral part of the financial statements.

Siam Makro Public Company Limited and its Subsidiaries

Statement of change in equity

	Consolidated financial statements						
	Retained earnings			Other components of equity			Total equity
	Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	Unappropriated	Exchange differences on translating financial statements	Equity attributable to equity holders of the Company	
Note					(in Baht)		
For the year ended 31 December 2019							
Balance as at 1 January 2019	2,400,000,000	3,290,152,068	240,000,000	13,001,626,839	(202,738,864)	18,729,040,043	19,256,626,248
Transactions with equity holders, recorded directly in equity							
Distributions to equity holders							
Dividends	-	-	-	(4,608,000,000)	-	(4,608,000,000)	(4,608,000,000)
Total distributions to equity holders	-	-	-	(4,608,000,000)	-	(4,608,000,000)	(4,608,000,000)
Changes in ownership interests in subsidiary							
Acquisition of non-controlling interests	-	-	-	-	-	-	47,850,000
Total changes in ownership interests in subsidiary	-	-	-	-	-	-	47,850,000
Total transactions with equity holders, recorded directly in equity	-	-	-	(4,608,000,000)	-	(4,608,000,000)	(4,560,150,000)
Comprehensive income for the year							
Profit or loss	-	-	-	6,244,592,108	-	6,244,592,108	6,184,540,597
Other comprehensive income	-	-	-	(68,473,140)	(54,116,590)	(122,589,730)	(146,642,700)
Total comprehensive income for the year	-	-	-	6,176,118,968	(54,116,590)	6,122,002,378	6,037,897,897
Balance as at 31 December 2019	2,400,000,000	3,290,152,068	240,000,000	14,569,745,807	(256,855,454)	20,243,042,421	20,734,374,145

The accompanying notes form an integral part of the financial statements.

The accompanying notes form an integral part of the financial statements.

Siam Makro Public Company Limited and its Subsidiaries

Statement of change in equity

	Separate financial statements				
	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Total equity
Note			Legal reserve (in Baht)	Unappropriated	
For the year ended 31 December 2019					
Balance as at 1 January 2019	2,400,000,000	3,290,152,068	240,000,000	13,408,995,518	19,339,147,586
Transactions with equity holders, recorded directly in equity					
<i>Distributions to equity holders</i>					
Dividends	-	-	-	(4,608,000,000)	(4,608,000,000)
Total transactions with equity holders, recorded directly in equity	-	-	-	(4,608,000,000)	(4,608,000,000)
Comprehensive income for the year					
Profit	-	-	-	7,040,139,965	7,040,139,965
Other comprehensive income	-	-	-	(66,320,144)	(66,320,144)
Total comprehensive income for the year	-	-	-	6,973,819,821	6,973,819,821
Balance as at 31 December 2019	2,400,000,000	3,290,152,068	240,000,000	15,774,815,339	21,704,967,407

The accompanying notes form an integral part of the financial statements.

Siam Makro Public Company Limited and its Subsidiaries

Statement of change in equity

		Separate financial statements				
		Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Total equity
	Note			Legal reserve (in Baht)	Unappropriated	
For the year ended 31 December 2018						
Balance as at 1 January 2018		2,400,000,000	3,290,152,068	240,000,000	11,524,942,057	17,455,094,125
Transactions with equity holders, recorded directly in equity						
<i>Distributions to equity holders</i>						
Dividends	23	-	-	-	(4,608,000,000)	(4,608,000,000)
Total transactions with equity holders, recorded directly in equity		-	-	-	(4,608,000,000)	(4,608,000,000)
Comprehensive income for the year						
Profit		-	-	-	6,503,299,168	6,503,299,168
Other comprehensive income		-	-	-	(11,245,707)	(11,245,707)
Total comprehensive income for the year		-	-	-	6,492,053,461	6,492,053,461
Balance as at 31 December 2018		2,400,000,000	3,290,152,068	240,000,000	13,408,995,518	19,339,147,586

The accompanying notes form an integral part of the financial statements.

Siam Makro Public Company Limited and its Subsidiaries

Statement of cash flows

		Consolidated		Separate	
		financial statements		financial statements	
		For the year ended 31 December		For the year ended 31 December	
	Note	2019	2018	2019	2018
		(in Baht)			
Cash flows from operating activities					
Profit for the year		6,184,540,597	5,872,856,283	7,040,139,965	6,503,299,168
Adjustments to reconcile profit to cash receipts					
Depreciation	10	2,315,208,936	2,231,590,370	2,153,060,674	2,127,828,859
Amortisation of leasehold rights	11	118,299,821	112,673,505	116,322,010	111,515,010
Amortisation of other intangible assets	13	289,612,359	206,995,714	254,345,632	187,296,390
Dividend income	4, 8	-	-	(60,158,677)	(80,211,570)
Interest income	17	(19,162,631)	(30,041,252)	(7,937,785)	(6,946,059)
Finance costs	19	309,962,526	335,782,979	295,262,116	323,608,634
Income tax expense	21	1,709,988,531	1,601,185,474	1,677,779,392	1,557,732,003
Unrealised gain on exchange		(617,902)	(2,739,456)	(819,029)	(2,671,097)
Reversal of allowance for losses on decline in value of inventories	7	(21,934,176)	(14,607,209)	(16,832,561)	(36,514,614)
Allowance (reversal of allowance) for impairment losses on plant and equipment	10	(3,665,000)	10,255,000	(3,665,000)	10,255,000
Allowance (reversal of allowance) for impairment losses on other intangible assets	13	7,470,000	(2,500,000)	7,470,000	(2,500,000)
Allowance (reversal of allowance) for doubtful accounts	6	22,147,518	(2,252,664)	3,124,266	-
(Gain) loss on disposal and write-off of property, plant and equipment		3,451,416	(13,056,307)	5,335,387	(13,526,225)
Loss on disposal and write-off of other intangible assets		49,521	-	-	-
Provisions for employee benefits	15	184,247,207	75,103,722	169,228,702	66,853,830
Other		900,000	2,486,000	900,000	2,486,000
		11,100,498,723	10,383,732,159	11,633,555,092	10,748,505,329

The accompanying notes form an integral part of the financial statements.

Siam Makro Public Company Limited and its Subsidiaries

Statement of cash flows (Continued)

	Consolidated		Separate	
	financial statements		financial statements	
	For the year ended 31 December		For the year ended 31 December	
Note	2019	2018	2019	2018
	(in Baht)			
Changes in operating assets and liabilities				
Trade accounts receivable	(94,082,194)	(110,831,503)	(59,254,008)	(35,786,551)
Other current receivables	(9,194,277)	(251,104,213)	(10,939,415)	(85,302,351)
Inventories	(435,269,705)	(1,303,645,603)	(628,785,989)	(986,072,198)
Purchase discount receivables	(166,740,697)	(28,089,350)	(165,430,719)	(25,971,008)
Accrued income	19,030,634	(121,002,562)	27,260,377	(87,907,238)
Other current assets	7,772,902	(9,550,247)	-	-
Other non-current receivables	(185,354,758)	8,707,225	(183,647,406)	18,276,994
Other non-current assets	4,022,196	(21,545,886)	263,831	(1,144,699)
Trade accounts payable to other parties	981,332,741	(1,003,407,407)	824,364,208	(1,041,495,169)
Trade accounts payable to related parties	330,031,112	63,214,359	335,466,462	37,468,241
Other current payables to other parties	199,675,285	303,112,802	237,474,307	288,985,682
Other current payables to related parties	49,219,408	318,282	37,494,298	(2,636,271)
Accrued expenses	127,139,534	(13,078,070)	221,762,174	(151,483,609)
Other current liabilities	28,683,599	(41,937,724)	30,754,950	(52,284,906)
Other non-current payables	251,375,788	128,134,435	96,453,932	95,957,762
Provisions for employee benefits paid	15 (17,891,956)	(16,416,639)	(17,846,956)	(15,246,598)
Other non-current liabilities	(607,979)	14,134,704	(607,979)	12,313,154
Net cash generated from operating	12,189,640,356	7,980,744,762	12,378,337,159	8,716,176,564
Interest received	18,329,761	28,168,591	8,469,272	6,437,756
Interest paid	(255,717,402)	(242,658,381)	(241,948,452)	(230,050,907)
Income tax paid	(1,682,371,277)	(1,612,514,149)	(1,640,152,464)	(1,568,826,047)
Net cash from operating activities	10,269,881,438	6,153,740,823	10,504,705,515	6,923,737,366

The accompanying notes form an integral part of the financial statements.

Siam Makro Public Company Limited and its Subsidiaries

Statement of cash flows (Continued)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2019	2018	2019	2018
<i>(in Baht)</i>					
<i>Cash flows from investing activities</i>					
Dividend received	8	-	-	60,158,677	80,211,570
Cash outflow on current investments		(44,817,684)	-	-	-
Cash inflow on current investments		-	2,476,750	-	-
Acquisition of property, plant and equipment		(2,576,765,245)	(2,260,909,731)	(2,076,052,304)	(1,637,947,669)
Proceeds from sale of property, plant and equipment		25,013,483	28,577,277	19,928,103	28,577,277
Acquisition of leasehold rights		(119,841,164)	(246,177,768)	(105,247,617)	(246,177,767)
Acquisition of other intangible assets		(413,604,503)	(389,667,224)	(339,592,123)	(227,919,538)
Cash outflow on short-term loan to subsidiary	4	-	-	(14,692,200)	-
Cash inflow on short-term loan to subsidiary	4	-	-	14,692,200	-
Cash outflow on investment in subsidiary	8	-	-	(620,019,816)	(1,391,979,684)
Net cash used in investing activities		(3,130,015,113)	(2,865,700,696)	(3,060,825,080)	(3,395,235,811)
<i>Cash flows from financing activities</i>					
Payment by lessees for reduction of the outstanding liabilities relating to finance leases	14	(124,355,917)	(183,604,902)	(122,273,794)	(176,164,340)
Decrease in short-term borrowings from financial institutions	14	(2,735,105,998)	(742,946,098)	(2,650,000,000)	(910,000,000)
Proceeds from long-term borrowings from financial institutions	14	3,068,331	5,002,261,007	-	5,000,000,000
Repayment of long-term borrowings from financial institutions	14	(698,978)	(2,024,275,634)	-	(2,000,000,000)
Proceeds from short-term borrowings from other parties	14	14,902,848	-	-	-
Proceed from short-term borrowings from subsidiary	4	-	-	1,650,000,000	2,050,000,000
Repayment of short-term borrowings from subsidiary	4	-	-	(2,090,000,000)	(2,050,000,000)
Dividends paid to equity holders of the Company	23	(4,608,000,000)	(4,608,000,000)	(4,608,000,000)	(4,608,000,000)
Acquisition of non-controlling interests		47,850,000	145,289,000	-	-
Net cash used in financing activities		(7,402,339,714)	(2,411,276,627)	(7,820,273,794)	(2,694,164,340)

The accompanying notes form an integral part of the financial statements.

Siam Makro Public Company Limited and its Subsidiaries

Statement of cash flows (Continued)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2019	2018	2019	2018
		<i>(in Baht)</i>			
Net increase (decrease) in cash and cash equivalents, before exchange differences on translating financial statements		(262,473,389)	876,763,500	(376,393,359)	834,337,215
Exchange differences on translating financial statements		(32,979,900)	(142,138,012)	-	-
Net increase (decrease) in cash and cash equivalents		(295,453,289)	734,625,488	(376,393,359)	834,337,215
Cash and cash equivalents as at 1 January		5,095,611,506	4,360,986,018	3,972,685,110	3,138,347,895
Cash and cash equivalents as at 31 December	5	4,800,158,217	5,095,611,506	3,596,291,751	3,972,685,110
Supplemental disclosures of cash flows information:					
Property, plant and equipment purchased during the year are detailed as follows:					
Property, plant and equipment increased during the year	10	2,441,468,545	2,516,463,185	1,927,931,571	1,854,376,965
Add (less) - changes in payables		149,761,789	(242,258,722)	162,585,822	(203,134,564)
- financial lease liabilities	14	(14,465,089)	(13,294,732)	(14,465,089)	(13,294,732)
Paid by cash		2,576,765,245	2,260,909,731	2,076,052,304	1,637,947,669
Other intangible assets purchased during the year are detailed as follows:					
Other intangible assets increased during the year	13	271,592,238	517,644,483	162,885,268	356,563,294
Add (less) - changes in payables		142,012,265	(127,977,259)	176,706,855	(128,643,756)
Paid by cash		413,604,503	389,667,224	339,592,123	227,919,538
Leasehold rights purchased during the year are detailed as follows:					
Leasehold rights increased during the year	11	123,683,256	246,177,768	105,247,617	246,177,767
Less - changes in payables		(3,842,092)	-	-	-
Paid by cash		119,841,164	246,177,768	105,247,617	246,177,767

The accompanying notes form an integral part of the financial statements.

Siam Makro Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2019

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Siam Makro Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2019

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 18 February 2020.

1 General information

Siam Makro Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 1468, Phatthanakan Road, Phatthanakan, Suan Luang, Bangkok 10250, Thailand.

The Company was listed on the Stock Exchange of Thailand on 11 August 1994.

The parent company during the financial year was CP All Public Company Limited which incorporated in Thailand.

The principal business of the Company is the operation of Cash and Carry Trade Centres throughout Thailand, under the name “Makro”, selling food and non-food products to registered members, predominantly small and medium size businesses, retailers, caterers, professional sectors and institutions.

As at 31 December 2019 the Company operated 127 Makro stores (2018: 122 Makro stores) and 7 frozen shops (2018: 7 frozen shops).

Details of the Company’s subsidiaries as at 31 December 2019 and 2018 are given in note 8 to the financial statements.

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”); guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission.

The Federation of Accounting Professions has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2019. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies which have no material impact on the Group’s financial statements. The Group has initial applied TFRS 15 *Revenue from Contracts with Customers* (“TFRS 15”) which replaces TAS 18 *Revenue* (“TAS 18”) and related interpretations. The details of accounting policies are disclosed in note 3(s) to the financial statements.

In addition, the Group has not early adopted a number of new and revised TFRS which are not yet effective for the current period in preparing these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 27 to the financial statements.

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For the year ended 31 December 2019

(b) Functional and presentation currency

The financial statements are prepared in Thai Baht, which is the Company's functional currency. All financial information has been rounded in the notes to the financial statements to the nearest million unless otherwise stated.

(c) Use of judgments and estimates

The preparation of financial statements in conformity with TFRS requires management to make judgments, estimates and assumptions that affect the application of the Group's accounting policies. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties as at 31 December 2019 that have a significant risk of resulting in a material adjustments to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Notes 12 and 13	Impairment test: key assumptions underlying recoverable amounts; and
Note 15	Measurement of defined benefit obligations : key actuarial assumptions

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the "Group").

Business combinations

The Group applies the acquisition method for all business combinations when control is transferred to the Group, as describe in subsidiaries section, other than those with entities under common control.

The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Any gain on bargain purchase is recognised in profit or loss immediately.

Consideration transferred is measured as the fair values of the assets transferred, liabilities incurred by the Group to the previous equity holders of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration.

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A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, other professional and consulting fees are expensed as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rates at the reporting date. Foreign exchange differences arising on translation are recognised in profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

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Notes to the financial statements

For the year ended 31 December 2019

Foreign entities

The assets and liabilities of foreign entities are translated to Thai Baht at the foreign exchange rates ruling at the reporting date.

Goodwill and fair value adjustments arising on the acquisition of foreign entities are stated at exchange rates ruling on the transaction dates.

The revenues and expenses of foreign entities are translated to Thai Baht at rates approximating the foreign exchange rates ruling at the dates of the transactions.

Foreign exchange differences arising on translation are recognised in other comprehensive income and presented in the exchange differences on translating financial statements reserve in equity until disposal of the investments, except to extent that the translation different is allocated to non-controlling interests.

When a foreign entity is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign entity is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to foreign entities is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in foreign entities and are recognised in other comprehensive income, and presented in the exchange differences on translating financial statements in equity until disposal of the investment.

(c) *Derivatives*

Derivatives are used to manage exposure to foreign exchange arising from operational activities. Derivatives are not used for trading purposes. The Group entering into forward exchange contracts to hedge certain exposure to hedge of future foreign currency transactions.

Gains and losses on forward exchange contracts are recognised in profit or loss in the same period as the exchange differences on the items covered by the hedge.

(d) *Cash and cash equivalents*

Cash and cash equivalents in the statement of cash flows comprise cash balances, cash at financial institutions and highly liquid short-term investments with maturity period not over 3 months from the acquisition date.

(e) *Trade and other accounts receivable*

A receivable is recognised when the Group has an unconditional right to receive consideration. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

A receivable is stated at invoice value less allowance for doubtful accounts which is determined based on an analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

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(f) Inventories

Inventories are measured at the lower of cost and net realisable value.

Costs of inventories are calculated using the weighted average cost principle and comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition, less purchase discounts as specified in the contractual agreements.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to make the sale.

An allowance for losses is made for deteriorated, damaged, obsolete and slow-moving inventories and is assessed on analysis of aging of inventory and estimation of shrinkage inventories.

(g) Investments

Investments in subsidiaries

Investments in subsidiaries in the separate financial statements of the Company are accounted for using the cost method.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method.

(h) Investment properties

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost less accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use.

(i) Property, plant and equipment

Recognition and measurement

Owned assets of the Group

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

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For the year ended 31 December 2019

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or loss.

Leased assets

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and accumulated impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Buildings, building improvements and leasehold improvements	3 to 50 years
Machinery and equipment	3 to 10 years
Furniture, fixtures and office equipment	2 to 10 years
Vehicles	5 years

No depreciation is provided on freehold land and assets under construction and installation.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

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For the year ended 31 December 2019

(j) Intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described in note 3(a) to the financial statements. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Other intangible assets that are acquired by the Group and have indefinite useful lives i.e. trademark, etc. are measured at cost less accumulated impairment losses. They are not amortised but tested for impairment annually or more frequently if there is any impairment indicator. The assessment of the classification of intangible assets as indefinite is reviewed annually.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill, is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives are as follows:

Computer software	2 to 10 years
Trademark and other	3, 10 years and indefinite useful lives
Customer relationship	15 years

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(k) Leasehold rights

Leasehold rights, acquired by the Group, have finite useful lives and are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

Amortisation is recognised in the profit or loss. The Group amortises the cost of leasehold rights on a straight line basis over the periods of the lease agreements between 10 to 33 years.

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Notes to the financial statements

For the year ended 31 December 2019

(l) Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(m) Interest-bearing liabilities

Interest-bearing liabilities are recognised as stated in the agreement.

(n) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(o) Contract liabilities

A contract liability is the obligation to transfer goods or services to the customer. A contract liability is recognised when the Group receives or has an unconditional right to receive non-refundable consideration from the customer before the Group recognises the related revenue.

(p) Employee benefits

Post-employment benefit - defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

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Post-employment benefit - defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in other comprehensive income. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement immediately occurs.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(q) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

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(r) Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair value, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer (CFO).

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in note 24 to the financial statements.

(s) Revenues

Accounting policies for revenue recognition in 2019

Revenue is recognised when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax or other sales taxes and is after deduction of any trade discounts and volume rebates.

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Sales of goods and services rendered

Revenue from the sales of goods is recognised when a customer obtains control of the goods, generally on delivery of the goods to the customers. For contracts that permit the customers to return the goods, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore the amount of revenue recognised is adjusted for estimated returns, which are estimated based on the historical data. Revenue from rendering of services is recognised over time as the services are provided.

Customer loyalty programmes

The consideration received are allocated based on the relative stand-alone selling price of the products and discount from accumulated purchased volume. The amount allocated to discount from accumulated purchased volume is recognised as contract liabilities and revenue is recognised when the customer are redeemed or the likelihood of the customer redeeming becomes remote. The stand-alone selling prices of discount from accumulated purchased volume is estimated based on discount provided to customers and the likelihood that the customers will redeem and the estimate shall be reviewed at the end of the reporting period.

Accounting policies for revenue recognition in 2018

Revenue excludes value added taxes or other sales taxes and is after deduction of any trade discounts and volume rebates.

Sales of goods and services rendered

Revenue from the sale of goods is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. The Group will not recognise revenue if there is continuing control or management involvement with the goods sold or there are significant risks regarding uncertainties of future economic benefits, unreliable measurement of consideration due and associated costs, or the probable return of goods. Revenue from rendering of services is recognised as services are provided.

Customer loyalty programmes

The Group has a customer loyalty programme whereby customers get discount from accumulated purchased volume. The fair value of the consideration received or receivable in respect of the initial sale is allocated between the discount and the other components of the sale. The amount allocated to the discount is estimated by reference to the fair value of the right to purchase products at a discount. The fair value is estimated based on the amount of the discount adjusted to take into account the expected forfeiture rate. Such amount is deferred and revenue is recognised only when the purchase volumes are redeemed. The amount of revenue recognised in those circumstances is based on the number of purchase volume that have been redeemed in exchange for discounted products, relative to the total number of purchase volume that is expected to be redeemed. Deferred revenue is also released to profit or loss when it is no longer considered probable that the purchase volume will be redeemed.

(t) Other income

Other operating income and interest income are recognised in profit or loss as it accrues. Dividend income is recognised in profit or loss on the date that the Group's right to receive payments is established.

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(u) Finance costs

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred.

(v) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

(w) Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

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In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(x) *Earnings per share*

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss for the years attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

(y) *Related parties*

A related party is a person or entity that has direct or indirect control or joint control, or has significant influence over the financial and managerial decision-making of the Group; a person or entity that are under common control or under the same significant influence as the Group; or the Group has direct or indirect control or joint control or has significant influence over the financial and managerial decision-making of a person or entity.

(z) *Segment reporting*

Segment results that are reported to the CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly finance costs, income tax expenses, goodwill and other assets.

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4 Related parties

Relationships with subsidiaries are described in note 8 to the financial statements. Relationships with key management and other related parties that the Group had significant transactions were as follows:

Name of parties	Country of incorporation/ nationality	Nature of relationships
Charoen Pokphand Group Company Limited (“CPG”)	Thailand	Shareholder of the parent company
CP ALL Public Company Limited	Thailand	Parent company of the Group
CPRAM Co., Ltd.	Thailand	Subsidiary of the parent company
C.P. Retailink Co., Ltd.	Thailand	Subsidiary of the parent company
Gosoft (Thailand) Co., Ltd.	Thailand	Subsidiary of the parent company
C.P. Food Store Co., Ltd.	Thailand	Chearavanont family is a major shareholder
Charoen Pokphand Foods Public Company Limited	Thailand	Company under CPG Group
CPF Food And Beverage Company Limited	Thailand	Company under CPG Group
CPF Restaurant And Food Chain Company Limited	Thailand	Company under CPG Group
CPF Trading Co., Ltd.	Thailand	Company under CPG Group
CPF (Thailand) Public Company Limited	Thailand	Company under CPG Group
CP Hilai Harbour Company Limited	Thailand	Company under CPG Group
CP-Meiji Co., Ltd.	Thailand	Company under CPG Group
C.P. Consumer Product Co., Ltd.	Thailand	Company under CPG Group
C.P. Land Public Company Limited	Thailand	Company under CPG Group
C.P. Facility Management Co., Ltd.	Thailand	Company under CPG Group
C.P. Merchandising Co., Ltd.	Thailand	Company under CPG Group
C.P. Packaging Industry Co., Ltd.	Thailand	Company under CPG Group
Dynamic Transport Company Limited	Thailand	Company under CPG Group
Egg Digital Co., Ltd.	Thailand	Company under CPG Group
Freewill Solutions Co., Ltd.	Thailand	Company under CPG Group
Pantavanij Co., Ltd.	Thailand	Company under CPG Group
Perfect Companion Group Co., Ltd.	Thailand	Company under CPG Group
Sendit (Thailand) Co., Ltd.	Thailand	Company under CPG Group
True Internet Corporation Co., Ltd.	Thailand	Company under CPG Group
True Internet Data Center Co., Ltd.	Thailand	Company under CPG Group
True Leasing Co., Ltd.	Thailand	Company under CPG Group
C.P. Cambodia Co., Ltd	Cambodia	Company under CPG Group
C.P. Vietnam Corporation	Vietnam	Company under CPG Group
Charoen Pokphand Foods Canada Inc.	Canada	Company under CPG Group
Key management personnel	Thai/ Foreigners	Persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group.

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The pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Sale of goods	Prices determined by the terms and conditions used in the normal course of business comparable to those for non-related companies
Revenue from rendering of services and other income	Contract prices determined by the terms and conditions used in the normal course of business
Dividend income	Right to receive dividends
Interest income	Finance costs plus administrative expenses
Purchase of goods and services	Prices determined by the terms and conditions used in the normal course of business comparable to those for non-related companies
Rental and service fees	Rates advised by the lessors and service providers
Technical service fees	Contract prices determined by the terms and conditions used in the normal course of business
Insurance premiums	Standard rates as specified by the insurers
Interest expenses	Agreed rates stipulated in the agreements
Purchase of property, plant and equipment/other intangible assets	Prices determined by the terms and conditions used in the normal course of business comparable to those for non-related companies

Significant transactions for the years ended 31 December 2019 and 2018 with related parties were as follows:

<i>Year ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
<i>Parent company</i>				
Revenue from sale of goods	9	5	9	5
Revenue from rendering of services and other income	4	1	4	1
Distribution costs and administrative expenses	170	162	167	161
<i>Subsidiaries</i>				
Revenue from sale of goods	-	-	232	197
Revenue from rendering of services and other income	-	-	49	41
Dividend income	-	-	60	80
Purchases of goods and services	-	-	383	356
Interest expenses	-	-	4	8
<i>Other related parties</i>				
Revenue from sale of goods	445	398	368	320
Revenue from rendering of services and other income	142	117	141	116
Distribution costs and administrative expenses	314	250	301	241
Purchases of goods and services	13,545	11,948	13,374	11,821
Purchases of equipment	11	5	9	4
Purchases of other intangible assets	27	149	22	146

Siam Makro Public Company Limited and its Subsidiaries
Notes to the financial statements
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<i>Year ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
<i>Key management personnel</i>				
Key management benefit expenses				
Short-term employee benefits	228	227	228	227
Severance pay for employees	8	5	8	5
Total key management benefit expenses	236	232	236	232

Balances as at 31 December 2019 and 2018 with related parties were as follows:

Trade accounts receivable

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Parent company	3	2	3	2
Subsidiaries	-	-	14	25
Other related parties	64	58	57	46
Total	67	60	74	73

**Bad and doubtful debts expense
for the year**

	-	-	-	-
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Other current receivables

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Subsidiaries	-	-	31	35
Other related parties	22	23	20	23
Total	22	23	51	58

**Bad and doubtful debts expense
for the year**

	-	-	-	-
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Siam Makro Public Company Limited and its Subsidiaries
Notes to the financial statements
 For the year ended 31 December 2019

Short-term loan to subsidiary

Movements during the years ended 31 December 2019 and 2018 were as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
As at 1 January	-	-	-	-
Increase	-	-	15	-
Decrease	-	-	(15)	-
As at 31 December	-	-	-	-

Trade accounts payable

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Subsidiaries	-	-	60	48
Other related parties	1,932	1,607	1,921	1,598
Total	1,932	1,607	1,981	1,646

Other current payables

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Parent company	89	83	85	81
Subsidiaries	-	-	1	1
Other related parties	104	209	98	208
Total	193	292	184	290

Short-term borrowings from subsidiary

Movements during the years ended 31 December 2019 and 2018 were as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
As at 1 January	-	-	600	600
Increases	-	-	1,650	2,050
Decreases	-	-	(2,090)	(2,050)
As at 31 December	-	-	160	600

Siam Makro Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2019

As at 31 December 2019 the Company had short-term borrowings from a subsidiary of Baht 160 million (2018: Baht 600 million). The interest rate was referenced to the deposit interest rate that the subsidiary received from financial institutions plus related tax and management charges. The loans principal will be repaid when recalled.

Capital commitments

As at 31 December	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in million Baht)			
Computer software	9	37	9	37
Total	9	37	9	37

Future minimum lease payments under non-cancellable operating leases

As at 31 December	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in million Baht)			
Within one year	50	56	49	55
After one year but within five years	83	116	83	114
After five years	120	135	120	135
Total	253	307	252	304

The Group has lease agreements with the related parties covering lease of land and vehicles for periods of 5 to 25 years, which will expire between 2020 to 2039.

Significant agreements with related parties

As at 31 December 2019 the Group had the following significant agreements with related parties:

- The Company and the foreign subsidiaries have service agreements with CP ALL Public Company Limited, the parent company. Under the terms of these agreements, the Company and the subsidiaries obtain the right to use of trademarks under conditions stipulated in the agreements. In consideration thereof, the Company and the subsidiaries are committed to pay to the parent company fees calculated as a percentages of their sales as stipulated in the agreements. These agreements are effective for periods of 1 year to 4 years and will expire on various dates until December 2024.
- The Company has lease and service agreements with C.P. Retailink Co., Ltd., a related company. Under the terms of the agreements, the Company agrees to provide space for trading and related services to the related company. In consideration thereof, the related company agrees to pay monthly rental and services fees, and places guarantee deposits with the Company as stipulated in the agreement. The guarantee deposits will be refunded to the related company upon the termination of the lease. These agreements are effective for a period of 1 year and 3 years, and will expire on various dates until December 2022.

Siam Makro Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2019

- c) The Company has a service agreement with C.P. Facility Management Co., Ltd., a related company. Under the terms of the agreement, the related company agrees to provide services in relation to manage the Company's head office spaces. In consideration thereof, the Company agrees to pay to the related company a monthly service fee as stipulated in the agreement. This agreement is effective for a period of 3 years and will expire in December 2021.
- d) The Company has a service agreement with True Internet Data Center Co., Ltd., a related company. Under the terms of the agreement, the related company agrees to provide services in relation to data center service and disaster recovery site to the Company. In consideration thereof, the Company agrees to pay to the related company a monthly service fee at the rate stipulated in the agreement. This agreement is effective for a period of 5 years and will expire in April 2021.
- e) The Company has a service agreement with Pantavanij Co., Ltd., a related company. Under the terms of the agreement, the related company agrees to provide services in relation to online purchasing system to the Company. In consideration thereof, the Company agrees to pay to the related company a fee calculated based on percentages of its purchase orders as stipulated in the buyer's receiving goods memorandum. This agreement is effective for a period of 1 year and is renewable for additional a period of 1 year each.
- f) The Company has a service agreement with Egg Digital Co., Ltd., a related company. Under the terms of the agreement, the related company agrees to provide services in relation to maintenance and support information system to the Company. In consideration thereof, the Company agrees to pay to the related company a monthly services fee as stipulated in the agreement. This agreement will expire in October 2020.

5 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Cash on hand	1,919	3,248	1,907	3,238
Cash at financial institutions	2,841	1,572	1,689	735
Highly liquid short-term investments	40	276	-	-
Total	4,800	5,096	3,596	3,973

6 Trade accounts receivable

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
		<i>(in million Baht)</i>			
Related parties					
Within credit terms		42	57	50	72
Overdue:					
Less than 3 months		21	3	20	1
3 - 6 months		2	-	2	-
6 - 12 months		2	-	2	-
Total	4	67	60	74	73

Siam Makro Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2019

Note	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Other parties				
Within credit terms	705	689	112	72
Overdue:				
Less than 3 months	298	270	32	15
3 - 6 months	5	9	-	-
6 - 12 months	16	7	-	-
Over 12 months	17	12	1	-
Total	1,041	987	145	87
Less allowance for doubtful accounts	(30)	(8)	(4)	-
Net	1,011	979	141	87
Grand total	1,078	1,039	215	160

The normal credit terms granted by the Group range from 7 days to 90 days.

7 Inventories

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Finished goods	14,398	14,036	13,229	12,593
Work in process	10	11	-	-
Raw materials	-	1	-	-
Goods in transit	579	548	251	259
Total	14,987	14,596	13,480	12,852
Less allowance for losses on decline in value of inventories	(213)	(235)	(163)	(180)
Net	14,774	14,361	13,317	12,672

The cost of inventories, which is recognised as an expense and presented in the account “Cost of sale of goods” in the statements of income for the years ended 31 December 2019 and 2018, are detailed as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Cost of sales	185,034	169,654	176,810	163,939
Reversal of allowance for losses on decline in value of inventories	(22)	(15)	(17)	(37)
Total	185,012	169,639	176,793	163,902

Siam Makro Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2019

8 Investments in subsidiaries

Investments in subsidiaries as at 31 December 2019 and 2018, and dividend income for the years then ended were as follows:

Name of party	Type of business	Country of operation	Ownership interest		Separate financial statements				Dividend income	
			2019	2018	Paid-up capital		At cost		2019	2018
					2019	2018	2019	2018		
(in million Baht)										
<i>Local direct subsidiaries</i>										
Siam Food Services Limited	Importing and trading of food products from international and domestic sources and providing freight, delivery rental and storage services	Thailand	99.99	99.99	3,183	3,183	3,408	3,408	60	80
Makro ROH Co., Ltd.	Providing technical and supporting services to the Group	Thailand	99.99	99.99	3,757	3,137	3,757	3,137	-	-
ProMart Co., Ltd.	Trading of non-food products	Thailand	99.99	99.99	3	3	3	3	-	-
Total					7,168	6,548	7,168	6,548	60	80

Siam Makro Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2019

Name of party	Type of business	Country of operation	Ownership interest		Paid-up capital		At cost		Dividend income	
			2019	2018	2019	2018	2019	2018	2019	2018
				(%)	(in million U.S. Dollar)	(in million Baht)				
Foreign direct subsidiary										
Indoguna Vina Food Service Company Limited	Trading and distribution, and import and export food products	Vietnam	100	100	5	161	161	161	-	-
Total						161	161	161	-	-
Grand total						7,329	6,709	60	80	80

Additional investments during the year

In August 2019 a local subsidiary, Makro ROH Co., Ltd. ("MROH"), called for additional paid-up share capital of Baht 370 million, paid-up share capital totaling Baht 3,507 million. The additional paid-up share capital was completed in September 2019.

Later on 21 August 2019 MROH's Board of Directors approved to increase the authorised share capital of Baht 500 million (increase from Baht 3,507 million to Baht 4,007 million) and to call for paid-up share capital at 50% of Baht 250 million. In this regard, the Company has a 99.99% investment in the subsidiary's paid-up share capital. The registration of the increased authorised share capital with the Ministry of Commerce was completed in September 2019, paid-up share capital totaling Baht 3,757 million.

Siam Makro Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2019

Details of the Company's indirect subsidiaries as at 31 December 2019 and 2018 were as follows:

Name of party	Type of business	Country of operation	Ownership interests 2019 2018 (%)
Foreign indirect subsidiaries			
ARO Commercial Company Limited	Wholesale and retail operator and related businesses	Republic of the Union of Myanmar	99.99 99.99
ARO Company Limited	Providing marketing and consulting services	Republic of the Union of Myanmar	99.99 99.99
CP Wholesale India Private Limited	Wholesale and related business	India	99.99 99.99
Guangzhou Huadu Makro Food Supermarket Company Limited	Wholesale and retail operator and related businesses	The People's Republic of China	99.99 -
Indoguna (Cambodia) Company Limited	Importing and trading of food related products	Cambodia	70 70
Indoguna (Singapore) Pte Ltd	Manufacturing, trading, importing and exporting of food related products	Singapore	80 80
Indoguna Dubai L.L.C.*	Importing and trading of food related products	United Arab Emirates	80 80
Indoguna Lordly Company Limited	Manufacturing, trading, importing and exporting of food related products	Hong Kong Special Administrative Region of the People's Republic of China	80 80
Just Meat Company Limited	Importing and trading of food related products	Hong Kong Special Administrative Region of the People's Republic of China	80 80
Makro (Cambodia) Company Limited	Wholesale and retail operator and related businesses	Cambodia	70 70
Makro (Guangzhou) Food Company Limited	Wholesale and retail operator and related businesses	The People's Republic of China	99.99 99.99
MAXXI THE GOOD FOOD RESTAURANT & CAFE L.L.C.*	Restaurant and minimart	United Arab Emirates	80 80

* The Group interest is 80% after taking account of nominee holdings.

Siam Makro Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2019

Additional investments during the year

- a) In December 2018 a foreign subsidiary, Makro (Guangzhou) Food Company Limited (“MGZ”), called for additional paid-up share capital of RMB 25 million, paid-up share capital totaling RMB 50 million. The additional paid-up share capital was completed in January 2019.

Later on 8 March 2019 MGZ’s Board of Directors approved to increase the authorised share capital of RMB 25 million (increase from RMB 50 million to RMB 75 million). The registration of the increase authorised share capital and the additional paid-up share capital were completed in May 2019 and June 2019 respectively.

- b) On 21 December 2018 MGZ’s Board of Directors approved to set up a foreign subsidiary, Guangzhou Huadu Makro Food Supermarket Company Limited (“MGH”), which is owned 100% by MGZ (99.99% owned indirect subsidiary). The subsidiary has an initial registered capital of RMB 15 million. The registration of subsidiary and the paid-up share capital were completed in March 2019 and April 2019 respectively.

- c) On 26 February 2019 ARO Commercial Company Limited (“MM”)’s Board of Directors approved to increase the authorised share capital of U.S. Dollar 6.5 million (increase from U.S. Dollar 0.3 million to U.S. Dollar 6.8 million). The registration of the increase authorised share capital and the additional paid-up share capital were completed in March 2019.

Later on 3 September 2019 MM’s Board of Directors approved to increase the authorised share capital of U.S. Dollar 12 million (increase from U.S. Dollar 6.8 million to U.S. Dollar 18.8 million). The registration of the increase authorised share capital and the additional paid-up share capital were completed in September 2019.

- d) In April 2019 a foreign subsidiary, Makro (Cambodia) Company Limited (“MAC”), called for additional paid-up share capital of U.S. Dollar 5 million, paid-up share capital totaling U.S. Dollar 47.2 million. The additional paid-up share capital was completed in May 2019.

- e) In April 2019 a foreign subsidiary, CP Wholesale India Private Limited (“CPWI”), called for additional paid-up share capital of INR 70 per share (with the par value of INR 10 per share and the share premium of INR 60 per share) totaling INR 330 million. Therefore, the total paid-up share capital amounted to INR 500 million with the share premium of INR 2,400 million. The additional paid-up share capital was completed in May 2019.

Later on 9 August 2019 CPWI’s Board of Directors approved to increase the authorised share capital of INR 50 million (increase from INR 500 million to INR 550 million). The registration of the increase authorised share capital was completed in August 2019.

And later in October 2019 the subsidiary called for and received additional paid-up share capital of INR 70 per share (with the par value of INR 10 per share and the share premium of INR 60 per share) totaling INR 300 million. Therefore, the total paid-up share capital amounted to INR 543 million with the share premium of INR 2,657 million.

Siam Makro Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2019

9 Non-controlling interests

The following table summarises the information relating to each of the Group's subsidiaries that have a material non-controlling interest:

	31 December 2019			Intra-group eliminations	Total
	Indoguna (Singapore) Pte Ltd	Makro (Cambodia) Company Limited	Other individually immaterial subsidiaries <i>(in million Baht)</i>		
Non-controlling interests percentage	20	30			
Current assets	601	535			
Non-current assets	482	823			
Current liabilities	(350)	(358)			
Non-current liabilities	(63)	(122)			
Net assets	670	878			
Carrying amount of non-controlling interests	134	263	98	(4)	491
Revenue	1,802	2,484			
Profit (loss)	49	(203)			
Other comprehensive income	(8)	(63)			
Total comprehensive income	41	(266)			
Profit (loss) allocated to non-controlling interests	10	(61)	(9)	-	(60)
Total comprehensive income allocated to non-controlling interests	8	(80)	(12)	-	(84)
Cash flows from operating activities	122	(99)			
Cash flows from investing activities	(7)	(141)			
Cash flows from financing activities	(82)	160			
Net increase (decrease) in cash and cash equivalents	33	(80)			

Siam Makro Public Company Limited and its Subsidiaries
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For the year ended 31 December 2019

	31 December 2018				
	Indoguna (Singapore) Pte Ltd	Makro (Cambodia) Company Limited	Other individually immaterial subsidiaries	Intra-group eliminations	Total
	<i>(in million Baht)</i>				
Non-controlling interests percentage	20	30			
Current assets	633	656			
Non-current assets	511	809			
Current liabilities	(447)	(480)			
Non-current liabilities	(69)	-			
Net assets	628	985			
Carrying amount of non-controlling interests	126	296	110	(4)	528
Revenue	1,866	1,263			
Profit (loss)	64	(246)			
Other comprehensive income	(11)	(14)			
Total comprehensive income	53	(260)			
Profit (loss) allocated to non-controlling interests	13	(74)	(8)	-	(69)
Total comprehensive income allocated to non-controlling interests	11	(78)	(9)	-	(76)
Cash flows from operating activities	45	(236)			
Cash flows from investing activities	(25)	(432)			
Cash flows from financing activities	(44)	395			
Net decrease in cash and cash equivalents	(24)	(273)			

Consolidated financial statements

	Land	Buildings, building improvements and leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment (in million Baht)	Vehicles	Assets under construction and installation	Total
Cost							
As at 1 January 2018	12,115	16,616	15,994	2,711	81	86	47,603
Additions	218	118	668	163	15	1,334	2,516
Transfers	-	524	336	20	-	(880)	-
Disposals and write-off	(1)	(15)	(161)	(86)	(7)	-	(270)
Exchange differences on translating financial statements	-	(10)	(7)	(2)	(1)	-	(20)
As at 31 December 2018 and 1 January 2019	12,332	17,233	16,830	2,806	88	540	49,829
Additions	18	122	778	281	15	1,227	2,441
Transfers	-	771	565	37	-	(1,373)	-
Disposals and write-off	-	(18)	(358)	(114)	(33)	-	(523)
Exchange differences on translating financial statements	-	(37)	(33)	(7)	(3)	(18)	(98)
As at 31 December 2019	12,350	18,071	17,782	3,003	67	376	51,649

Siam Makro Public Company Limited and its Subsidiaries **Notes to the financial statements**

For the year ended 31 December 2019

Consolidated financial statements (Continued)

	Land	Buildings, building improvements and leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment (in million Baht)	Vehicles	Assets under construction and installation	Total
Accumulated depreciation and accumulated impairment losses							
As at 1 January 2018	-	(5,383)	(9,189)	(1,681)	(45)	-	(16,298)
Depreciation charge for the year	-	(439)	(1,386)	(387)	(20)	-	(2,232)
Disposals and write-off	-	11	152	85	7	-	255
Additional allowance for impairment losses	-	(1)	(2)	(7)	-	-	(10)
Exchange differences on translating financial statements	-	3	4	1	1	-	9
As at 31 December 2018 and 1 January 2019	-	(5,809)	(10,421)	(1,989)	(57)	-	(18,276)
Depreciation charge for the year	-	(473)	(1,447)	(382)	(13)	-	(2,315)
Disposals and write-off	-	7	343	112	33	-	495
Reversal of allowance (additional allowance) for impairment losses	-	(1)	(1)	6	-	-	4
Exchange differences on translating financial statements	-	7	10	3	2	-	22
As at 31 December 2019	-	(6,269)	(11,516)	(2,250)	(35)	-	(20,070)

Siam Makro Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2019

Consolidated financial statements (Continued)							
	Land	Buildings, building improvements and leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment (in million Baht)	Vehicles	Assets under construction and installation	Total
Net book value							
As at 1 January 2018	12,115	11,233	6,805	1,030	36	86	31,305
As at 31 December 2018 and 1 January 2019	12,332	11,424	6,409	817	31	540	31,553
As at 31 December 2019	12,350	11,802	6,266	753	32	376	31,579

Siam Makro Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2019

Separate financial statements

	Land	Buildings, building improvements and leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment (in million Baht)	Vehicles	Assets under construction and installation	Total
Cost							
As at 1 January 2018	12,115	16,178	15,723	2,610	39	84	46,749
Additions	218	98	568	124	9	837	1,854
Transfers	-	524	336	20	-	(880)	-
Disposals and write-off	(1)	(15)	(153)	(85)	-	-	(254)
As at 31 December 2018 and 1 January 2019	12,332	16,785	16,474	2,669	48	41	48,349
Additions	18	69	667	237	9	927	1,927
Transfers	-	499	366	19	-	(884)	-
Disposals and write-off	-	(14)	(351)	(110)	(13)	-	(488)
As at 31 December 2019	12,350	17,339	17,156	2,815	44	84	49,788
Accumulated depreciation and accumulated impairment losses							
As at 1 January 2018	-	(5,339)	(9,163)	(1,654)	(26)	-	(16,182)
Depreciation charge for the year	-	(416)	(1,341)	(363)	(8)	-	(2,128)
Disposals and write-off	-	11	144	84	-	-	239
Addition allowance for impairment losses	-	(1)	(2)	(7)	-	-	(10)
As at 31 December 2018 and 1 January 2019	-	(5,745)	(10,362)	(1,940)	(34)	-	(18,081)
Depreciation charge for the year	-	(439)	(1,365)	(343)	(6)	-	(2,153)
Disposals and write-off	-	6	336	109	13	-	464
Reversal of allowance (addition allowance) for impairment losses	-	(1)	(1)	6	-	-	4
As at 31 December 2019	-	(6,179)	(11,392)	(2,168)	(27)	-	(19,766)

Siam Makro Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2019

Separate financial statements (Continued)

	Land	Buildings, building improvements and leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment <i>(in million Baht)</i>	Vehicles	Assets under construction and installation	Total
<i>Net book value</i>							
As at 1 January 2018	12,115	10,839	6,560	956	13	84	30,567
As at 31 December 2018 and 1 January 2019	12,332	11,040	6,112	729	14	41	30,268
As at 31 December 2019	12,350	11,160	5,764	647	17	84	30,022

As at 31 December 2019 the Group and the Company had assets under finance leases with a net book value amounting to Baht 522 million (2018: Baht 618 million) in the consolidated financial statements and Baht 520 million (2018: Baht 615 million) in the separate financial statements respectively.

The gross amount of the Group's and the Company's fully depreciated plant and equipment that were still in use as at 31 December 2019 amounted to Baht 7,173 million (2018: Baht 6,615 million) in the consolidated financial statements and Baht 7,099 million (2018: Baht 6,551 million) in the separate financial statements respectively.

Security

As at 31 December 2019, the Group's vehicles with total net book value of Baht 5 million (2018: Baht 2 million) were pledged under long-term borrowings from financial institution.

Siam Makro Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2019

11 Leasehold rights

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Cost				
As at 1 January	3,190	2,944	3,166	2,920
Additions	124	246	105	246
Exchange differences on translating financial statements	(2)	-	-	-
As at 31 December	3,312	3,190	3,271	3,166
Accumulated amortisation				
As at 1 January	(830)	(716)	(828)	(716)
Amortisation charge for the year	(118)	(114)	(116)	(112)
As at 31 December	(948)	(830)	(944)	(828)
Net book value				
As at 1 January				
- Current portion	114	103	112	102
- Non-current portion	2,246	2,125	2,226	2,102
Total	2,360	2,228	2,338	2,204
As at 31 December				
- Current portion	119	114	117	112
- Non-current portion	2,245	2,246	2,210	2,226
Total	2,364	2,360	2,327	2,338

12 Goodwill

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
As at 31 December				
Cost	2,191	2,191	-	-
Less impairment loss	-	-	-	-
Net book value	2,191	2,191	-	-

Most of the Goodwill arose from the Group's purchase of shares at 80% shareholding each of 4 companies, namely Indoguna (Singapore) Pte Ltd, Indoguna Dubai L.L.C, Just Meat Company Limited and Indoguna Lordly Company Limited.

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Impairment testing for carrying amount of goodwill and other intangible assets within indefinite useful life

The recoverable amount was based on its value in use, determined by discounting future cash flows to be generated from the continuing use of assets.

The values assigned to the key assumptions represented management's assessment of future trends in the relevant industries and were based on historical data from external and internal sources. The key assumptions used in the estimation of the recoverable amount were as follows:

Discount rate

The discount rates were based on weighted average cost of capital comprised of key financial assumptions such as cost of debt and cost of equity.

Terminal value growth rate

Terminal value growth rates were determined based on average consumer price index in the country of operation, inflation rates and growth rates of historical earnings before income tax, depreciation and amortisation ("EBITDA") of 4 new subsidiaries.

Budgeted EBITDA

Budgeted EBITDA were based on expectations of future outcomes taking into the past experience, adjusted for the anticipated revenue growth. Revenue growth was projected from past experience and estimate sale growth. The 4 new subsidiaries would develop and maintain their customer satisfaction by rendering high quality products, new product development, and maintenance customer relationship.

Based on the impairment testing, the recoverable amount was estimated to be higher than its carrying amount and no impairment was required to these financial statements.

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13 Other intangible assets

	Consolidated financial statements				
	Computer software	Trademarks and other	Customer relationship (in million Baht)	Computer software under development and other	Total
Cost					
As at 1 January 2018	1,746	449	59	341	2,595
Additions	295	-	-	223	518
Transfers	264	10	-	(274)	-
Disposals and write-off	(2)	-	-	-	(2)
Exchange differences on translating financial statements	1	-	-	(1)	-
As at 31 December 2018 and 1 January 2019	2,304	459	59	289	3,111
Additions	98	-	-	173	271
Transfers	368	3	-	(371)	-
Exchange differences on translating financial statements	(9)	-	-	(1)	(10)
As at 31 December 2019	2,761	462	59	90	3,372

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Consolidated financial statements (Continued)

	Computer software	Trademarks and other	Customer relationship (in million Baht)	Computer software under development and other	Total
<i>Accumulated amortisation and accumulated impairment losses</i>					
As at 1 January 2018	(593)	-	(4)	-	(597)
Amortisation charge for the year	(201)	(2)	(4)	-	(207)
Disposals and write-off	2	-	-	-	2
Reversal of allowance for impairment losses	3	-	-	-	3
As at 31 December 2018 and 1 January 2019	(789)	(2)	(8)	-	(799)
Amortisation charge for the year	(284)	(2)	(4)	-	(290)
Additional allowance for impairment losses	(8)	-	-	-	(8)
Exchange differences on translating financial statements	2	-	-	-	2
As at 31 December 2019	(1,079)	(4)	(12)	-	(1,095)
<i>Net book value</i>					
As at 1 January 2018	1,153	449	55	341	1,998
As at 31 December 2018 and 1 January 2019	1,515	457	51	289	2,312
As at 31 December 2019	1,682	458	47	90	2,277

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	Separate financial statements		
	Computer software	Computer software under development <i>(in million Baht)</i>	Total
Cost			
As at 1 January 2018	1,693	323	2,016
Additions	177	179	356
Transfers	264	(264)	-
As at 31 December 2018 and 1 January 2019	2,134	238	2,372
Additions	69	94	163
Transfers	268	(268)	-
As at 31 December 2019	2,471	64	2,535
Accumulated amortisation and accumulated impairment losses			
As at 1 January 2018	(562)	-	(562)
Amortisation charge for the year	(187)	-	(187)
Reversal of allowance for impairment losses	3	-	3
As at 31 December 2018 and 1 January 2019	(746)	-	(746)
Amortisation charge for the year	(254)	-	(254)
Additional allowance for impairment losses	(8)	-	(8)
As at 31 December 2019	(1,008)	-	(1,008)
Net book value			
As at 1 January 2018	1,131	323	1,454
As at 31 December 2018 and 1 January 2019	1,388	238	1,626
As at 31 December 2019	1,463	64	1,527

The gross amount of the Group's and the Company's fully amortised other intangible assets that were still in use as at 31 December 2019 amounted to Baht 349 million (2018: Baht 317 million) in the consolidated financial statements and Baht 325 million (2018: Baht 293 million) in the separate financial statements respectively.

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14 Interest-bearing liabilities

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2019	2018	2019	2018
		<i>(in million Baht)</i>			
Current					
Short-term borrowings from financial institutions					
Promissory notes - unsecured		171	2,903	-	2,650
Liabilities under trust receipts - unsecured		607	618	-	-
Short-term borrowings - unsecured		49	62	-	-
Total		827	3,583	-	2,650
Short-term borrowings from Other parties - unsecured		14	-	-	-
Total		14	-	-	-
Short-term borrowings from subsidiary - unsecured	4	-	-	160	600
Total		-	-	160	600
Current portion of long-term borrowings from financial institution - secured		1	-	-	-
Total		1	-	-	-
Current portion of finance lease liabilities		92	106	92	104
Total		92	106	92	104
Total current		934	3,689	252	3,354
Non-current					
Long-term borrowings from financial institution - secured		3	2	-	-
Long-term borrowings from financial institutions - unsecured		7,000	7,000	7,000	7,000
Total		7,003	7,002	7,000	7,000
Finance lease liabilities		549	592	549	591
Total non-current		7,552	7,594	7,549	7,591
Grand total		8,486	11,283	7,801	10,945

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Short-term borrowings from financial institutions

Movements during the years ended 31 December 2019 and 2018 were as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
As at 1 January	3,583	4,326	2,650	3,560
Decreases	(2,735)	(743)	(2,650)	(910)
Other non-cash movement	(21)	-	-	-
As at 31 December	827	3,583	-	2,650

Short-term borrowings from other parties

Movements during the years ended 31 December 2019 and 2018 were as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
As at 1 January	-	-	-	-
Increases	15	-	-	-
Other non-cash movement	(1)	-	-	-
As at 31 December	14	-	-	-

Finance lease liabilities

Movements during the years ended 31 December 2019 and 2018 were as follows:

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2019	2018	2019	2018
		<i>(in million Baht)</i>			
As at 1 January		698	806	695	796
Purchase of assets under finance leases		14	13	14	13
Payment for reduction of the outstanding liabilities relating to a finance lease		(124)	(184)	(121)	(176)
Finance costs under finance lease agreements	19	53	63	53	62
As at 31 December		641	698	641	695

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Details of finance leases liabilities as at 31 December 2019 and 2018 were as follows:

Consolidated financial statements						
	2019			2018		
	Future minimum lease payments	Interest	Present value of minimum lease payments (in million Baht)	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	139	(47)	92	159	(53)	106
After one year but within five years	445	(113)	332	475	(134)	341
After five years	265	(48)	217	313	(62)	251
Total	849	(208)	641	947	(249)	698

Separate financial statements						
	2019			2018		
	Future minimum lease payments	Interest	Present value of minimum lease payments (in million Baht)	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	139	(47)	92	156	(52)	104
After one year but within five years	445	(113)	332	474	(134)	340
After five years	265	(48)	217	313	(62)	251
Total	849	(208)	641	943	(248)	695

As at 31 December 2019 the Group entered into finance lease agreements and the Group must comply with certain conditions as stipulated in the agreements.

Long-term borrowings from financial institutions

Movements during the years ended 31 December 2019 and 2018 were as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
As at 1 January	7,002	4,025	7,000	4,000
Increases	3	5,002	-	5,000
Decreases	(1)	(2,024)	-	(2,000)
Other non-cash movement	-	(1)	-	-
As at 31 December	7,004	7,002	7,000	7,000

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For the year ended 31 December 2019

As at 31 December 2019 the Group had long-term borrowings agreements with a local branch of a foreign financial institution and a local financial institution. Details of significant agreements are as follows:

Borrowing agreement	Approved credit facilities	Interest rate (% per annum)	Term of payment
The first agreement	Baht 3,000 million	Fixed interest rate as stipulated in the agreement	Entire principal of borrowing in January 2021
The second agreement	Baht 2,000 million	Fixed interest rate as stipulated in the agreement	Entire principal of borrowing in September 2021
The third agreement	Baht 1,000 million	Fixed interest rate as stipulated in the agreement	Entire principal of borrowing in November 2022
The fourth agreement	Baht 1,000 million	Fixed interest rate as stipulated in the agreement	Entire principal of borrowing in December 2022

In this regard, the Group must comply with the specified covenants in each long-term borrowings agreements, such as to maintain debt to equity ratio and the shareholdings of the parent company as stipulated in the agreements, etc.

15 Provisions for employee benefits

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
As at 31 December				
Statement of financial position				
Provisions for:				
Defined benefit plans	898	648	854	619
Total	898	648	854	619
Year ended 31 December				
Statement of income				
Recognised in profit or loss:				
Defined benefit plans	184	75	169	66
Total	184	75	169	66
Statement of comprehensive income				
Recognised in other comprehensive income:				
Actuarial losses recognised in the year	86	15	83	14
Total	86	15	83	14

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The Group operates defined benefit plans which have characteristics as follows:

Pension fund benefit

The Group operates a pension scheme for employees who joined the Company before 1 January 2003 and choose to retain the benefits of the original scheme. Employees, upon resignation or retirement from the Group after having completed 3 years of service, shall be entitled to receive cash payment equivalent to their prevailing salary multiplied by the number of years of service, but not exceeding the equivalent of 10 months of final salary.

Severance benefit

Under Thai Labour Protection Act B.E 2541 (1998) and Group's employment policy, all employees completing 120 days of service are entitled to severance pay on termination or retrenchment without cause or upon retirement age of 60 years. The severance pay will be at the rate according to number of years of service as stipulated in the Labor Law which is currently at a maximum rate of 400 days of final salary.

Additional benefit related to provident fund

The Company operates an employee benefit scheme under which employees who are members of the Company's provident fund, being a defined contribution plan, for at least 9 years are entitled to receive additional contribution from the Company on their resignation or retirement from employment with the Company. Employees, who are member of the provident fund for at least 9 years, shall be entitled to receive an additional 50% of the contributions made by the Company on their behalf.

The defined benefit plans expose the Group to actuarial risks, such as interest rate risk, future salary growth risk and employee turnover risk.

<i>Present value of the defined benefit obligations</i>	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
As at 1 January	648	575	619	554
Included in profit or loss:				
Current service costs	73	61	63	52
Past service costs	90	-	87	-
Interest on obligation	21	14	20	14
Included in other comprehensive income:				
Actuarial (gain) loss				
- Changes in assumptions	76	(6)	69	(9)
- Experience adjustments	10	21	14	23

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<i>Present value of the defined benefit obligations (Continued)</i>	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Other:				
Benefits paid by the plan	(18)	(17)	(18)	(15)
Exchange differences on financial statements	(2)	-	-	-
As at 31 December	898	648	854	619

On 5 April 2019, the Labor Protection Act was amended to include a requirement that an employee, who is terminated after having been employed by the same employer for an uninterrupted period of 20 years or more, receives severance payment of 400 days of wages at the most recent rate. The Group has therefore amended its retirement plan in accordance with the changes in the revised Labor Protection Act in 2019. As a result of this change, the provision for retirement benefits as well as past service cost recognised increased.

Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(%)</i>			
Discount rate	1.6 - 1.7	2.8 - 3.4	1.7	2.8
Future salary growth	4.0 - 7.0	4.0 - 7.0	4.0	4.0
Employee turnover	5.0 - 50.0	5.0 - 50.0	5.0 - 50.0	5.0 - 50.0

Assumptions regarding future mortality have been based on published statistics and mortality table.

As at 31 December 2019, the weighted average duration of the defined benefit obligations were 9 to 16 years (2018: 9 to 15 years).

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Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts as follows:

	Consolidated financial statements		Separate financial statements	
	Increase	Decrease	Increase	Decrease
	<i>(in million Baht)</i>			
As at 31 December 2019				
Discount rate (0.5% movement)	(35)	37	(33)	35
Future salary growth (0.5% movement)	29	(28)	27	(26)
Employee turnover (0.5% movement)	(26)	13	(24)	12
As at 31 December 2018				
Discount rate (0.5% movement)	(23)	25	(22)	24
Future salary growth (0.5% movement)	20	(19)	18	(17)
Employee turnover (0.5% movement)	(16)	8	(14)	7

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

16 Share premium and reserves

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

The Company's legal reserve as at 31 December 2019 and 2018 was equal to 10% of the registered authorised capital.

Other components of equity

Exchange differences on translating financial statements

The exchange differences on translating financial statements recognised in equity relate to foreign exchange differences arising from translation of the financial statements of foreign entity to Thai Baht.

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17 Disaggregation of revenue and segment information

Revenue

The Group's operations is derived from sale of goods from cash and carry business and food services business and rendering of services related to those businesses.

Segment information

Segment information is taken from internal reports of the Group which are reviewed by the Chief Operating Decision Maker (CODM). CODM is the Group Chief Executive Officer, who makes decisions about resource allocation and assesses the segment performance.

The CODM considers the following to be the Group's reporting segments:

- Segment 1: Cash and carry
- Segment 2: Food services
- Segment 3: Other

The Group is managed and operates principally (more than 96%) in Thailand. There are no material revenues derived from, or assets located in, foreign countries.

The CODM considers the monthly performance of each reporting segment based upon profit before income tax expense.

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<i>Year ended 31 December</i>	Separate financial statements	
	Cash and carry	
	2019	2018
	<i>(in million Baht)</i>	
Type of revenues		
Revenue from sale of goods	196,238	181,376
Revenue from rendering of services	3,613	3,428
External revenues	<u>199,851</u>	<u>184,804</u>
Total income	<u>200,706</u>	<u>185,758</u>
Timing of revenue recognition		
At a point in time	196,238	181,376
Overtime	3,613	3,428
Total	<u>199,851</u>	<u>184,804</u>
Interest income	<u>8</u>	<u>7</u>
Depreciation and amortisation	<u>(2,523)</u>	<u>(2,427)</u>
Finance costs	<u>(295)</u>	<u>(324)</u>
Profit before income tax expense	<u>8,718</u>	<u>8,061</u>
Income tax expense	<u>(1,678)</u>	<u>(1,558)</u>
Profit for the year	<u>7,040</u>	<u>6,503</u>

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Details of assets, based on segments, in the consolidated financial statements as at 31 December 2019 and 2018 were as follows:

	Cash and carry		Food services		Other		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	<i>(in million Baht)</i>							
Property, plant and equipment	31,306	31,243	273	310	-	-	31,579	31,553
Goodwill	-	-	2,191	2,191	-	-	2,191	2,191
Other assets	25,633	24,950	3,212	3,202	26	169	28,871	28,321
Segment assets as at 31 December	56,939	56,193	5,676	5,703	26	169	62,641	62,065

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18 Employee benefit expenses

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2019	2018	2019	2018
		<i>(in million Baht)</i>			
Salaries, wages and bonus		6,098	5,296	5,239	4,573
Staff welfares		233	203	165	155
Defined benefit plans	15	184	75	169	66
Contribution to social security fund		132	123	125	117
Contribution to provident fund		113	94	93	84
Other		92	94	35	42
Total		6,852	5,885	5,826	5,037

The Company and its local subsidiaries have established a contributory registered provident fund to which the Company, subsidiaries and employees each contribute monthly at the rate of 3% of the employees' basic salaries. The Company's and the subsidiaries' contributions to the provident fund are recorded as expenses in the statement of income as incurred. The provident fund is registered with the Ministry of Finance as a juristic entity and is managed by a licensed Fund Manager.

19 Finance costs

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2019	2018	2019	2018
		<i>(in million Baht)</i>			
<i>Finance costs paid to:</i>					
Related party	4	-	-	4	8
Financial institutions		257	273	238	254
Other parties under finance lease agreements		53	63	53	62
Total		310	336	295	324

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20 Expenses by nature

The statement of income include an analysis of expenses by function. Expenses by nature are as follows:

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
		(in million Baht)			
Changes in inventories of finished goods		413	1,306	646	1,023
Purchase of raw materials, finished goods and other related costs		184,599	168,333	176,147	162,879
Depreciation	10	2,315	2,232	2,153	2,128
Amortisation - leasehold rights	11	118	114	116	112
Amortisation - other intangible assets	13	290	207	254	187
Employee benefit expenses	18	6,852	5,885	5,826	5,037
Utilities expenses		2,645	2,430	2,515	2,357
Advertising and sale promotion expenses		990	961	888	857
Rental expenses		904	775	582	551
Computer expenses		513	367	440	327
Finance costs	19	310	336	295	324
Maintenance and repair expenses		308	295	291	285
Trademark fees		170	162	167	161
Other		2,306	2,053	1,668	1,469
Total cost of sale of goods, distribution costs, administrative expenses and finance costs		202,733	185,456	191,988	177,697

21 Income tax

Income tax recognised in profit or loss

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<i>(in million Baht)</i>				
Current income tax				
Current year	1,801	1,616	1,760	1,566
Under (over) provided in prior years	(31)	26	(30)	27
	1,770	1,642	1,730	1,593
Deferred income tax				
Movements in temporary differences	(60)	(41)	(52)	(35)
	(60)	(41)	(52)	(35)
Total	1,710	1,601	1,678	1,558

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Income tax recognised in other comprehensive income

Consolidated financial statements						
	Before income tax	2019 Tax income	Net of income tax	Before income tax	2018 Tax income	Net of income tax
			(in million Baht)			
Losses on remeasurement of defined benefit plans	86	(17)	69	15	(3)	12
Total	86	(17)	69	15	(3)	12

Separate financial statements						
	Before income tax	2019 Tax income	Net of income tax	Before income tax	2018 Tax income	Net of income tax
			(in million Baht)			
Losses on remeasurement of defined benefit plans	83	(17)	66	14	(3)	11
Total	83	(17)	66	14	(3)	11

Reconciliation of effective tax rate

Consolidated financial statements				
Applicable tax rate (%)	0%	20%	Other	Total
			(in million Baht)	
2019				
Accounting profit (loss) before income tax expense	(4)	8,541	(642)	7,895
Income tax at the applicable tax rates	-	1,768	11	1,779
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit	-	(36)	(2)	(38)
Over provided in prior years	-	(30)	(1)	(31)
Net	-	1,702	8	1,710
2018				
Accounting profit (loss) before income tax expense	(10)	7,835	(351)	7,474
Income tax at the applicable tax rates	-	1,645	15	1,660
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit	-	(80)	(5)	(85)
Under (over) provided in prior years	-	27	(1)	26
Net	-	1,592	9	1,601

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	Separate financial statements	
	20% 2019	20% 2018
Applicable tax rate (%)	<i>(in million Baht)</i>	
Accounting profit before income tax expense	8,718	8,061
Income tax at the applicable tax rate	1,744	1,612
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit	(36)	(81)
Under (over) provided in prior years	(30)	27
Net	1,678	1,558

Deferred income tax

Deferred tax assets and liabilities as at 31 December 2019 and 2018 were as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Deferred tax assets	441	370	416	347
Deferred tax liabilities	(82)	(88)	-	-

Movements in deferred tax assets and liabilities during the years ended 31 December 2019 and 2018 were as follows:

	Consolidated financial statements			
		(Charged)/ credited to		
	As at 1 January 2019	profit or loss	other comprehensive income	As at 31 December 2019
		(in million Baht)		
<i>Deferred tax assets (liabilities)</i>				
Inventories	91	4	-	95
Property, plant and equipment	(101)	15	-	(86)
Other intangible assets	(65)	2	-	(63)
Finance lease liabilities	139	(18)	-	121
Provisions for employee benefits	128	31	17	176
Other	90	26	-	116
Total	282	60	17	359

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Consolidated financial statements

	As at 1 January 2018	(Charged)/ credited to		As at 31 December 2018
		profit or loss	other comprehensive income	
		<i>(in million Baht)</i>		
Deferred tax assets (liabilities)				
Inventories	92	(1)	-	91
Property, plant and equipment	(128)	27	-	(101)
Other intangible assets	(67)	2	-	(65)
Finance lease liabilities	159	(20)	-	139
Provisions for employee benefits	114	11	3	128
Other	68	22	-	90
Total	238	41	3	282

Separate financial statements

	As at 1 January 2019	(Charged)/ credited to		As at 31 December 2019
		profit or loss	other comprehensive income	
		<i>(in million Baht)</i>		
Deferred tax assets (liabilities)				
Inventories	86	6	-	92
Property, plant and equipment	(79)	11	-	(68)
Finance lease liabilities	139	(18)	-	121
Provisions for employee benefits	124	30	17	171
Other	77	23	-	100
Total	347	52	17	416

Separate financial statements

	As at 1 January 2018	(Charged)/ credited to		As at 31 December 2018
		profit or loss	other comprehensive income	
		<i>(in million Baht)</i>		
Deferred tax assets (liabilities)				
Inventories	89	(3)	-	86
Property, plant and equipment	(104)	25	-	(79)
Finance lease liabilities	159	(20)	-	139
Provisions for employee benefits	111	10	3	124
Other	54	23	-	77
Total	309	35	3	347

Siam Makro Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2019

22 Basic earnings per share

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht /in million share)</i>			
Profit attributable to equity holders of the Company for the year ended 31 December	<u>6,245</u>	<u>5,942</u>	<u>7,040</u>	<u>6,503</u>
Weighted average number of ordinary shares outstanding during the year	<u>4,800</u>	<u>4,800</u>	<u>4,800</u>	<u>4,800</u>
Basic earnings per share <i>(in Baht)</i>	<u>1.30</u>	<u>1.24</u>	<u>1.47</u>	<u>1.35</u>

23 Dividends

The dividends paid by the Company to the shareholders are as follows:

	Approval date	Payment schedule	Dividend rate <i>(Baht/Share)</i>	Amount <i>(in million Baht)</i>
2019				
Annual dividend	23 April 2019	22 May 2019	0.56	2,688
Interim dividend	8 August 2019	5 September 2019	0.40	1,920
Total				<u>4,608</u>
2018				
Annual dividend	19 April 2018	18 May 2018	0.56	2,688
Interim dividend	8 August 2018	5 September 2018	0.40	1,920
Total				<u>4,608</u>

24 Financial instruments

Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counter parties. The Group does not hold or issue derivatives for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Capital management

The objectives of the Group's capital management are to safeguard the Company's ability to continue as a going concern in order to provide returns to the Company's shareholders and benefits to other stakeholders. The management sets strategies to support the Company's operations for more efficiency, and better performance and stronger financial status, including dividend and capital management policies to maintain the optimal capital structure and cost of capital.

Siam Makro Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2019

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. The Group's exposure to changes in interest rate relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates. The Group managed the interest rate risk of financial assets and financial liabilities by considering fixed and floating rates depending on the market situation.

The effective interest rates of financial assets as at 31 December 2019 and the periods in which the financial assets mature were as follows:

	Effective interest rate (%)	Consolidated financial statements			Total
		Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	
2019					
Current					
- Current investments	Fixed rate	43	-	-	43
Total		43	-	-	43

The effective interest rates of interest-bearing liabilities as at 31 December 2019 and 2018 and the periods in which interest-bearing liabilities mature were as follows:

		Consolidated financial statements			
	Effective interest rate (%)	Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	Total
2019					
Current					
- Promissory notes	Market rate	171	-	-	171
- Liabilities under trust receipts	Market rate	607	-	-	607
- Short-term borrowings from financial institutions	Market rate	49	-	-	49
- Short-term borrowings from other parties	Market rate	14	-	-	14
- Current portion of long-term borrowings from financial institutions	Fixed rate	1	-	-	1
- Current portion of finance leases liabilities	6.00 - 9.00	92	-	-	92
Total		934	-	-	934
Non-current					
- Long-term borrowings from financial institutions	Fixed rate	-	7,003	-	7,003
- Finance lease liabilities	6.00 - 9.00	-	332	217	549
Total		-	7,335	217	7,552

Siam Makro Public Company Limited and its Subsidiaries
Notes to the financial statements
 For the year ended 31 December 2019

Consolidated financial statements					
	Effective interest rate (%)	Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	Total
2018					
Current					
- Promissory notes	Market rate	2,903	-	-	2,903
- Liabilities under trust receipts	Market rate	618	-	-	618
- Short-term borrowings from financial institutions	Market rate	62	-	-	62
- Current portion of finance leases liabilities	9.00	106	-	-	106
Total		3,689	-	-	3,689
Non-current					
- Long-term borrowings from financial institutions	Fixed rate	-	7,002	-	7,002
- Finance lease liabilities	9.00	-	341	251	592
Total		-	7,343	251	7,594
Separate financial statements					
	Effective interest rate (%)	Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	Total
2019					
Current					
- Short-term borrowings from subsidiary	Market rate	160	-	-	160
- Current portion of finance leases liabilities	6.00 - 9.00	92	-	-	92
Total		252	-	-	252
Non-current					
- Long-term borrowings from financial institutions	Fixed rate	-	7,000	-	7,000
- Finance lease liabilities	6.00 - 9.00	-	332	217	549
Total		-	7,332	217	7,549
2018					
Current					
- Promissory notes	Market rate	2,650	-	-	2,650
- Short-term borrowings from subsidiary	Market rate	600	-	-	600
- Current portion of finance leases liabilities	9.00	104	-	-	104
Total		3,354	-	-	3,354

Siam Makro Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2019

		Separate financial statements			
	Effective interest rate (%)	Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	Total
Non-current					
- Long-term borrowings from financial institution	Fixed rate	-	7,000	-	7,000
- Finance lease liabilities	9.00	-	340	251	591
Total		-	7,340	251	7,591

Foreign currency risk

The Group is exposed to foreign currency risk relating to borrowing from financial institution, purchases and sales of goods which are denominated in foreign currencies. The Group primarily utilises forward exchange contracts with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases of goods, denominated in foreign currencies, for the subsequent period.

As at 31 December 2019 and 2018 the Group was exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

		Consolidated financial statements		Separate financial statements	
	Foreign currency	2019	2018	2019	2018
(in million Baht)					
Cash and cash equivalents					
Foreign currency	U.S. Dollar	337	262	-	-
	Cambodia Riel	128	71	-	-
	Singapore Dollar	83	48	-	-
	Indian Rupee	75	321	-	-
	United Arab Emirates Dirham	46	65	-	-
	Yuan Renminbi	45	20	-	-
	Hong Kong Dollar	29	38	-	-
	Vietnamese Dong	6	11	-	-
	Australian Dollar	1	-	-	-
	Myanmar Kyat	-	1	-	-
Current investments					
Foreign currency	Indian Rupee	43	-	-	-
Trade accounts receivable and other current receivables					
Foreign currency	Singapore Dollar	253	261	-	-
	Indian Rupee	209	150	-	-
	U.S. Dollar	146	198	20	-
	United Arab Emirates Dirham	143	139	-	-
	Hong Kong Dollar	56	64	-	-

Siam Makro Public Company Limited and its Subsidiaries
Notes to the financial statements
 For the year ended 31 December 2019

		Consolidated financial statements		Separate financial statements	
Foreign currency		2019	2018	2019	2018
		(in million Baht)			
Trade accounts receivable and other current receivables (Continued)					
Foreign currency	Vietnamese Dong	38	49	-	-
	Yuan Renminbi	25	6	-	-
	Euro	4	1	-	-
	Myanmar Kyat	4	1	-	-
	Australian Dollar	1	6	-	-
Other current assets					
Foreign currency	Singapore Dollar	5	5	-	-
	Hong Kong Dollar	4	7	-	-
	United Arab Emirates Dirham	2	3	-	-
	U.S. Dollar	1	6	-	-
	Indian Rupee	1	1	-	-
	Myanmar Kyat	1	-	-	-
Other non-current receivables					
Foreign currency	Indian Rupee	13	11	-	-
	Vietnamese Dong	1	2	-	-
Other non-current assets					
Foreign currency	Indian Rupee	27	29	-	-
	Yuan Renminbi	4	1	-	-
	U.S. Dollar	2	-	-	-
	Vietnamese Dong	1	1	-	-
Short-term borrowings from financial institutions					
Foreign currency	Singapore Dollar	171	253	-	-
	Vietnamese Dong	49	-	-	-
	Myanmar Kyat	-	58	-	-
	Euro	-	4	-	-
Trade accounts payable and other current payables					
Foreign currency	U.S. Dollar	1,151	1,041	702	523
	Indian Rupee	171	273	-	-
	Singapore Dollar	100	108	-	1
	Euro	100	86	33	35
	Australian Dollar	96	45	31	14
	Yuan Renminbi	89	11	1	7
	United Arab Emirates Dirham	77	72	-	-

Siam Makro Public Company Limited and its Subsidiaries
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		Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
		<i>(in million Baht)</i>			
Trade accounts payable and other current payables (Continued)					
Foreign currency	Pound Sterling	31	27	-	-
	Hong Kong Dollar	12	9	-	-
	Vietnamese Dong	8	11	-	-
	Myanmar Kyat	5	-	-	-
	Yen	2	9	-	-
	Swiss Franc	2	-	-	-
Forward currency contracts	U.S. Dollar	262	747	262	716
	Euro	14	12	14	9
	Australian Dollar	11	34	11	8
	Yuan Renminbi	1	5	1	5
	Pound Sterling	-	8	-	-
Short-term borrowings from other parties					
Foreign currency	U.S. Dollar	14	-	-	-
Other current liabilities					
Foreign currency	Myanmar Kyat	11	-	-	-
	U.S. Dollar	6	22	-	-
	Hong Kong Dollar	1	-	-	-
Long-term borrowings from financial institutions					
Foreign currency	Indian Rupee	4	2	-	-
Other non-current payables					
Foreign currency	U.S. Dollar	122	-	-	-
	Indian Rupee	57	35	-	-

Credit risk

Credit risk is the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the large number of parties comprising the Group's customer base, management does not anticipate material losses from its debt collection.

Siam Makro Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2019

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Carrying amounts and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities including their level in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Consolidated financial statements					
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
		(in million Baht)			
31 December 2019					
<i>Financial assets and financial liabilities not measured at fair value</i>					
Long-term borrowings from financial institutions	7,004	-	7,132	-	7,132
Finance lease liabilities	641	-	757	-	757
31 December 2018					
<i>Financial assets and financial liabilities not measured at fair value</i>					
Long-term borrowings from financial institutions	7,002	-	7,020	-	7,020
Finance lease liabilities	698	-	821	-	821
Separate financial statements					
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
		(in million Baht)			
31 December 2019					
<i>Financial assets and financial liabilities not measured at fair value</i>					
Long-term borrowings from financial institutions	7,000	-	7,128	-	7,128
Finance lease liabilities	641	-	756	-	756
31 December 2018					
<i>Financial assets and financial liabilities not measured at fair value</i>					
Long-term borrowings from financial institutions	7,000	-	7,018	-	7,018
Finance lease liabilities	695	-	819	-	819

Siam Makro Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2019

Financial instruments not measured at fair value

Type	Valuation technique	Significant unobservable inputs
Forward currency contracts	Discounted cash flows	Not applicable
Other financial liabilities*	Discounted cash flows	Not applicable

* Other financial liabilities include secured and unsecured long-term borrowings from financial institutions, and finance lease liabilities.

25 Commitments with non-related parties

Capital commitments

<i>As at 31 December</i>	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Property, plant and equipment	735	357	416	305
Computer software	134	59	64	57
Leasehold rights	60	-	60	-
Total	929	416	540	362

Future minimum lease payments under non-cancellable operating leases

<i>As at 31 December</i>	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Within one year	896	741	627	450
After one year but within five years	2,685	2,748	1,741	1,762
After five years	10,186	11,006	4,317	4,552
Total	13,767	14,495	6,685	6,764

The Group has lease agreements covering leases of land, buildings, vehicles, and other assets for periods of 2 to 50 years, which will expire between 2020 to 2068.

Foreign currencies contracts - to buy

Forward exchange contracts for foreign currencies on importing goods from foreign countries are as follows:

<i>As at 31 December</i>	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million)</i>			
U.S. Dollar	8	23	8	22
Australian Dollar	1	2	1	-
Euro	1	-	1	-
Yuan Renminbi	-	1	-	1

Siam Makro Public Company Limited and its Subsidiaries
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 For the year ended 31 December 2019

Letters of guarantee

<i>As at 31 December</i>	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Letters of guarantee issued by financial institutions (mainly for guarantees of electricity, rental and service agreements and sale of goods)	268	253	243	251
Total	268	253	243	251

Other commitments

<i>As at 31 December</i>	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Unused letters of credit for purchases of goods and supplies	1	1	1	1
Total	1	1	1	1

26 Events after the reporting period

- a) At the Board of Directors' meeting of the Company held on 18 February 2020, the Company's Board of Directors approved to propose to the annual general shareholders' meeting of the Company for approval to declare the final dividends from the net profit after tax for the year 2019 of Baht 0.56 per share for 4,800 million ordinary shares, totaling Baht 2,688 million. Such declaration of final dividend payment must be approved by the shareholders' meeting.
- b) The local and foreign subsidiaries increased the authorised share capital and called for additional paid-up share capital as follows;
 - 1) On 28 October 2019 a foreign subsidiary, Indoguna (Cambodia) Company Limited ("INDC")'s Board of Directors approved to increase the authorised share capital of U.S. Dollar 1.5 million (increase from U.S. Dollar 2 million to U.S. Dollar 3.5 million). The registration of the increase authorised share capital expect to be completed within February 2020.
 - 2) On 23 December 2019 a foreign subsidiary, ARO Commercial Company Limited ("MM")'s Board of Directors approved to increase the authorised share capital of U.S. Dollar 8 million (increase from U.S. Dollar 18.8 million to U.S. Dollar 26.8 million). The registration of the increase authorised share capital and the additional paid-up share capital were completed in January 2020.
 - 3) On 23 December 2019 a foreign subsidiary, Makro (Guangzhou) Food Company Limited ("MGZ")'s shareholders approved to increase the authorised share capital of RMB 18 million (increase from RMB 75 million to RMB 93 million). The registration of the increase authorised share capital and the additional paid-up share capital were completed in January 2020.

Siam Makro Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2019

- 4) In December 2019 a local subsidiary, Makro ROH Co., Ltd. (“MROH”) called for additional paid-up share capital of Baht 150 million, paid-up share capital totaling Baht 3,907 million. The additional paid-up share capital was completed in January 2020.

Later in January 2020 the subsidiary called for additional paid-up share capital of Baht 100 million, paid-up share capital totaling Baht 4,007 million. The additional paid-up share capital expect to be completed in March 2020.

And later on 31 January 2020 MROH’s Board of Directors approved to increase the authorised share capital of Baht 700 million (increase from Baht 4,007 million to Baht 4,707 million) and to call for paid-up share capital at 25% of Baht 175 million. In this regard, the Company has a 99.99% investment in the subsidiary’s paid-up share capital. The registration of the increased authorised share capital with the Ministry of Commerce expect to be completed in March 2020, paid-up share capital totaling Baht 4,182 million.

- 5) On 5 January 2020 a foreign subsidiary, MAXZI THE GOOD FOOD RESTAURANT & CAFE L.L.C (“MAXZI”)’s shareholders approved to increase the authorised share capital of AED 4 million (increase from AED 4 million to AED 8 million). The registration of the increase authorised share capital were completed in January 2020.
- 6) On 31 January 2020 a foreign subsidiary, CP Wholesale India Private Limited (“CPWI”)’s Board of Directors approved to increase the authorised share capital of INR 50 million (increase from INR 550 million to INR 600 million) and called for additional paid-up share capital of INR 70 per share (with the par value of INR 10 per share and the share premium of INR 60 per share) totaling INR 300 million. Therefore, the total paid-up share capital amounted to INR 586 million with the share premium of INR 2,914 million. The registration of the increase authorised and the additional paid-up share capital expect to be completed in March 2020.
- c) On 18 February 2020, the Company’s Board of Directors approved to liquidate a foreign subsidiary, ARO Company Limited (“ARO”), since ARO has not operated any business and there was an establishment of another subsidiary, namely MM, to operate the business activity in Republic of the Union of Myanmar. In this regard, it is no longer necessary to keep ARO as it will only incur costs in relation legal, tax and accounting record in the future.

27 Thai Financial Reporting Standards (TFRS) not yet adopted

New and revised TFRS, which are relevant to the Group’s operations, expected to have material impact on the consolidated and separate financial statements when initially adopted, and will become effective for the financial statements in annual reporting periods beginning on or after 1 January 2020, are as follows:

TFRS	Topic
TFRS 7*	Financial Instruments: Disclosures
TFRS 9*	Financial Instruments
TFRS 16	Leases
TAS 32*	Financial Instruments: Presentation
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments

* TFRS - Financial instruments

Siam Makro Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2019

a) TFRS - Financial instruments

These TFRS - Financial instruments establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. When these TFRS are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

Management assessed that there was no material impact of adopting and initially applying on the consolidated and separate financial statements.

b) TFRS 16 Leases

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use assets and a lease liabilities, with recognition exemptions for short-term leases and leases of low-value items. As a result, the Group will recognise new assets and liabilities for its operating leases. As at 31 December 2019, the Group's future minimum lease payments under non-cancellable operating leases amounted to Baht 14,020 million in the consolidated financial statements and Baht 6,937 million in the separate financial statements respectively, on an undiscounted basis. Lease accounting for lessor remains similar to the current standard, i.e. lessors continue to classify leases as finance or operating leases. When this TFRS is effective, some accounting standards and interpretations which are currently effective will be cancelled.

Location: Head Office/ Branches and Subsidiaries

Makro Thailand

1. Siam Makro Public Company Limited - Head Office

1468, Phatthanakan Road, Phatthanakan, Suan Luang, Bangkok 10250
Tel: 0 2067 8999 Fax: 0 2067 9888

2. ProMart Company Limited - Subsidiary

1468 Phatthanakan Road, Phatthanakan, Suan Luang, Bangkok 10250
Tel: 0 2067 8999 Fax: 0 2067 9888

MAKRO : CLASSIC FORMAT

1. Makro Lardprao Branch

3498 Lardprao Road, Klongchan,
Bangkapi, Bangkok 10240
Tel: 0 2375 2781 - 8 Fax: 0 2375 9162

2. Makro Chaengwattana Branch

34/54 Moo 1, Chaengwattana Road,
T.Klongklear, A. Pakkred, Nonthaburi 11120
Tel: 0 2982 8061 - 70 Fax: 0 2574 6045

3. Makro Srinakarin Branch

422 Moo 5, Srinakarin Road,
SamrongNua, A. Mueang ,Samutprakan,
Samutprakan 10270
Tel: 0 2383 4104 Fax: 0 2383 4441

4. Makro Bangbon Branch

210, Kanchanaphisek Road,
Klong Bang Phran, Bangbon, Bangkok 10150
Tel: 0 2416 8080 - 90 Fax: 0 2416 5974

5. Makro Chonburi Branch

55/3 Moo 2, Sukhumvit Road,
T. Samed, A. Mueang Chonburi, Chonburi 20000
Tel: 0 3827 9201 Fax: 0 3827 9200

6. Makro Chiang Mai Branch

152 Moo 6, T. Nong-Pa-Krung,
A. Mueang Chiang Mai, Chiang Mai 50000
Tel: 0 5200 3600 - 9 Fax: 0 5207 0722

7. Makro Nakhon Ratchasima Branch

523 Mittraphap - Nongkai Road,
T. Naimueang, A. Mueang Nakhon Ratchasima,
Nakhon Ratchasima 30000
Tel: 0 4400 8454 Fax: 0 4401 3912

8. Makro Rangsit Branch

189 Phaholyothin Road, T. Prachathipat,
A. Thanyaburi, Pathumthani 12130
Tel: 0 2992 1011 - 21 Fax: 0 2992 2213

9. Makro Hat Yai Branch

414 Kanchanavanich Road, Moo 5,
T. Kho-Hong, A. Hat Yai, Songkhla 90110
Tel: 0 7489 2151 - 66 Fax: 0 7429 8775

10. Makro Udon Thani Branch

207/3 Moo 14, T. Makkhang,
A. Mueang Udon Thani, Udon Thani 41000
Tel: 0 4218 2360 Fax: 0 4215 5584

11. Makro Phitsanulok Branch

1199 Boromtrirotkanart 2 Road, T. Naimueang,
A. Mueang Phitsanulok, Phitsanulok 65000
Tel: 0 5500 7051 - 54 Fax: 0 5500 7094

12. Makro Khon Kaen Branch

195 Moo 12, Mittraphap Road, T. Mueang Kao,
A. Mueang Khon Kaen, Khon Kaen 40000
Tel: 0 4304 2301 - 7 Fax: 0 4305 7030

13. Makro Surat Thani Branch

216 Moo 4, Chonkasem Road, T. Makamtey,
A. Mueang Surat Thani, Surat Thani 84000
Tel: 0 7790 5911 - 22 Fax: 0 7796 9153

14. Makro Ubon Ratchathani Branch

333 Moo 15, T. Khamyai, A. Mueang Ubon Ratchathani,
Ubon Ratchathani 34000
Tel: 0 4595 8450 - 3 Fax: 0 4595 8460

15. Makro Rayong Branch

8/2 Moo 3, T. Tubma,
A. Mueang Rayong, Rayong 21000
Tel: 0 3368 0970 Fax: 0 3368 0950

16. Makro Nakhon Sawan Branch

67/15 Moo 6, T. Nakhon Sawan East,
A. Mueang Nakhon Sawan, Nakhon Sawan 60000
Tel: 0 5632 5200 - 9 Fax: 0 5632 5210

17. Makro Charan Sanitwong Branch

521, 521/27 Charan Sanitwong Road,
Bangkhunsri, Bangkoknoi, Bangkok 10700
Tel: 0 2864 5714 - 32 Fax: 0 2864 5713

18. Makro Sathorn Branch

1 Narathiwatratchanakarin Road, Thungwatdon,
Sathorn, Bangkok 10120
Tel: 0 2676 0676 Fax: 0 2676 1676

19. Makro Nakhon Pathom Branch

86 Moo 13, T. Prongmadua,
A. Mueang Nakhon Pathom, Nakhon Pathom 73000
Tel: 0 3410 7130 - 40 Fax: 0 3410 7149

20. Makro Surin Branch

4/3 Lakmueang Road, T. Naimueang,
A. Mueang Sur in, Surin 32000
Tel: 0 4406 2702 - 7 Fax: 0 4406 2714

21. Makro Nakhon Si Thammarat Branch

614 Moo 2, Karom Road, T. Phosadet, A. Mueang Nakhon
Si Thammarat, Nakhon Si Thammarat 80000
Tel: 0 7583 0420 Fax: 0 7583 0421

22. Makro Chiang Rai Branch

12 Moo 17, T. Bando,oo,
A. Mueang Chiang Rai, Chiang Rai 57100
Tel: 0 5370 3688 Fax: 0 5370 3679

23. Makro Sakon Nakhon Branch

459 Moo 3, Bankoksomhong Road, T. Thatchoengchum,
A. Mueang Sakon Nakhon, Sakon Nakhon 47000
Tel: 0 4217 1461 - 4 Fax: 0 4217 1474

24. Makro Suphan Buri Branch

290/2 Moo 4, T. Sanam-Chai,
A. Mueang Suphan Buri, Suphan Buri 72000
Tel: 0 3596 1251 Fax: 0 3596 1295

25. Makro Chanthaburi Branch

21/11 Moo 11, T. Plubpla,
A. Mueang Chanthaburi, Chanthaburi 22000
Tel: 0 3960 1461 Fax: 0 3960 1474 - 5

26. Makro Roi Et Branch

32/1 Taewapiban Road, T. Naimueang,
A. Mueang Roi Et, Roi Et 45000
Tel: 0 4303 1571 Fax: 0 4303 1585

27. Makro Trang Branch

89 Moo 2, T. Khok-Lo,
A. Mueang Trang, Trang 92000
Tel: 0 7582 8031 - 33 Fax: 0 7582 8044

28. Makro Sakaeo Branch

1000 Suwannasorn Road, T. Sakaeo,
A. Mueang Sakaeo, Sakaeo 27000
Tel: 0 3762 8351 - 3 Fax: 0 3762 8363

29. Makro Buri Ram Branch

151 Moo 7, T. Isan,
A. Mueang Buri Ram, Buri Ram 31000
Tel: 0 4469 0300 - 7 Fax: 0 4469 0329

30. Makro Sisaket Branch

112 Moo 6 T. Po,
A. Mueang Sisaket, Sisaket 33000
Tel: 0 4561 3838 Fax: 0 4561 7648

31. Makro Lamphun Branch

204 Moo 4, T. Banklang,
A. Mueang Lamphun, Lamphun 51000
Tel: 0 5358 1285 Fax: 0 5358 1333

32. Makro Phetchaburi Branch

103 Moo 1, T. Huasaphan,
A. Mueang Phetchaburi, Phetchaburi 76000
Tel: 0 3277 1616 Fax: 0 3240 2791

33. Makro Chaiyaphum Branch

999 Moo 1, T. Bungkhal,
A. Mueang Chaiyaphum, Chaiyaphum 36000
Tel: 0 4481 8288 Fax: 0 4481 8292

34. Makro Saraburi Branch

66/3 Moo 2, T. Talingchan,
A. Mueang Saraburi, Saraburi 18000
Tel: 0 3673 1100 Fax: 0 3673 1111

35. Makro Pran Buri Branch

567 Moo 3, T. Wangpong,
A. Pran Buri, Prachuap Khiri Khan 77120
Tel: 0 3263 0100 Fax: 0 3263 0000 - 1

36. Makro Chachoengsao Branch

21/4 Moo 5, T. Wangtakhean,
A. Mueang Chachoengsao, Chachoengsao 24000
Tel: 0 3302 1041 - 7 Fax: 0 3302 1048

37. Makro Ram Inthra Branch

904 Ram Inthra Road, Kannayao,
Kannayao, Bangkok 10230
Tel: 0 2540 7171 Fax: 0 2540 7756

38. Makro Chumphon Branch

199 Moo 5, T. Wangpai,
A. Mueang Chumphon, Chumphon 86000
Tel: 0 7765 8700 Fax: 0 7765 8706 - 7

39. Makro Kamphangphet Branch

889 Ratchadamnoen 1 Road, T. Naimueang,
A. Mueang Kamphangphet, Kamphangphet 62000
Tel: 0 5571 7777 Fax: 0 5571 7912

40. Makro Kanchanaburi Branch

102 Moo 2, T. Tha Lor,
A. Tha Muang, Kanchanaburi 71000
Tel: 0 3469 9609 Fax: 0 3469 9629

41. Makro Lop Buri Branch

227 Moo 5, T. Tha Sala,
A. Mueang Lop Buri, Lop Buri 15000
Tel: 0 3678 4884 Fax: 0 3678 4908 - 9

42. Makro Nong Khai Branch

232 Moo 12, T. Pho Chai,
A. Mueang Nong Khai, Nong Khai 43000
Tel: 0 4299 0818 Fax: 0 4299 0553

43. Makro Ratchaburi Branch

249 Moo 11, T. Jadeehak,
A. Mueang Ratchaburi, Ratchaburi 70000
Tel: 0 3233 2249 Fax: 0 3232 5349

44. Makro Mae Rim Branch

212 Moo 4, T. Mae Sa,
A. Mae Rim, Chiang Mai 50180
Tel: 0 5329 8212 Fax: 0 5329 8928

45. Makro Ayutthaya Branch

222 Moo 2, T. Kan Ham,
A. Uthai, Phra Nakhon Siayutthaya 13210
Tel: 0 3570 6406 Fax: 0 3570 6404

46. Makro Lampang Branch

110/3 Highway Lampang - Ngao Road,
T. Phra Bat, A. Mueang Lampang, Lampang 52000
Tel: 0 5423 0111 Fax: 0 5423 1767

47. Makro Khlong Luang Branch

39 Moo 7, T. Khlong Song,
A. Khlong Luang, Pathum Thani 12120
Tel: 0 2529 3636 Fax: 0 2529 3949

48. Makro Loei Branch

118 Moo 11, T. Na An,
A. Mueang Loei, Loei 42000
Tel: 0 4284 4655 Fax: 0 4284 4666

49. Makro Phetchabun Branch

300 Moo 10, T. Chon Phrai,
A. Mueang Phetchabun, Phetchabun 67000
Tel: 0 5671 9219 Fax: 0 5671 9229

50. Makro Bang Phli Branch

79 Moo 1, T. Racha Thewa,
A. Bang Phli, Samut Prakan 10540
Tel: 0 2316 4200 Fax: 0 2316 4222

51. Makro Mukdahan Branch

4/9 Chayangkun Kor Road, Tamboon Mukdahan,
A. Mueang Mukdahan, Mukdahan 49000
Tel: 0 4266 1199 Fax: 0 4266 1198

52. Makro Satun Branch

889 Moo 6, T. Khlong Khut,
A. Mueang Satun, Satun 91000
Tel: 0 7472 5475 Fax: 0 7472 5476

53. Makro Trat Branch

1138 Moo 1, T. Wang Krachae,
A. Mueang Trat, Trat 23000
Tel: 0 3951 3900 Fax: 0 3951 3929

54. Makro Chum Phae Branch

201 Moo 2, T. Nong Phai,
A. Chum Phae, Khon Kaen 40130
Tel: 0 4331 3961 Fax: 0 4331 3959

55. Makro Nakhon Phanom Branch

405 Nittayo Road, T. Nong Yat,
A. Mueang Nakhon Phanom, Nakhon Phanom 48000
Tel: 0 4253 1663 Fax: 0 4253 1661

56. Makro Bueng Kan Branch

680 Moo 7, T. Wisit,
A. Mueang Bueng Kan, Bueng Kan 38000
Tel: 0 4249 2600 Fax: 0 4249 2601

57. Makro Mae Sai Branch

740 Moo 9, T. Wiang Phang Kham,
A. Mae Sai, Chiang Rai 57130
Tel: 0 5202 1701 Fax: 0 5202 1721

58. Makro Salaya Branch

87/18 Moo 3, T. Salaya,
A. Phuttamonthon, Nakhon Pathom 73170
Tel: 0 3410 8734 Fax: 0 3410 8735

59. Makro Phatthalung Branch

207 Moo 9, T. Tha Miram,
A. Mueang Phatthalung, Phatthalung 93000
Tel: 0 7482 1100 Fax: 0 7482 1101

60. Makro Sukhothai Branch

236 Moo 4, T. Ban Lum,
A. Mueang Sukhothai, Sukhothai 64000
Tel: 0 5501 3130 Fax: 0 5501 3131

61. Makro Samut Sakhon Branch

99/555 Moo 4, T. Khok Kham,
A. Mueang Samut Sakhon, Samut Sakhon 74000
Tel: 0 3411 8634 Fax: 0 3411 8635

62. Makro Mae Sot Branch

98/1 Asian Highway Road, T. Mae Sot,
A. Mae Sot, Tak 63110
Tel: 0 5503 2155 Fax: 0 5503 2156

63. Makro Ranong Branch

86/9 Moo 2, T. Bang Rin,
A. Mueang Ranong, Ranong 85000
Tel: 0 7798 2580 Fax: 0 7798 2590

64. Makro Yasothon Branch

324 Moo 2, T. Tat Thong,
A. Mueang Yasothon, Yasothon 35000
Tel: 0 4597 1190 Fax: 0 4597 1180

65. Makro Maha Sarakham Branch

253 Moo 8, T. Koeng,
A. Mueang Maha Sarakham, Maha Sarakham 44000
Tel: 0 4302 2520 Fax: 0 4302 2565

66. Makro Fang Branch

61 Moo 3, T. San Sai,
A. Fang, Chiang Mai 50110
Tel: 0 5200 3800 Fax: 0 5200 3803

67. Makro Nakhon Nayok Branch

176 Moo 5, T. Ban Yai,
A. Mueang Nakhon Nayok, Nakhon Nayok 26000
Tel: 0 3763 1280 Fax: 0 3763 1282

68. Makro Thung Song Branch

638 Moo 1, T. Chamai,
A. Thung Song, Nakhorn Si Thammarat 80110
Tel: 0 7583 0710 Fax: 0 7583 0720

69. Makro Phayao Branch

459/5 Phahonyothin Road, T. Mae Tam,
A. Mueang, Phayao 56000
Tel: 0 5407 1501 Fax: 0 5407 1511

70. Makro Phrae Branch

204 Moo 7, T. Na Chak,
A. Mueang Phrae, Phrae 54000
Tel: 0 5406 2602 Fax: 0 5406 2628

71. Makro Nan Branch

183, 186 Moo 5, T. Dutai,
A. Mueang Nan, Nan 55000
Tel: 0 5405 1155 Fax: 0 5405 1151

72. Makro Warin Chamrap Branch

106 Moo 20, T. Saen Suk,
A. Warin Chamrap, Ubonratchathani 34190
Tel: 0 4595 8145 Fax: 0 4595 8155

73. Makro Nong Bua Lam Phu Branch

150 Moo 3, T. Lam Phu, A. Mueang Nong Bua Lam Phu,
Nong Bua Lam Phu 39000
Tel: 0 4200 7900 Fax: 0 4200 7897

74. Makro Nong Chok Branch

80 Liap Wari Road, Krathum Rai,
Nong Chok, Bangkok 10530
Tel: 0 2017 0000 Fax: 0 2048 3047

75. Makro Prachuap Khiri Khan Branch

5/1 Phetkasem Road, T. Prachuap Khiri Khan,
A. Mueang Prachuap Khiri Khan,
Prachuap Khiri Khan 77000
Tel: 0 3290 7990 Fax: 0 3280 2276

76. Makro Sing Buri Branch

190 Moo 7, T. Bang Nga,
A. Tha Wung, Lop Buri 15150
Tel: 0 3668 6710 Fax: 0 3674 1376

77. Makro Kalasin Branch

185/2 Kaset Sombun Road, T. Kalasin,
A. Mueang Kalasin, Kalasin 46000
Tel: 0 4301 4800 Fax: 0 4301 5596

78. Makro Phichit Branch

310 Moo 3, T. Khlong Khachen,
A. Mueang Phichit, Phichit 66000
Tel: 0 5603 1730 - 9 Fax: 0 5603 6038

79. Makro Pathum Thani Branch

9/20 Moo 1, T. Ban Chang,
A. Mueang Pathum Thani, Pathum Thani 12000
Tel: 0 2021 7630 Fax: 0 2034 3528

BRANCH : ECO PLUS FORMAT

1. Makro Samsen Branch

935/11 Samsen Road, Thanon Nakhonchaisi,
Dusit, Bangkok 10300
Tel: 0 2241 8400 - 8 Fax: 0 2241 8409

2. Makro Phuket Branch

77 Moo 5, T. Vichit,
A. Mueang Phuket, Phuket 83000
Tel: 0 7668 8130 - 9 Fax: 0 7624 9801

3. Makro Krabi Branch

119 Moo 1, T. Saitai,
A. Mueang Krabi, Krabi 81000
Tel: 0 7570 0100 Fax: 0 7585 0132

4. Makro Chiang Mai 2 Branch

191 Moo 7, T. Maehia,
A. Mueang Chiang Mai,
Chiang Mai 50100
Tel: 0 5344 7799 Fax: 0 5344 7804 - 5

5. Makro Pattaya Branch

22/24 Moo 11, T. Nong Prue,
A. Bang Lamung, Chonburi 20150
Tel: 0 3805 3400 Fax: 0 3805 3427

6. Makro Pak Chong Branch

889 Moo 8 T. Nong Nam Daeng,
A. Pak Chong, Nakhon Ratchasima 30130
Tel: 0 4400 8498 Fax: 0 4400 8497

7. Makro Thalang Branch

365 Moo 1, T. Thep Krasattri,
A. Thalang, Phuket 83110
Tel: 0 7668 8300 Fax: 0 7668 8310

8. Makro Nakhon In Branch

60 Moo 1, T. Bang Phai,
A. Mueang Nonthaburi, Nonthaburi 11000
Tel: 0 2002 1828 Fax: 0 2019 8747

9. Makro Phitsanulok 2 Branch

410/4 Moo 7, T. Samo Khae,
A. Mueang Phitsanulok, Phitsanulok 65000
Tel: 0 5500 8919 Fax: 0 5500 8929

10. Makro Nakhon Ratchasima 2 Branch

587 Moo 10, T. Nong Bua Sala, A. Mueang Nakhon
Ratchasima, Nakhon Ratchasima 30000
Tel: 0 4407 1270 Fax: 0 4407 1271

11. Makro Phetkasem Branch

1759/4 Phetkasem Road, Lak Song,
Bang Khae, Bangkok 10160
Tel: 0 2033 0050 Fax: 0 2064 7024

12. Makro Bang Bua Thong Branch

47 Moo 2, T. Bang Bua Thong,
A. Bang Bua Thong, Nonthaburi 11110
Tel: 0 2003 8790 Fax: 0 2081 5646

13. Makro Kabin Buri Branch

200 Moo 8, T. Mueang Kao,
A. Kabin Buri, Prachin Buri 25240
Tel: 0 3762 3900 Fax: 0 3765 5603

14. Makro Bo Win Branch

500 Moo 4 T. Mapyangporn,
A. Pluakdaeng, Rayong 21140
Tel: 0 3368 4240 Fax: 0 3321 1105

15. Makro Sattahip Branch

88/20 Moo 3 T. Sattahip,
A. Sattahip, Chonburi 20180
Tel: 0 3311 7260 Fax: 0 3313 4905

BRANCH : FOODSERVICE FORMAT

1. Makro Foodservice Ko Samui Branch

115/52 Moo 6, T. Bo Phut,
A. Ko Samui, Surat Thani 84320
Tel: 0 7796 0140-60 Fax: 0 7796 0161 - 2

2. Makro Foodservice Hua Hin Branch

58/164 Soi Moobaan Bor Fai, T. Hua Hin,
A. Hua Hin, Prachuap Khiri Khan 77110
Tel: 0 3252 2255 Fax: 0 3252 2235

3. Makro Foodservice Patong Branch

140/30, 140/35 Nanai Road, T. Patong,
A. Krathu, Phuket 83150
Tel: 0 7651 2388 Fax: 0 7651 2300

4. Makro Foodservice Rawai Branch

5/47 Moo 5, T. Rawai,
A. Mueang Phuket, Phuket 83130
Tel: 0 7668 7043 Fax: 0 7668 7051

5. Makro Foodservice Ko Pha-Ngan Branch

114/5 Moo 1, T. Ko Pha-ngan,
A. Ko Pha-ngan, Surat Thani 84280
Tel: 0 7737 7370 Fax: 0 7737 7339

6. Makro Foodservice North Pattaya Branch

555/1 Moo 6, T. Na Kluea,
A. Bang Lamung, Chonburi 20150
Tel: 0 3300 8938 Fax: 0 3300 8939

7. Makro Foodservice Lamai Branch

199 Moo 3, T. Maret,
A. Ko Samui, Surat Thani 84310
Tel: 0 7796 9280 Fax: 0 7796 9282

8. Makro Foodservice Kanlapaphruek Branch

16/6 Moo8, Bang Khun Thian,
Chom Thong, Bangkok 10150
Tel: 0 2001 2080 Fax: 0 2001 2090

9. Makro Foodservice Ban Phe Branch

301 Moo 2, T. Phe,
A. Mueang, Rayong 21160
Tel 0 3368 1701 Fax: 0 3368 1727

10. Makro Foodservice Srinakarin 2 Branch

20 Srinakarin Road, Nong Bon,
Prawet, Bangkok 10250
Tel: 0 2006 0300 Fax: 0 2006 0299

11. Makro Foodservice Ko Chang Branch

99/30 Moo 4, T. Ko Chang,
A. Ko Chang, Trat 23170
Tel: 03961 1939 Fax: 0 3961 1938

12. Makro Foodservice Ao Nang Branch

793 Moo 2, T. Ao Nang,
A. Mueang, Krabi 81180
Tel: 0 7581 4901 Fax: 0 7581 4902

13. Makro Foodservice Karon Branch

199/1 Patak Road, T. Karon,
A. Mueang, Phuket 83100
Tel: 0 7663 0300 Fax: 0 7663 0314

14. Makro Foodservice Laem Chabang Branch

1/1 Moo 10, T. Thung Suk La,
A. Si Racha, Chonburi 20230
Tel: 0 3308 5400 Fax: 0 3313 3396

15. Makro Foodservice Bang Pu Branch

858/21 Moo 1, T. Bang Pu Mai,
A. Mueang Samut Prakan, Samut Prakan 10280
Tel: 0 2017 0050 Fax: 0 2068 0820

16. Makro Foodservice Wang Hin Branch

758, 760 Lat Phrao Wang Hin Road,
Lat Phrao, Lat Phrao, Bangkok 10230
Tel: 0 2017 0050 Fax: 0 2068 0816

17. Makro Foodservice Udom Suk Branch

176 Udom Suk Road, Bang Na Nuea,
Bang Na, Bangkok 10260
Tel: 0 2033 0940 Fax: 0 2035 6526

18. Makro Foodservice Ramkhamhaeng (Sammakorn) Branch

94 Ramkhamhaeng Road, Saphan Sung,
Saphan Sung, Bangkok 10240
Tel: 0 2055 8060 Fax: 0 2033 5829

19. Makro Foodservice Bodindecha Branch

361/1 Soi Lat Phrao 94 (Pancha Mit), Phlabphla, Wang
Thonglang, Bangkok 10310
Tel: 0 2021 7680 Fax: 0 2034 3588

20. Makro Foodservice Pracha Uthit Branch

547 Pracha Uthit Road, Rat Burana,
Rat Burana, Bangkok 10140
Tel: 0 2021 7640 Fax: 0 2034 3578

21. Makro Foodservice Sukhumvit 71 Branch

181/2 Sukumvit 71 Road, Pra Khanong Nuea,
Wattana, Bangkok 10110
Tel: 0 2012 7590 Fax: 0 2012 7584

22. Makro Foodservice Nawamin 70 Branch

1106 Nawamin Road, Khlong Kum,
Bueng Kum, Bangkok 10230
Tel: 0 2056 2110 Fax: 0 2056 2124

23. Makro Foodservice Cha-Am Branch

265 Narathip Road, T. Cha-am,
A. Cha-Am, Phetchaburi 76120
Tel: 0 3289 7830 Fax: 0 3289 8683

24. Makro Foodservice On Nut Branch

903 On Nut Road, On Nut,
Suan Luang, Bangkok 10250
Tel: 0 2021 4770 Fax: 0 2034 3273

25. Makro Foodservice Suksawat Branch

30/9 Suksawat Road, Bang Pakok,
Rat Burana, Bangkok 10250
Tel: 0 2017 0740 Fax: 0 2034 3383

26. Makro Foodservice Ladkrabang Branch

601 Ladkrabang Road, Ladkrabang,
Ladkrabang, Bangkok 10520
Tel: 0 2011 8780 Fax: 0 2037 7334

27. Makro Foodservice Na Thongcharoen Branch

11/28 Moo6, T.Kukot,
A.Lamlukka, Pathumthani 12130
Tel: 0 2033 6900 Fax: 0 2073 0336

28. Makro Foodservice Ramkhamheang 24 Branch

536/1 Soi Ramkamhaeng 24,
Hua Mak, Bang Kapi, Bangkok 10240
Tel: 0 2033 6950 Fax: 0 2056 1727

BRANCH FOOD SHOP FORMAT

1. Makro Food shop Town in Town Branch

456/3 - 6 Soi Lat Phrao 94 (Pancha Mit),
Phlabphla, Wang Thonglang, Bangkok 10310
Tel 0 2006 3020 Fax: 0 2006 3021

2. Makro Food shop Wongsakorn Market Branch

80/3 - 8 Sai Mai Road, Sai Mai,
Sai Mai, Bangkok 10220
Tel: 0 2017 0470 Fax: 0 2068 0827

3. Makro Food shop Rama IV Branch

3654/1 Rama IV Road, Khlong Tan,
Khlong Tel, Bangkok 10110
Tel: 0 2017 0490 Fax: 0 2068 0833

4. Makro Food shop Thong Lo Branch

205/5 - 10 Soi Sukhumvit 55 (Thong Lo),
Khlong Tan Nuea, Watthana, Bangkok 10110
Tel: 0 2012 4530

5. Makro Food shop Sirimangkalajarn Branch

63 Sirimangkalajarn Road, T. Suthep,
A. Mueang, Chiang Mai 50200
Tel: 0 5201 2460

BRANCH : SIAM FROZEN FORMAT

1. Siam Frozen, Talad Mueang Mai Branch

1 Soi 3, Mueang Samut Road, T. Chang Moi,
A. Mueang Chiang Mai, Chiang Mai 50300
Tel: 0 5323 5536 Fax: 0 5323 5537

2. Siam Frozen, Udon Thani Branch

64, 66 Surakan Road, T. Makkhaeng,
A. Mueang Udon Thani, Udon Thani 41000
Tel: 0 4224 1822 Fax: 0 4224 1826

3. Siam Frozen, Thung Song Branch

169/1 Nikon Bamrung Road, T. Pak Phraek,
A. Thung Song, Nakhon Si Thammarat 80110
Tel: 0 7542 3833 Fax: 0 7542 3256

4. Siam Frozen, Talad Yamo Branch

551/140 - 141 Mittraphap Road, T. Naimueang,
A. Mueang Nakhon Ratchasima,
Nakhon Ratchasima 30000
Tel: 0 4425 6339 - 40 Fax: 0 4425 6341

5. Siam Frozen, Si Racha Branch

198/14 - 15 Choem Chomphon Road,
T. Si Racha, A. Si Racha, Chonburi 20110
Tel: 0 3831 4148 - 9 Fax: 0 3831 4150

6. Siam Frozen, Talad Nana Charoen Branch

23/45 Moo 6, T. Khu Khot,
A. Lam Luk Ka, PaThum Thani 12130

7. Siam Frozen, Na Kluea Branch

298/65 Moo 5, T. Na Kluea, A. Bang Lamung,
Chonburi 20150

MAKRO - INTERNATIONAL

SUBSIDIARY OFFICE

Makro ROH Company Limited Subsidiary
1468 Phatthanakan Road, Phatthanakan,
Suan Luang, Bangkok 10250
Tel: 0 2067 8999 Fax: 0 2067 9888

CAMBODIA

- 1. Makro (Cambodia) Company Limited - Head office**
No. 5734, Street 1003, Bayab Village,
Sangkat Phnom Penh Thmey,
Khan Sen Sok, Phnom Penh, Kingdom of Cambodia
Tel: (855) 23 977 377 Fax: (855) 23 977 366

- 2. Makro (Cambodia)**
Sen Sok Branch - Classic Format
No. 5734, Street 1003, Bayab Village,
Sangkat Phnom Penh Thmey, Khan Sen Sok,
Phnom Penh, Kingdom of Cambodia
Tel: (855) 23 977 377 Fax: (855) 23 977 366

- 3. Makro (Cambodia)**
Siem Reap Branch - Eco Plus Format
National Road No. 6, Koak Trout Village,
Kandaek Commune, Prasat Bakong District,
Siem Reap Province, Kingdom of Cambodia
Tel: (855) 63 900 123 Fax: (855) 63 900 124

INDIA

- 1. CP Wholesale India Private Limited - Head Office**
6th Floor, M3M Cosmopolitan,
Sector 66 Off Golf Course Extension Road,
Gurugram 122002, Haryana, India
Tel: (91) 124 447 9000 Fax: (91) 124 447 9199
- 2. LOTS Wholesale Solutions**
Netaji subhash Place Branch - Eco Plus Format
Station Box, Metro Station, Netaji Subhash Place,
Pitampura, New Delhi – 110034, India
Tel: (91) 112 700 7800

- 3. LOTS Wholesale Solutions**
Akshardham Branch - Eco Plus Format
Parsvanth Mall, Metro Station,
Akshardham, Pandav Nagar,
East Delhi, New Delhi – 110092 India
Tel: (91) 112 700 7850

- 4. LOTS Wholesale Solutions**
Ithum Branch - Eco Plus Format
Plot No A 40, Sector 62, Noida,
Gautam Buddha Nagar, Uttar Pradesh, 201309 India
Tel: (91) 120 402 8000

CHINA

- 1. Makro (Guangzhou) Food Company Limited**
Head Office
Zibian#01 10th & 11th Floor,
No.65 Xianlie Middle Road,
Yuexiu District, Guangzhou, China
Tel: (86) 20 2333 6999

MAKRO :FOODSERVICE

- 2. Guangzhou Huadu Makro Food Supermarket**
Company Limited - Foodservice Format
No.163 Yingbin avenue, Gaosheng Square
1st & 2nd Floor, Huadu District, Guangzhou, China
Tel: (86) 20 2221 6688

MYANMAR OFFICE

- 1. ARO Company Limited**
Unit #15-06 to #15-10, Level 15,
Corner of Bogyoke Aung San Road and 27th Street,
Junction City Tower,
Pabedan Township, Yangon, Myanmar
- 2. ARO Commercial Company Limited**
Pazundaung Road, Sat San Ward,
Mingalar Taung Nyunt Township,
Yangon, Myanmar

FOOD SERVICE APME

OFFICE

Siam Food Services Limited - Head Office

2439 Old Paknam Railway Road,
Prakhanong, Klongtoey, Bangkok 10110
Tel: 0 2782 6000 Fax: 0 2782 6009

DOMESTIC BRANCH OFFICE

1. Siam Food Services, Ko Samui Branch

115/52 Moo 6, T. Bo Phut,
A. Ko Samui, Surat Thani 84320
Tel: 0 7796 0420 - 2 Fax: 0 7796 0423

2. Siam Food Services, Pattaya Branch

22/24 Moo 11, T. Nong Prue,
A. Bang Lamung, Chonburi 20150
Tel: 0 3805 3430 - 2 Fax: 0 3805 3433

3. Siam Food Services, Phuket Branch

77 Moo 5, T. Vichit,
A. Mueang Phuket, Phuket 83000
Tel: 0 7661 2892 Fax: 0 7661 2893

4. Siam Food Services, Chiang Mai Branch

204/27 Moo 6, T. Fa Ham,
A. Mueang Chiang Mai, Chiang Mai 50000
Tel: 0 5324 1447 - 8 Fax: 0 5324 1500

INTERNATIONAL BRANCH OFFICE

1. Indoguna (Singapore) Pte Ltd

36 Senoko Drive, Senoko Industrial Estate,
Singapore 758221
Tel: (65) 6755 0330 Fax: (65) 6755 9522

2. Indoguna Lordly Company Limited

14th Floor, Chung Fung Commercial Building,
10-12 Canton Road,
Tsim Sha Tsui, Kowloon, Hong Kong
Tel: (852) 2730 2025 Fax: (852) 2730 2024

3. Just Meat Company Limited

G Floor 45B Hau Wong Road, Kowloon City,
Kowloon, Hong Kong
Tel: (852) 2382 2026 Fax: (852) 3003 1331

4. Indoguna Dubai L.L.C

Al Waha Street, Exit 46, Al Quoz 1
P.O. Box 123125, Dubai, United Arab Emirates
Tel: (971) 4 338 6304 Fax: (971) 4 338 6305

5. MAXZI THE GOOD FOOD RESTAURANT & CAFE L.L.C

Al Shafar Investment Building,
Shop No 20, P.O. Box 126113
Al Quoz 1, Dubai, United Arab Emirates
Tel: (971) 4 395 3988

6. Indoguna (Cambodia) Company Limited

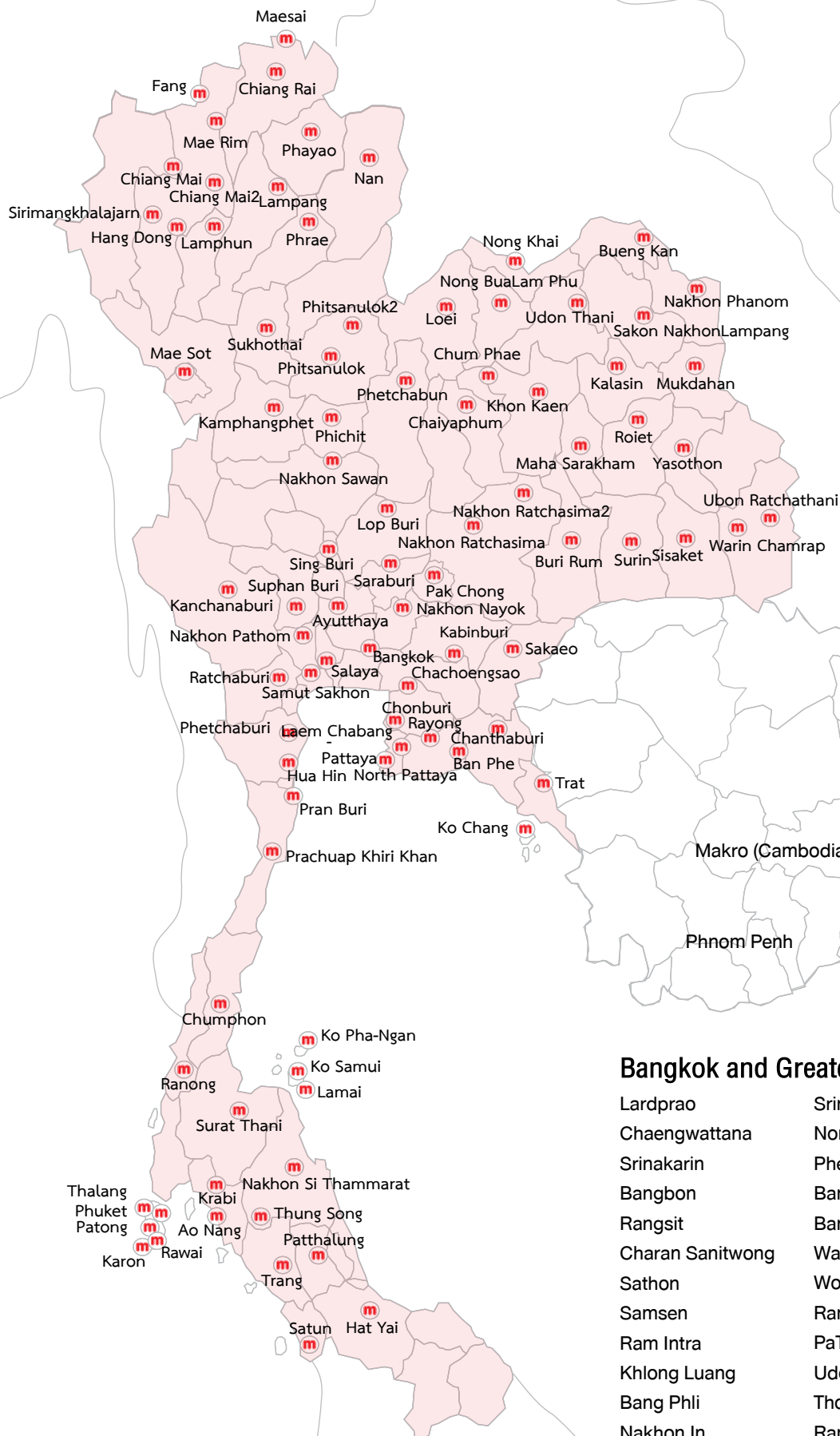
No 423, National Road 3, Phum Sre Nhor,
Sangkat Pong Teuk, Khan Dangkor, 12407,
Phnom Penh, Kingdom of Cambodia
Tel: (855) 70 958 388

7. Indoguna Vina Food Service Company Limited

44B Phan Xich Long Street, Ward 3,
Phu Nhuan District, Ho Chi Minh City, Vietnam
Tel: (84) 907 091 188 Fax: (84) 28 3995 6756

8. Indoguna Vina Food Service - Hanoi City Branch

838 Bach Dang, Thanh Luong Ward,
Hai Ba Trung District, Hanoi City, Vietnam
Tel: (84) 907 091 188 Fax: (84) 24 3984 1767



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Chaengwattana	Nong Chok	Navamin 70
Srinakarin	Phetkasem	On Nut
Bangbon	Bang Bua Thong	Suksawat
Rangsit	Bang Pu	Lad Krabang
Charan Sanitwong	Wang Hin	Nathong Charoen
Sathon	Wongsakorn Market	Ramkhamhaeng 24
Samsen	Rama IV	
Ram Intra	PaThum Thani	
Khlong Luang	Udom Suk	
Bang Phli	Thong Lo	
Nakhon In	Ramkhamhaeng (Sammakorn)	
Kanlapaphruek	Bodindecha	
Town in Town	Pracha - Uthit	

MAKRO – INTERNATIONAL



makro

Cash & Carry International

Food Service APME

1. The Republic of the Union of Myanmar

- Aro Company Limited – Office
- Aro Commercial Company Limited – Office

2. Cambodia

- Makro (Cambodia) Company Limited – Head Office
- Sen Sok Branch (1st Branch)
- Siem Reap Branch (2nd Branch)

3. India

- CP Wholesale India Private Limited – Head Office
- LOTS – Netaji Subhash Place Branch (1st Branch)
- LOTS – Akshardam Branch (2nd Branch)
- LOTS – Ithum Branch (3rd Branch)

4. The People's Republic of China

- Makro (Guangzhou) Food Company Limited – Head Office
- Huadu Yingbin Branch, Guangzhou (1st Branch)

1. Thailand

- Siam Food Service Limited

2. Cambodia

- Indoguna (Cambodia) Company Limited

3. United Arab Emirates

- Indoguna Dubai L.L.C
MAXZI THE GOOD FOOD RESTAURANT
& CAFE L.L.C

4. Hong Kong

- Indoguna Lordly Company Limited
- Just Meat Company Limited

5. Vietnam

- Indoguna Vina Food Service Company Limited
- Hanoi City Branch

6. Singapore

- Indoguna (Singapore) Pte Ltd



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